

Members of the public may address the City Council on any item shown on the agenda or matter of the Council's authority after completion of "Request to Address the Council Form" available in the lobby of the Council Chambers or in the City Clerk's office. This form must be completed 15 minutes prior to the scheduled meeting time. Pursuant to Section 54957.5 of the California Government Code, Any writings (Except for those writings which are exempt from disclosure) which are distributed to all or a majority of the members of the City Council are available for public inspection in the lobby of the City Council Chambers and in the office of the City Clerk during regular business hours.

**COMPTON CITY COUNCIL
AGENDA
06/11/2024**

**CLOSED SESSION – 4:00 PM
PUBLIC MEETING – 5:30 PM
PUBLIC HEARING – 5:45 PM**

HEARING(S)

**PUBLIC HEARING: FOR THE CONSIDERATION OF THE PROPOSED FISCAL
YEAR 2024-25 BUDGET @ 5:45PM**

OPENING

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC COMMENT ON CLOSED SESSION ITEMS ONLY

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Controller

Pursuant to California Government Code Section 54957

PUBLIC MEETING – 5:30 PM

REPORT ON CLOSED SESSION ACTIONS

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

CONSENT AGENDA

Consent items are routine and expected to be non-controversial. They will be acted upon by the Council at one time without discussion unless a Council Member requests an item be removed or discussed..

APPROVAL OF MINUTES

1. October 3, 2023
2. October 10, 2023
3. April 23, 2024

RECREATION DEPARTMENT

4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO OPEN A PURCHASE ORDER WITH STAPLES ADVANTAGE TO PAY INVOICES FOR OFFICE SUPPLIES FROM FISCAL YEAR 2023-2024 IN THE AMOUNT OF \$1075.61

REGULAR AGENDA

CITY MANAGER'S REPORT

5. REQUEST TO AUTHORIZE TRAVEL FOR ELECTED OFFICIALS - 92nd ANNUAL MEETING SPONSOR BY US CONFERENCE OF MAYORS JUNE 20,2024 THROUGH JUNE 23,2024

UNFINISHED BUSINESS

6. CITY MANAGER/CITY ATTORNEY/CITY CONTROLLER/CITY TREASURER
REPORTS

A REQUEST TO RECEIVE AND FILE THE FISCAL YEAR 2020-
2021 AUDITED FINANCIAL STATEMENTS, THE FISCAL YEAR
2020-2021 SINGLE AUDIT REPORT, AND THE FISCAL YEAR
2020-2021 UNAUDITED MANAGEMENT'S DISCUSSION AND
ANALYSIS OF THE CITY OF COMPTON

APPROVAL OF WARRANTS

COUNCIL COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: 6/18/2024 5:30 PM
Visit our website at <http://www.comptoncity.org>

OCTOBER 3, 2023

The Compton City Council meeting was called to order at 4:37 p.m. by Mayor Emma Sharif in the Council Chambers of City Hall. The Moment of Silence Ceremony and the Pledge of Allegiance were also led by Mayor Emma Sharif.

ROLL CALL

Council Members Present: D. Duhart, A. Spicer, J. Bowers, Mayor E. Sharif

Council Members Absent: L. Darden

Other Officials Present: E. Perrodin, V. McDaniel, B. Mims, J. Groomes

PUBLIC COMMENTS ON CLOSED SESSION ITEMS ONLY - (NONE)

CLOSED SESSION

**PEREZ, SALVADOR V. CITY OF COMPTON – LASC Case No. 21 STCV 27741
RODRIGUEZ, ORLANDO V. CITY OF COMPTON – LASC Case No. 22 STCV 13989
ALLEN, SHAKIRYA V. CITY OF COMPTON – LASC Case No. 21 STCV 43183
PURSUANT TO SECTION 54956.9(A)**

**ARAIZA, MARGARITA V. CITY OF COMPTON – LASC Case No. 22 CMCV 00402
ARAIZA, MARGARITA V. CITY OF COMPTON – LASC Case No. 22 STCV 23172
HALLOWAY, ARTURIOR V. CITY OF COMPTON – LASC Case No. 20 STCV 09528
PURSUANT TO SECTION 54956.9(A)**

**HILL, SUSAN V. CITY OF COMPTON – LASC Case No. 21 STCV 37464
AGEE, KADELL V. CITY OF COMPTON – LASC Case No. 22 STCV 13529
ZURITA, SATRA V. CITY OF COMPTON – WC 00000717A (CC056GVv)
PURSUANT TO SECTION 54956.9(A)**

On motion by Duhart, seconded by Spicer, to recess the City Council meeting to closed session at 4:40 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Sharif

NOES: Council Members – None

ABSENT: Council Members – Darden

On motion by Darden, seconded by Duhart, to reconvene the City Council meeting at 6:12 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Bowers, Darden, Sharif

NOES: Council Members – None

ABSENT: Council Members – Spicer

REPORT OUT ON CLOSED SESSION ACTION(S)

City Attorney Perrodin reported out that City Council met in closed session regarding Perez, Salvador v. City Of Compton – LASC Case No. 21 STCV 27741, Rodriguez, Orlando v. City Of Compton – LASC Case No. 22 STCV 13989, Allen, Shakirya v. City Of Compton – LASC Case No. 21 STCV 43183, Araiza, Margarita v. City Of Compton – LASC Case No. 22 CMCV 00402, Araiza, Margarita v. City Of Compton – LASC Case No. 22 STCV 23172, Halloway, Arturior v. City Of Compton – LASC Case No. 20 STCV 09528, Hill, Susan v. City Of Compton – LASC Case No. 21 STCV 37464, Agee, Kadell v. City Of Compton – LASC Case No. 22 STCV 13529, Zurita, Satra v. City Of Compton – WC 00000717A (CC056GVv) pursuant to California Government Code Section 54956.9(A). There was nothing to report out due to ongoing litigation.

COMMENDATORY RESOLUTIONS/PRESENTATIONS

1. PRESENTATION – CONNECTING COMPTON (COUNCILPERSON BOWERS) (PRESENTATION MADE)

Councilperson Bowers introduced Connecting Compton, an equestrian program started in 2019 designed to preserve the equestrian and agricultural lifestyle of the Richland Farms community in the City of Compton.

Hector Gomez, Connecting Compton, offered a PowerPoint Presentation to the City Council highlighting their achievements and proposal to develop a community center, recreation spaces, reclaimed landscape and equestrian facilities at the 18-acre former landfill located at 2800 West Alondra Boulevard.

2. PRESENTATION – CRESSEY PARK LEGENDS INC. (COUNCILPERSON DUHART) (PRESENTATION MADE)

Councilperson Duhart introduced Cressey Park Legends Inc., a non-profit organization created to promote the game of baseball, fostering positive sport images, and making a lasting impact on the lives of the youth.

Joe Moore, Cressey Park Legends Inc. Hall of Fame Designer, offered a PowerPoint Presentation to the City Council highlighting Cressey Park's history and their proposal to build a Hall of Fame monument, in recognition of the accomplishments made by African American baseball players.

3. PRESENTATION – CAYDEN SIMONE MATHEWS – WINNER OF NATIONAL TENNIS AND LEARNING ESSAY CONTEST (COUNCILPERSON DUHART) (PRESENTATION RESCHEDULED TO 10/10/23)

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

David Irons stated that Resolution Number 20,986 declared Compton Municipal Stadium a historical landmark. He also commented that he was the person responsible for registering the Compton California Richland Farms Historical Landmark Committee with the County of Los Angeles.

Benjamin Holifield requested the completion date for the Artesia Bridge project. He commended the organizations that offered project proposals and asked the Mayor and City Council to support them.

Tamoia Donlow, Business Owner at 1138 E. Rosecrans, petitioned the City Council to help her address the thefts and break-ins at her store.

Mayor Sharif referred Ms. Donlow to a staff member.

Marjorie Shipp asked the Mayor and City Council to consider the impact on the residents if the 18-acre former landfill is developed.

The following individuals expressed their support for Connecting Compton's proposal to re-develop the 18-acre former landfill at 2800 West Alondra Boulevard: Yenifer Espitia, Johan Hernandez, Diana Alvarado, Joshua Gonzalez, Kamal Miller, Quron Peitiero, Kathleen Blackstone, Adrian Peree, Samuel Vasquez, and Becky Lopez

Abril Villaneuva commended Councilperson Bowers for mentioning the need for translation services. She expressed her support for Connecting Compton's proposal and urged the City Manager to allocate funding for the translation of the Compton City Charter.

Dawn Benton, Republic Services, announced that she is in the audience to address customer issues and complaints.

Travis Martin petitioned the City Manager to help her address the ongoing parking issues on Grandee Avenue.

Mayor Sharif asked the City Manager to contact Ms. Martin tomorrow.

Jacqueline Venters expressed a concern for toxic fumes emanating from 2800 West Alondra Boulevard if the land is disturbed. She also asked that the restrooms at Wilson Park remain open for the youth that play in the skate park.

Irene Taylor encouraged the residents to apply for a position on the Los Angeles County Civil Grand Jury. For more information contact City Hall.

Deshawn Watkins, Compton Mania, invited the residents to attend their “4th Annual Anniversary Show” scheduled to be held on Monday, October 29 in the City of Bell. The show will begin at 5:00pm.

Michael Tinkillen commented on the vast and complex history of Richland Farms and its influence from the native people.

Mr. Martin complained about the City’s media outlets and questioned why Compton does not have the monetary success that Inglewood has.

Tanya Lewis asked the City Manager to verify the price for early housing inspections.

Missy Barbara asked the City Manager to address the condition of the pocket park near Wilmington Boulevard and the Successor Agency property at 156th Street and Central. She requested street improvements on Wilmington Boulevard and tree trimming in Richland Farms parks.

Lynn Boone announced that she would be running for City Clerk in 2024. She cited a lack of communication between the City Council and the citizens and affirmed that she is not afraid to do the job of the City Clerk.

Vanessa Cain expressed a concern for horses dying because of the contaminated land at 2800 West Alondra Boulevard.

Fidel Marquez voiced his support for the developments proposed by Connecting Compton and Cressy Park Legends Inc. He petitioned the City to make public safety, infrastructure and education a priority over building 1,000 more houses by the year 2045.

Mark Smith petitioned the City Manager to get feedback from the residents living in the area surrounding the landfill prior to making their final decision on 2800 West Alondra Boulevard.

REGULAR AGENDA

REPORTS OF OFFICERS, BOARDS, COMMISSIONS, AND COMMITTEES AND CITY COUNCIL

4. APPOINTMENT(S) OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES AND CITY COUNCIL – BEAUTIFICATION COMMISSION (CMC SECTION 2-10) (COUNCILPERSON DUHART)

On motion by Duhart, seconded by Darden, to appoint **Kesi Armstrong** to the Beautification Committee by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

5. REMOVAL OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES AND CITY COUNCIL – PUBLIC SAFETY COMMISSION

On motion by Duhart, seconded by Spicer, to remove **Robert Ray** from the Public Safety Commission by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

NEW BUSINESS

6. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ADOPTING AND AUTHORIZING THE SUBMISSION OF THE HOUSING AND URBAN DEVELOPMENT (HUD) FISCAL YEAR 2021-2022 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER) TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

On motion by Duhart, seconded by Spicer, **Resolution Number 25,910** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ADOPTING AND AUTHORIZING THE SUBMISSION OF THE HOUSING AND URBAN DEVELOPMENT (HUD) FISCAL YEAR 2021-2022 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER) TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

7. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON APPROVING THE ATTACHED MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COMPTON AND THE COMPTON COMMUNITY COLLEGE DISTRICT FOR A JOINT COLLABORATION FOR A COMPTON FIRE ACADEMY AT COMPTON COMMUNITY COLLEGE

On motion by Duhart, seconded by Spicer, **Resolution Number 25,911** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON APPROVING THE ATTACHED MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COMPTON AND THE COMPTON COMMUNITY COLLEGE DISTRICT FOR A JOINT COLLABORATION FOR A COMPTON FIRE ACADEMY AT COMPTON COMMUNITY COLLEGE**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

8. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A TWO-YEAR AGREEMENT WITH AND ESTABLISH A PURCHASE ORDER TO INFOSEND FOR DATA PROCESSING, PRINTING AND MAILING SERVICES IN AN AMOUNT NOT TO EXCEED ONE HUNDRED AND EIGHTY THOUSAND DOLLARS (\$180,000) DURING THE FIRST YEAR OF THE AGREEMENT (FY 2023-2024)

On motion by Darden, seconded by Duhart, **Resolution Number 25,912** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A TWO-YEAR AGREEMENT WITH AND ESTABLISH A PURCHASE ORDER TO INFOSEND FOR DATA PROCESSING, PRINTING AND MAILING SERVICES IN AN AMOUNT NOT TO EXCEED ONE HUNDRED AND EIGHTY THOUSAND DOLLARS (\$180,000) DURING THE FIRST YEAR OF THE AGREEMENT (FY 2023-2024)**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

9. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE-YEAR AGREEMENT WITH AND ESTABLISH A PURCHASE ORDER TO BLUE LOCKER FOR UNDERWATER TANK INSPECTION AND CLEANING SERVICES IN THE AMOUNT OF FIFTY-FIVE THOUSAND SIX-HUNDRED AND FIFTY DOLLARS (\$55,650.00)

On motion by Darden, seconded by Duhart, **Resolution Number 25,913** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE-YEAR AGREEMENT WITH AND ESTABLISH A PURCHASE ORDER TO BLUE LOCKER FOR UNDERWATER TANK INSPECTION AND CLEANING SERVICES IN THE AMOUNT OF FIFTY-FIVE THOUSAND SIX-HUNDRED AND FIFTY DOLLARS (\$55,650.00)**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

COUNCIL COMMENTS

Councilmember Darden offered the following communications/announcements:

- Recognized the month of October as National Domestic Violence Awareness Month, Breast Cancer Awareness Month and Disability Awareness Month
- Commented on the success of the Monthly Audit Committee meeting, East Rancho Neighborhood Watch Group Meeting, Retiree Luncheon, Community meeting at Saint Timothy’s Tower, Jazz on the Grass Concert and Afro-Latino Cultural-Festival
- Invited the seniors to participate in the “Arts & Crafts Workshop” scheduled to be held on Monday, October 23 at Dollarhide starting at 12 noon.
- Encouraged the residents to attend the “Fourth District Townhall” scheduled to be held on Saturday, October 28 at Kelly Park.

Councilmember Bowers offered the following communications/announcements:

- Announced the availability of the City’s Emergency Preparedness pamphlet on all social media platforms.
- Announced the “Third District Townhall” scheduled to be held on Saturday, October 14 from 10:00am to 12:00pm at Burrell McDonald Park. Staff will be on site to answer questions from the residents.
- Announced the Homeless Resource/Referral Hotline at (951) 363-4921.
- Invited the residents to apply for the Pacific Asian Consortium Employment (PACE) “Household Water Assistance for Low-Income Families” program. For more information contact Alicia Thompson (310) 605-5612

Councilmember Spicer offered the following communications/announcements:

- Commented on the success of the Baby Items Giveaway and Afro-Latino Cultural-Festival

- Announced the “Free Housing Resource Fair” scheduled to be held on Wednesday, October 4 from 10:00am to 3:00pm. The event will provide resources for people living with HIV/AIDS or at-risk for being homeless.
- Announced the Compton Initiative & Bright Lights of Compton “Community Clean-Up” scheduled to be held on Saturday, October 21. Participants will meet at 212 West Cypress Street at 9:00am.

Councilmember Duhart offered the following communications/announcements:

- Commented on the success of the Afro-Latino Cultural-Festival
- Announced the “First District Townhall” scheduled to be held on Saturday, October 7 from 10:00am to 12:00pm at NHS located at 1051 Rosecrans Avenue
- Invited the women in the community to visit the mammogram clinic at NHS on Saturday, October 7.
- Commended Connecting Compton and Cressy Park Legends Inc. for their presentations.
- Reported that for the month of September 2023, the City of Compton received \$85,691.26 from the Crystal Casino.
- Requested the meeting be adjourned in memory of Senator Diane Feinstein

Mayor Sharif offered the following communications/announcements:

- Reported that the Artesia Bridge Project is scheduled to be completed by Spring 2024
- Announced the opening of the HUD Community Development Block Grant Program. For more information go to the City’s website at www.comptoncity.org
- Encouraged the youth to apply for the California Fire Fighter Joint Apprenticeship Committee. For more information call (424) 344-0961
- Commented on the success of the Coffee with the Mayor: Senior Health Edition, Jazz on the Grass, Afro-Latino Cultural-Festival and the 60th Reunion for the Centennial High School Class of 1963
- Announced the “Halloween Festival” scheduled to be held on Friday, October 27 at Dollarhide starting at 5pm. For more information call (424) 344-0961

ADJOURNMENT

On motion by Spicer, seconded by Duhart, the meeting was adjourned in memory of **Senator Diane Feinstein, David Arianas and Jerry Groomes Birthday** at 8:29 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

CITY CLERK OF THE CITY OF COMPTON

MAYOR OF THE CITY OF COMPTON

OCTOBER 10, 2023

The Compton City Council meeting was called to order at 5:35 p.m. by Mayor Emma Sharif in the Council Chambers of City Hall. The Moment of Silence Ceremony and the Pledge of Allegiance was also led by Mayor Emma Sharif.

ROLL CALL

Council Members Present: D. Duhart, A. Spicer, J. Bowers, L. Darden, Mayor E. Sharif

Council Members Absent: None

Other Officials Present: E. Perrodin, V. McDaniel, B. Mims, J. Groomes

COMMENDATORY RESOLUTIONS/PRESENTATIONS

1. PRESENTATION – CAYDEN SIMONE MATTHEWS – WINNER OF USTA NATIONAL JUNIOR TENNIS & LEARNING ESSAY CONTEST (COUNCILPERSON DUHART) (PRESENTATION MADE)

Councilperson Duhart recognized Cayden Simone Matthews for her exceptional talent and determination to be named one of ten nation-wide winners of the USTA Foundation's 24th Annual National Jr. Tennis & Learning Essay Contest.

2. ORAL PRESENTATION/POWERPOINT – H.O.S.T. – HOMELESS OUTREACH SERVICE TEAM – SGT. COPPES (COUNCILPERSON BOWERS) (PRESENTATION MADE)

Councilperson Bowers introduced H.O.S.T (Homeless Outreach Service Team), a Los Angeles County Sheriff's team created to preserve public safety and combat homelessness.

Sergeant Coppes, H.O.S.T., offered a PowerPoint Presentation to the City Council highlighting their efforts to address the homeless crisis with compassion and dignity throughout the County of Los Angeles.

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

Tanya Lewis asked the City Manager to explain the \$331.00 fee that was added to the residents' property tax bills. She also requested a meeting with the City Council to discuss the proposed development on Parmalee Avenue.

Fidel Marquez asked the City Manager to clarify a year's worth of fees for trash service on his property tax bill. He accused the Director of the Water Department of not telling the truth about the breakdown in fees and contended that people might lose their homes for lack of payment for trash service.

Lynn Boone suggested that the rules of decorum be updated. She declared Isaac Galvan the winner of the 2021 election and maintained that she would not allow herself to be controlled by other elected officials if she is elected City Clerk.

Albert De La Mora asked the City Manager if his plans for the City include the implementation of a camera surveillance system to help mitigate illegal dumping.

Vanessa Cain accused the Mayor and City Attorney of trying to censor audience comments.

Mayor Sharif informed Ms. Cain about the rules of decorum.

Rodney Lister petitioned the City Council to clarify the information shared with the residents regarding the trash fees on their property tax bill.

Mohammed Mubarak acknowledged the passing of his mentor, Philip McAllister and asked for an opportunity to renovate one of their murals in his memory.

Ben Eilenberg, COO of Compton Property Group, petitioned the City Attorney to schedule a closed session to discuss a legal matter involving the Compton Property Group and the City of Compton.

Jacqueline Ventures inquired about the completion of any projects since 2014. She made comments about public safety, street repairs and homelessness. She asked the City Council if they cared about the residents' concerns and stated that she believes the community is under-served for the amount of money they pay in property taxes.

Joyce Kelly accused the City Council of using legal codes to censor the people. She claimed the people are telling the truth and using the Brown Act to have more say in their government. She expressed her support for Councilperson Bowers and declared that the people want their City back.

Floyd Smith petitioned the City Council to address the condition of the City's streets, sewer and water infrastructure. He also asked the City Council to address how Republic managed to get on the residents' property tax bill without a vote from homeowners.

Missy Barbara asked the Director of the Water Department to address the fees on her property tax bill. She commented that during a conversation with Mr. Meza, he agreed that the residents would only pay for four months of trash service. She maintained that it is unfair for the residents to be held accountable for someone else's actions.

City Attorney Perrodin reported that on May 20, 2022, Los Angeles Superior Court Judge Michelle Williams ruled that candidate Andre Spicer was the actual winner in the City of Compton District 2 race by a voted total of 854 to 851 - after she found that four illegal votes were cast for Isaac Galvan.

REGULAR AGENDA

REPORTS OF OFFICERS, BOARDS, COMMISSIONS, AND COMMITTEES AND CITY COUNCIL

3. APPOINTMENT(S) OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES AND CITY COUNCIL – FEDERAL GRANTS ADVISORY BOARD (CMC SECTION 2-14) (COUNCILPERSON SPICER)

On motion by Duhart, seconded by Sharif, to appoint **Dr. Adrienne Thomas** to the Federal Grants Advisory Board by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

CITY MANAGER'S REPORT

4. REQUEST FOR WORKSHOP – SUMMARY OF ACTIVITIES ON CITY-OWNED PROPERTY

On motion by Spicer, seconded by Duhart, to schedule the workshop on November 7, 2023 at 3:00 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

NEW BUSINESS

5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO WAXIE ENTERPRISES, INC. DBA WAXIE SANITARY SUPPLY FOR THE PROCUREMENT OF EQUIPMENT AND SUPPLIES ON AN AS-NEEDED BASIS FOR THE GENERAL SERVICES DEPARTMENT (\$50,000.00)

On motion by Darden, seconded by Spicer, **Resolution Number 25,914** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO WAXIE ENTERPRISES, INC. DBA WAXIE SANITARY SUPPLY FOR THE PROCUREMENT OF EQUIPMENT AND SUPPLIES ON AN AS-NEEDED BASIS FOR THE GENERAL SERVICES DEPARTMENT (\$50,000.00)**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif

NOES: Council Members – None

ABSENT: Council Members – None

COUNCIL COMMENTS

Councilmember Duhart offered the following communications/announcements:

- Commented on the success of the First District Townhall meeting.
- Announced the “Key of Knowledge - After School Program” starting Tuesday, October 17 at Gonzales Park. Youths ages 7-14 are welcome on Tuesdays, Wednesdays and Thursdays from 3:00pm to 6:00pm. Snacks will be provided.
- Announced that in recognition of Breast Cancer Awareness Month, NHS will be offering free mammograms to anyone requesting a screening. For more information call (424) 296-3521.
- Commended the Public Works Department for removing the fallen tree on 132nd Street over the weekend.

Councilmember Spicer offered the following communications/announcements:

- Commented on the success of the Free Housing Resource Fair.
- Announced the “Second District Baby Supplies Giveaway” scheduled to be held on Wednesday, October 25 beginning at 11:00am. The event will offer diapers, toys, clothing and ultrasounds.
- Announced the Compton Initiative & Bright Lights of Compton “Community Clean-Up” scheduled to be held on Saturday, October 21. Participants will meet at 212 West Cypress Avenue at 9:00am.
- Requested an update from the City Manager regarding the fees on the residents’ property tax bill.

Councilmember Bowers offered the following communications/announcements:

- Announced the “Third District Townhall” meeting scheduled to be held on Saturday, October 14 at Burrell McDonald Park from 10:00am to 12:00pm. PACE and employment staff will be on site for application assistance. For more information call (310) 605-5612.
- Announced the “20th Annual Compton High School Alumni Picnic” scheduled to be held on Saturday, October 14 at Hemmingway Park from 10:00am to 5:00pm.

- Invited the residents to apply for the Pacific Asian Consortium Employment (PACE) “Household Water Assistance for Low-Income Families Program.” For more information contact Alicia Thompson at (310) 605-5612.
- Recognized Breast Cancer Awareness Month in memory of every cancer patient, family and friend affected by breast cancer.

Councilmember Darden offered the following communications/announcements:

- Commented on the success of the Farmer’s Market held at the Center for Sustainable Communities, First District Townhall meeting, and the Letter Carriers Enough is Enough Rally at the Santa Fe Avenue Post Office.
- Invited the seniors to attend the “Annual Hoe-Down Dance” scheduled to be held on Thursday, November 16 at Dollarhide.
- Invited the community to attend the “Financial Health Workshop” scheduled to be held on Wednesday, October 11 at Dollarhide starting at 12 noon.
- Invited the youth to participate in the “Girls Empowerment Program” scheduled to be held on Saturday, October 14. Topics of discussion include mindset development, confidence building, leadership skills, introduction to business and entrepreneurship. Details can be found on the City’s website www.comptoncity.org.
- Invited the seniors to attend the “Arts & Crafts Workshop” scheduled to be held on Monday, October 23 at Dollarhide starting at 12 noon.
- Announced the “Compton Entertainment Chamber of Commerce Business Mixer” scheduled to be held on Thursday, October 26 at Crystal Crab House.
- Encouraged the residents to attend the “Fourth District Townhall” meeting scheduled to be held on Saturday, October 28 at Kelly Park.
- Announced the funeral services for Amos Clay scheduled to be held on Thursday, October 12 at Citizens of Zion Missionary Baptist Church beginning at 11:00am.

Mayor Sharif offered the following communications/announcements:

- Announced the RFP opening for the HUD Community Development Block Grant Program. For more information visit the City’s website at www.comptoncity.org.
- Encouraged the youth to apply for a position on the California Fire Fighter Joint Apprenticeship Committee. For more information call (424) 344-0961.
- Commented on the success of the Building Leaders & Uplifting Sisterhood Conference held at California State University Dominguez Hills.
- Invited the residents to attend the “Resource Fair” scheduled to be held on Saturday, October 14 at Compton Youth Build from 11:00am to 3:00pm.
- Announced the “Halloween Festival” scheduled to be held on Friday, October 27 at Dollarhide starting at 5pm. For more information call (424) 344-0961.
- Requested the meeting be adjourned in memory of Sergeant Emilio Guerro.

ADJOURNMENT

On motion by Duhart, seconded by Spicer, the meeting was adjourned in memory of **Sergeant Emilio Guerro** at 7:16 p.m. by the following vote on roll call:

AYES: **Council Members – Duhart, Spicer, Bowers, Darden, Sharif**
NOES: **Council Members – None**
ABSENT: **Council Members – None**

CITY CLERK OF THE CITY OF COMPTON

MAYOR OF THE CITY OF COMPTON

APRIL 23, 2024

The Compton City Council meeting was called to order at 4:30 p.m. by Mayor Emma Sharif in the Council Chambers of City Hall. The Moment of Silence Ceremony and the Pledge of Allegiance was also led by Mayor Sharif.

ROLL CALL

Council Members Present: D. Duhart, A. Spicer, L. Darden, J. Bowers, Mayor E. Sharif

Other Officials Present: E. Perrodin, V. McDaniel, Willie A. Hopkins

CLOSED SESSION AGENDA ITEMS

PENDING LITIGATION

Title: Jerry Leggett v. City of Compton - Case No. STCV 40919
Pursuant to California Government Code Section 54956.9(a)

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Controller
Pursuant to California Government Code Section 54957

AUDIENCE COMMENTS REGARDING CLOSED-SESSION AGENDA ITEMS ONLY

Rodney Lister, expressed his concerns about the City Controller's office not returning his phone calls and emails.

On motion by Duhart, seconded by Bowers, to approve the closed session by the following vote on roll call:

AYES: Council Members – Duhart, Bowers, Sharif
NOES: Council Members – None
ABSENT: Council Members – Spicer, Darden

On motion by Duhart, seconded by Bowers, to recess the meeting from the closed session at 4:34 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Bowers, Sharif
NOES: Council Members – None
ABSENT: Council Members – Spicer, Darden

On motion by Duhart, seconded by Darden, the City Council meeting reconvened at 5:55 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

REPORT ON CLOSED SESSION ACTION(S)

City Attorney Perrodin reported out that City Council met in closed session regarding pending litigation - Settlement in progress Re: Jerry Leggett v. City of Compton – Case No. STCV 40919. There was nothing to report at this time.

COMMENDATORY RESOLUTIONS/PRESENTATIONS

- 1. POWERPOINT PRESENTATION – THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD) ADEL HAGEKHALIL P.E., BCEE CHIEF EXECUTIVE GENERAL MANAGER AND ADAN ORTEGA, BOARD CHAIR, (MAYOR EMMA SHARIF) (PRESENTATION MADE)**

Adan Ortega, Board Chair of the Metropolitan Water District, spoke about water quality in the underground wells, PFAS, and the dependence on imported water from the Colorado River and Northern California. He also spoke about the speed to cleanup the underground wells and restore access to underground drinking water. He also spoke about converting the City's disinfection system from chlorine to chloramines, and of the 3.4-acre-feet of water we have in storage right now, about 2.4 million-acre feet are there because of reduced demand through water conservation efforts.

Deven Upadhyay, Executive Officer of the Metropolitan Water District, spoke about rebates for high-efficiency toilets or high-efficiency clothes washers, being aware of water quality issues as a threat, and the commitment to address these water quality issues going forward. He also spoke about developing Metropolitan supplies sourced here locally in Southern California through a partnership with the Los Angeles County sanitation district to produce a new local supply that the Metropolitan could develop known as the pure water Southern California program. He also spoke about implementing pump back systems that will allow Colorado River water, stored surface water, from our **Diamond Valley Lake**

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

Irene Taylor, spoke about the need for cleaning up Compton Creek and the possibility of diseases that may result from its lack of maintenance and offered to participate in the cleanup efforts.

Mark Smith, voiced concerns about water quality, the presence of carcinogens in the water, and Republic Services' neglect to pick up refuse in a timely manner.

Lynn Boone, voiced concerns about the posting of Council Meeting Minutes, the removal of commissioners, and the requirement that those appointed to office be residents of Compton.

Richard Earl, a Compton resident and president of Concerned Citizens, expressed gratitude for the audit and concern about the need for the Compton Creek cleanup. He also expressed a need for AEDs in case of an emergency. There was also concern about prostitution on Long Beach Boulevard and efforts to stop it.

Kinsey Jones stated concerns about prostitution on Long Beach Boulevard and street maintenance.

Maria Villareal, president of the Latino Chamber of Commerce stated The Chamber is signing volunteers for four hours per day, Monday through Friday, with the consent and the approval of their parents. She also spoke about violating the rules of conduct during council meetings and how the rules are defined and should be respected.

Marjorie Shipp, voiced concerns about Long Beach Boulevard prostitution and the cleanup of Compton Creek, as well as the Compton Initiative Cleanup and Painting, which was done, and over 100 people attended the efforts.

Vanessa Cain, made a comment about the prostitution on Long Beach Boulevard and how the individuals involved could possibly be arrested for lewd conduct as well as concerns about the Compton Creek cleanup and street vendors leaving trash as well as the dumping of oil in the sewer system.

Fidel Marquez, commented that the audit update was very informative. He also expressed concern about brown water coming from the faucet in his home. He suggested the council look into partnering with MWD for a Smart Water Monitor Detector device, which detects water leaks in the home. He suggested that the council look into a lawsuit derived from a class action lawsuit in Lancaster concerning the Sheriff's Department. He also suggested that the city consider placing cameras in the city.

Rodney Lister voiced a desire for citizens and city officials to partner to aid the city in operational efficiency. He also expressed concern about the Compton Creek cleanup efforts, graffiti, and time constraints on different agenda items. He also expressed a need to speak with City Council Members individually about his concerns.

Tanya Lewis, voiced concerns about the Compton Creek cleanup efforts and possible treatment of mosquitos in the area as well as graffiti in the city. She also mentioned the need for help with the prostitution along Long Beach Boulevard.

Miller Martin, voiced concern about placing a stop sign at the intersection of Stockwell and Grandee, the Compton Creek cleanup efforts, and the overall image of the City of Compton are viewed positively.

CONSENT AGENDA

On motion by Spicer, seconded by Duhart, the Consent Agenda was approved by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif

NOES: Council Members – None

ABSENT: Council Members – None

APPROVAL OF MINUTES

2. July 18, 2023

3. July 31, 2023

REGULAR AGENDA

REPORTS OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES AND CITY COUNCIL

4. REMOVAL OF OFFICERS, COUNCIL MEMBERS, BOARDS/COMMISSIONS AND COMMITTEES – PERSONNEL BOARD

On motion by Duhart, seconded by Spicer, to remove **Jennifer Grant** from the Personnel Board by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif

NOES: Council Members – None

ABSENT: Council Members – None

On motion by Spicer, seconded by Sharif, to remove **Yewande Ayodele** from the Personnel Board was withdrawn by Spicer.

5. APPOINTMENT(S) OF OFFICERS, COUNCIL MEMBERS BOARDS/COMMISSIONS AND COMMITTEES PERSONNEL BOARD

On motion by Spicer, seconded by Duhart, to appoint **Alysia Rivers** to the Personnel Board was withdrawn by Spicer.

On motion by Spicer, seconded by Darden, the removal of **Jennifer Grant** from the Personnel Board was withdrawn by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif

NOES: Council Members – None

ABSENT: Council Members – None

CITY MANAGER’S REPORT

6. A REQUEST TO SCHEDULE PUBLIC HEARING TO ADOPT THE ENGINEER’S REPORTS FOR THE COMPTON LIGHTING AND LANDSCAPE ASSESSMENT DISTRICT NO.1 AND THE SEWER SERVICE CHARGES FOR FISCAL YEAR 2024-2025

On motion by Darden, seconded by Spicer, to schedule the public hearing to adopt the engineer's reports for the Compton Lighting and Landscape Assessment District No.1 and the Sewer Service Charges for Fiscal Year 2024-2025 on May 24, 2024, at 5:35 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

7. REQUEST TO SCHEDULE A PUBLIC HEARING, BUDGET WORKSHOP, AND COMMUNITY MEETING FOR THE CONSIDERATION OF THE PROPOSED FISCAL YEAR 2024-25 BUDGET

On motion by Duhart, seconded by Darden, to schedule the public hearing on June 11, 2024, at 5:45 p.m., the budget workshop on June 1, 2024, at 10:00 a.m., and the community meeting on June 4, 2024, at 4:30 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

NEW BUSINESS

8. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ACCEPT THE PROPOSAL SUBMITTED BY MARIPOSA ECO CONSULTING INC. FOR PROVIDING CONSULTING SERVICES TO COMPLY WITH SB 1383 REGULATIONS, IMPLEMENTATION AND RECORDKEEPING, TO ENTER INTO A TWO (2) YEAR PROFESSIONAL SERVICES AGREEMENT AND TO ESTABLISH A PURCHASE ORDER IN THE AMOUNT OF EIGHTY THOUSAND DOLLARS (\$80,000) FOR FISCAL YEARS 2023-2024 AND 2024-2025.

Councilperson Darden asked about the education for our residents on SB1383 and will they get the data from our rubbish company, Republic, in order to enter it into the database?

City Manager Hopkins responded that there's been a series of information that's been shared with the community, over the last few years, concerning this Senate bill and there will continue to be a tremendous amount of information provided to the citizens to make sure we stay in compliance, and that will require some coordination with our waste provider, Republic.

On motion by Darden, seconded by Duhart, **Resolution No. 26,019** entitled 'A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ACCEPT THE PROPOSAL SUBMITTED BY MARIPOSA ECO CONSULTING INC. FOR PROVIDING CONSULTING SERVICES TO COMPLY WITH SB 1383 REGULATIONS, IMPLEMENTATION AND RECORDKEEPING, TO ENTER INTO A TWO (2) YEAR PROFESSIONAL SERVICES AGREEMENT AND TO ESTABLISH A PURCHASE ORDER IN THE AMOUNT OF EIGHTY THOUSAND DOLLARS (\$80,000) FOR FISCAL YEARS 2023-2024 AND 2024-2025' was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

9. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON DECLARING THE RESULTS OF THE PRIMARY NOMINATING ELECTION HELD IN SAID CITY ON MARCH 5, 2024

Madam City Clerk requested permission to give a little bit of background. Approval of this resolution will be reciting the facts and declaring the results of the primary nominating election held on March 5, 2024. Pursuant to Compton City Charter Article 13, the primary nominating and

special election was held on Tuesday, March 5, 2024. City Resolution No. 25918 mandated that the city's election be consolidated with the Los Angeles register recorder county clerk. In the election, 8,357 -- which was 17 percent of Compton eligible voters -- cast their vote across seven vote centers and three vote-by-mail ballot boxes. Pursuant to Election Code Section 10262, for consolidated election, the city election's official, upon receipt of the certified results of the election, from the Los Angeles Register Recorder County Clerk, shall certify the results no later than the next regularly scheduled city council meeting following presentation of the 28-day canvas of the returns or at a special meeting called for this purpose, complied with the applicable provisions of Section 10263. The Los Angeles Register Recorder County Clerk's Office Certificate of Election and Statement of Votes can be found in the exhibit that are attached to the resolution. Finally, in accordance with City Resolution No. 2598, the following names will advance to the general Municipal Election to be held on November 5, 2024, District 1, Deidre Duhart, Jasper Jackson. District 4, Lillie P. Darden, Joel Estrada. City clerk, Vernell McDaniel, Satra Zurita. Since the city attorney contents was unopposed, Eric Perrodin, as the sole candidate, will not be listed on the November 5, 2024 election ballot. Once said resolution is approved, the city clerk will present Eric Perrodin with a certificate of election.

On motion by Duhart, seconded by Spicer, **Resolution No. 26,020** entitled '**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON DECLARING THE RESULTS OF THE PRIMARY NOMINATING ELECTION HELD IN SAID CITY ON MARCH 5, 2024**' was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

10. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE COMPTON LIGHTING AND LANDSCAPE DISTRICT NO. 1 FOR FISCAL YEAR 2024-2025 AND ORDERING THE PREPARATION OF AN ENGINEER'S REPORT PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAY CODE

Councilperson Bowers inquired into the usage of the estimated collection of \$4 million because it didn't appear to have any money been invested into lighting and landscaping.

City Manager Hopkins stated that there was a proposed budget in there, and of the \$4.1 million that's collected, roughly 600,000 goes to salaries and benefits or a little over 700,000 for salary and benefits, another \$75,000 goes to equipment. Street sweeping was about \$700,000, tree trimming for about \$400,000. Median maintenance is only 31,000. Another \$350,000 for traffic signals and lighting, and utilities, which is about \$1.7 million.

The actual direct cost of the 4.1 is about \$3.9 million that's utilized to provide the aforementioned services. There's a minimal amount of administrative cost, which is about \$21,000. And, then, you have an operational reserve, which gives you the net estimate of \$4.2 million is how those funds are allocated and spent.

That's the proposed budget, based on the collections, but they will come back in May and bring back the engineer's report for the public hearing.

Councilperson Darden inquired whether the agenda packet was null and void.

John Strickland, Public Works Director addressed the concern stating the item is to initiate the proceedings for the lighting and landscaping assessment, and that it was a preliminary engineering report proposed for 2024/2025. He advised there will be opportunity for input at the public hearing, on May 21st.

Mayor Sharif asked if this has anything to do with the LED lighting that was supposed to have been upgraded by SCE and are these funds going to be used in that manner, or can those funds be used in that manner to finish upgrading the lights that the city is supposed to be responsible for.

Mr. Strickland indicated that is an eligible activity. However, the funds are currently being used, as stated in the budget, for street sweeping and tree trimming as well as we are paying the

1.5 million to Edison for the electricity of the current lights. He also stated that if we wanted to switch the lights out it would cost the city.

Councilperson Duhart inquired about Edison driving through the city at night looking for lightbulbs that are out.

Mr. Strickland replied that Edison does assess the lighting system that are owned by Edison, and They were replacing the lights, as we speak. They started last year. They're replacing all of their lights with LED, and they pull permits, through the public works engineering department. So they are replacing their lights with the new LED.

On motion by Darden, seconded by Duhart, **Resolution No. 26,021** entitled ‘**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE COMPTON LIGHTING AND LANDSCAPE DISTRICT NO. 1 FOR FISCAL YEAR 2024-2025 AND ORDERING THE PREPARATION OF AN ENGINEER’S REPORT PURSUANT TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAY CODE**’ was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

11. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE COMPTON SEWER SERVICE CHARGES FOR FISCAL YEAR 2024-2025 AND ORDERING THE PREPARATION OF AN ENGINEER’S REPORT PURSUANT TO THE MUNICIPAL IMPROVEMENT ACT OF 1913, DIVISION 12 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

On motion by Darden, seconded by Spicer, **Resolution No. 26,022** entitled ‘**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE COMPTON SEWER SERVICE CHARGES FOR FISCAL YEAR 2024-2025 AND ORDERING THE PREPARATION OF AN ENGINEER’S REPORT PURSUANT TO THE MUNICIPAL IMPROVEMENT ACT OF 1913, DIVISION 12 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**’ was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

12. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ACCEPTING THE BID OF AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A LWAK REPAIR CONTRACT WITH COUNTY LEAK SERVICES AND ESTABLISH A PURCHASE ORDER FOR ONE HUNDRED AND ONE THOUSAND FIVE HUNDRED DOLLARS (\$101,500) FOR REPAIRS NEEDED AT THE CITY POOL AT LUDERS PARK

Councilperson Darden stated that this pool was built in 1972. It is, now, 52 years old, and we need to see if we can get some grant funds or Measure P funds to do a new swimming pool. Last year the heater was not working, and that cost substantial amount of money to get that repaired. \$8,500 has been spent for leak detection.

City Manager Hopkins responded that he understood, and this is something that needed additional discussion when we, do the workshop to talk about the reallocation of some funding. It could be eligible for a capital improvement for the pool and some major modifications to Lueders Park.

On motion by Spicer, seconded by Duhart, **Resolution No. 26,023** entitled ‘**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ACCEPTING THE BID OF AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A LWAK REPAIR CONTRACT WITH COUNTY LEAK SERVICES AND ESTABLISH A PURCHASE ORDER FOR ONE HUNDRED AND ONE THOUSAND FIVE HUNDRED DOLLARS (\$101,500) FOR REPAIRS NEEDED AT THE CITY**’ was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

City Attorney Perrodin interjected and stated that upon further inquiry by the council, it was determined that the Council could not rescind their vote on removing Jennifer Grant from the personnel board. Ms. Grant has to be voted back on the board.

Council Member Spicer, upon this knowledge, decided to move forward with his appointment.

Mayor Sharif asked the council if they would re-visit Removal/ Appointments of Boards, Commissions, and Committees.

13. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CURRENT AGREEMENT WITH CINTAS CORPORATION TO ADD ADDITIONAL FUNDS FOR THE PURPOSE OF PROVIDING UNIFORM RENTAL, LAUNDRY SERVICES AND PERSONAL PROTECTIVE EQUIPMENT (PPE) FOR FISCAL YEAR 2024-2025 IN THE AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000)

Council Member Darden indicated that there was an increase from 21 employees to 28.

City Manager Hopkins answered Council Member Darden's question that six or seven additional employees were added to the water department in anticipation of the organization's growth. The aforementioned, coupled with uniforms, complies with some OSHA requirements regarding PPE.

On motion by Duhart, seconded by Spicer, **Resolution No. 26,024** entitled ‘**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CURRENT AGREEMENT WITH CINTAS CORPORATION TO ADD ADDITIONAL FUNDS FOR THE PURPOSE OF PROVIDING UNIFORM RENTAL, LAUNDRY SERVICES AND PERSONAL PROTECTIVE EQUIPMENT (PPE) FOR FISCAL YEAR 2024-2025 IN THE AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000)**’ was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

Madam Clerk announced that The City of Compton will be celebrating its 136th birthday. There will be a reception in the council chambers at 205 South Willowbrook Avenue, Compton, on Tuesday, May 7th, from 3:00 p.m. to 4:30 p.m., with light refreshments.

Mayor Sharif wanted to revisit Item No. 4 to removals and appointments for boards, commissions, and committees

Madam Clerk indicated there needs to be a motion to reappoint Jennifer Grant -- a motion and a second.

Councilperson Spicer asked if we were at reappointment or are we at the removals?

Councilperson Darden stated she's already been removed, and she wanted to make a motion to reappoint Jennifer Grant.

Madam Clerk said That would be Item No. 5.

Councilperson Spicer asked If we're all ready to make our appointments tonight, can we just make the third removal and just appoint and just be done with this personnel board appointment?

Mayor Sharif indicated that's exactly what was happening.

Councilperson Darden expressed displeasure with the process.

Councilperson Bowers also expressed displeasure with the process.

Mayor Sharif indicated there was some consistency and that those involved needed to remove someone to make an appointment.

Councilperson Bowers commented that Mr. Spicer's appointment of Ms. Rivers would be a conflict because of her previous run for office, and the election was not over.

Councilperson Spicer indicated that it had nothing to do with an appointment to the personnel board.

Madam Clerk said there was a motion to remove Jennifer Grant. In order to place Jennifer Grant back on the personnel board, there has to be a motion to reappoint her to the personnel board.

Councilperson Darden said that she would like to reappoint Ms. Jennifer Grant to the personnel board for the City of Compton.

On motion by Darden, seconded by Spicer, to re-appoint **Jennifer Grant** to the Personnel Board by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

On motion by Bowers, seconded by Duhart to appoint **Termikerlyn Black** to the Personnel Board by the following vote on roll call:

AYES: Council Members – Duhart, Bowers, Darden, Sharif
NOES: Council Members – Spicer
ABSENT: Council Members – None

On motion by Spicer, seconded by Duhart, to remove **Yewande Ayodele** by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Darden, Sharif
NOES: Council Members – None
ABSTAIN: Council Members – Bowers

On motion by Spicer, seconded by Duhart, to appoint Alysia Rivers to the Personnel Board by the following vote on roll call:

AYES: Council Members – Duhart, Spicer
NOES: Council Members – Bowers
ABSTAIN: Council Members – Darden, Sharif

COUNCIL COMMENTS

Councilmember Duhart offered the following communications/announcements:

- Saturday, May 4th, Council Member Duhart will host my town hall meeting at Neighborhood Housing Services at 1051 West Rosecrans Avenue.
- On Friday, May 10th, there will be a Mother's Day brunch with Councilwoman Darden. Everyone is welcome. There will be dancing and live entertainment. To register, please contact my liaison at tdash@Comptoncity.org or call 310-761-1482.

Councilmember Spicer offered the following communications/announcements:

- Every 4th Wednesday of the month, he will be hosting our game-changer events at the Dollarhide Community Center between the hours of 4:30 and 8:00 p.m.
- On May 8th, there will be a Mother's Day luncheon in conjunction with the Honorably Michelle Chambers and Faith Inspirational Church between 1:00 p.m. and 4:00 p.m. at the Dollarhide Community Center.
- Quick update on the potholes that will be filled in this week: Pearl Avenue between Alondra to Greenleaf, Mayo to Alondra to Greenleaf. California Avenue, Alondra to Greenleaf. Burris Avenue, Alondra to Greenleaf. Bennet from Temple to Long Beach Boulevard.

Councilmember Bowers offered the following communications/announcements:

- The influx of mosquitos is possibly due to the recent rain and/or standing water. I also noted that mosquito abatement does a pretty good job of controlling mosquitos in the Compton area. If there's a problem, call them.
- The Compton alumni chapter of Delta Sigma Beta Sorority Incorporated, their third annual Jazz on the Grass Community Concert. Tickets will go on sale Sunday, April 28th. Those interested in attending September's event will have the ability to pick their seats and pay in advance, in person, at the Crystal Park Casino Hotel from 1:00 to 3:00 p.m. For further event details, e-mail JazzonthegrassCAC@gmail.com.
- The Genesis Enterprise Project 2024, Compton to Washington, D.C. Historical tour has been postponed until the tentative date of June 2025 due to unforeseen circumstances.

Councilmember Darden offered the following communications/announcements:

- The Los Angeles County's Board of Supervisors is expected to discuss a proposed budget at its meeting Tuesday. Public hearing on the budget are set to begin on May 15, with final changes to the budget set for June 24.
- Mentioned she routinely circulate District 4 identifying code violation and situations requiring city attention.
- The first quarter report of 2024 had reported one fire hydrant, 75 graffiti, health and safety hazards four, landscaping and maintenance 28, litter 71. Other code violations, quality of life 23, other issues one, potholes seven, sidewalk repair 3, Traffic Street signs two, tree pruning one, for a total of 216 work orders was done by District 4. She also observed new street sweeping signs were being installed in the 4th District.
- Recited that the city manager, we had mentioned about forming an Olympic committee.
- Advised that on Saturday, April 27th, Kaboom and Delta Airlines will be working on finalizing and installing new playground equipment at Kelly Park and that from 9:00 a.m. to 4:00 p.m.
- Cinco de Mayo events will be held on Saturday, May 4th, at parks here in the city.

Mayor Sharif offered the following communications/announcements:

- She has two incredible opportunities for students. The California Legislative Black Caucus Policy Institute is announcing it's now open for African-American leaders for tomorrow program as well as the annual Frederick M. Roberts College Scholarship. The scholarship application deadline is Friday, May 10, 2024; for information on how to apply to both of these opportunities, contact Mayor Sharif's liaison (424) 344-0961.
- Mayor Sharif announced the return of the citywide block club meeting at Dollarhide Community Center. The meeting will allow block clubs throughout the city of Compton to gather and address issues citywide.
- If information is needed regarding the upcoming Cinco de Mayo event, please go on the city Website, and that information is there.

ADJOURNMENT

On motion by Spicer, seconded by Darden, the meeting was adjourned in memory of Maline Kathlene Geuidry, Dr. Joseph Lewis, Mitchell R. Weinbaum, Paul Van Gogh, and Joseph Baker at 8:21 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

CITY CLERK OF THE CITY OF COMPTON

MAYOR OF THE CITY OF



INVOICE DETAIL

INVOICE DATE	CUSTOMER	SUMMARY INVOICE
5/13/23	AL1586494	8070269846
PLEASE PAY BY	TERMS	SUMMARY INVOICE AMOUNT
6/12/23	Net 30 Days	\$ 1,075.61

Staples

THE CITY OF COMPTON
301 N TAMARIND AVE
COMPTON, CA 90220

CITY OF COMPTON
301 N TAMARIND AVE PARKS AND RECREATION
COMPTON, CA 90220

Bill to Account: LA1068898

Ship to Account:

Budget Ctr: PARKS & RECREATION
P O Number:
Ordered By: CARLEE SHEPHARD

Invoice Number: 3537989601
Order: 7376433842-000-001

Order Line	Item Number	Description / Unit of Measure	Order Qty	Ship Qty	Unit Price	Extended Price
1	2858710	AVERY MARKS-A-LOT BLK 36PK	2	2	\$ 26.49	\$ 52.98
1	282509	SHARPIE PERM KING SIZE BLK 4PK	1	1	\$ 7.37	\$ 7.37
1	219288	MARKIT PERM MARKER BLK	1	1	\$ 11.06	\$ 11.06
1	24402480	TR REG PENCIL CUP MESH BLK	2	2	\$ 2.81	\$ 5.62
1	744907	OVAL PENCIL CUP MESH BK	2	2	\$ 17.34	\$ 34.68
1	675200	MARK-IT RETRACT PERM MRKR FIN	1	1	\$ 12.18	\$ 12.18
1	442901	BIC ROUNDSTIC BP MED BLK 60	2	2	\$ 4.75	\$ 9.50
1	2638679	EXPO 16PK ASST	1	1	\$ 28.99	\$ 28.99
1	483636	EXPO CHISEL LO STARTER SET	1	1	\$ 8.53	\$ 8.53
1	637820	EXPO 2 DRY ERASE MARKERS-BLACK	1	1	\$ 10.32	\$ 10.32
1	518718	INVISIBLE TAPE 16PK BOX	2	2	\$ 20.78	\$ 41.56
2	815929	WIPE DISINFCT FRESH SCENT	1	1	\$ 33.78	\$ 33.78
2	669768	BINDER CLIPS - LARGE	4	4	\$ 4.93	\$ 19.72
2	480114	STAPLES SML BINDER CLP 144CT	2	2	\$ 2.74	\$ 5.48
2	395200	STPLS 144CT MED.BINDER CLIPS	2	2	\$ 7.45	\$ 14.90
2	472480	STAPLES #1 PPR CLP 1000CT	1	1	\$ 3.13	\$ 3.13
2	472514	STAPLES JMB PPR CLP N/S 1000CT	1	1	\$ 9.93	\$ 9.93
2	219244	ROUND STIC GRIP ASST 36/PK	1	1	\$ 5.50	\$ 5.50
2	187021	CLASP ENV BRN KRAFT 9X12 -100	1	1	\$ 8.22	\$ 8.22
2	815927	WIPE DISINFCT LEMON SCENT	1	1	\$ 38.83	\$ 38.83
2	808298	TISSUE FACIAL KLEENEX 2PLY	1	1	\$ 52.96	\$ 52.96
2	519039	PURLL HD SNTZR WIPES 270PK-6CT	1	1	\$ 65.26	\$ 65.26
3	935650	STPLS DUAL SIZE PENCL SHARPENR	4	4	\$ 0.68	\$ 2.72
3	644095	STICKIES 3X3 POP-UP NOTE DISP	1	1	\$ 7.13	\$ 7.13
3	1170082	MECH PENCILS 0.7MM 24PK	1	1	\$ 5.45	\$ 5.45
3	2321360	AURA GEL RT FINE 0.5MM BLUE 12	1	1	\$ 5.55	\$ 5.55
4	569577	SCISSORS TITANIUM 8IN STRT 2PK	4	4	\$ 10.03	\$ 40.12
5	24418177	TR HVY DTY STAPLES 1/2 5K	2	2	\$ 8.11	\$ 16.22
6	565447	STICKIES 3X3 BRIGHT 12PK	4	4	\$ 8.43	\$ 33.72

Customer Service Inquiries #: 877-826-7755
Make checks payable to: Staples

Invoice Payment Inquiries #: 888-763-4106
PO BOX 660409, Dallas, TX 75266-0409

Page : 1



INVOICE DETAIL

INVOICE DATE	CUSTOMER	SUMMARY INVOICE
5/13/23	AL1586494	8070269846
PLEASE PAY BY	TERMS	SUMMARY INVOICE AMOUNT
6/12/23	Net 30 Days	\$ 1,075.61

Staples

THE CITY OF COMPTON
301 N TAMARIND AVE
COMPTON, CA 90220

CITY OF COMPTON
301 N TAMARIND AVE PARKS AND RECREATION
COMPTON, CA 90220

Bill to Account: LA1068698

Ship to Account:

Budget Ctr: PARKS & RECREATION
P O Number:
Ordered By: CARLEE SHEPHARD

Invoice Number: 3537999601
Order: 7376433842-000-001

Order Line	Item Number	Description / Unit of Measure	Order Qty	Ship Qty	Unit Price	Extended Price
7	451078	TICONDEROGA YELLOW #2 PENCL 72	2	2	\$ 12.03	\$ 24.06
8	24419914	TR AC PRFPAD JR PSTL NR 6PK	2	2	\$ 8.76	\$ 17.52
9	163873	TR PAD PERF JNR WH 12PK	2	2	\$ 7.24	\$ 14.48
Tax: \$ 66.37						Subtotal: \$ 647.47
						Total: \$ 713.84

OK to PAY
[Signature]



INVOICE DETAIL

INVOICE DATE	CUSTOMER	SUMMARY INVOICE
5/13/23	AL1586494	8070269846
PLEASE PAY BY	TERMS	SUMMARY INVOICE AMOUNT
6/12/23	Net 30 Days	\$ 1,075.61

Staples

THE CITY OF COMPTON
301 N TAMARIND AVE
COMPTON, CA 90220

CITY OF COMPTON
301 N TAMARIND AVE PARKS AND RECREATION
COMPTON, CA 90220

Bill to Account: LA1068698

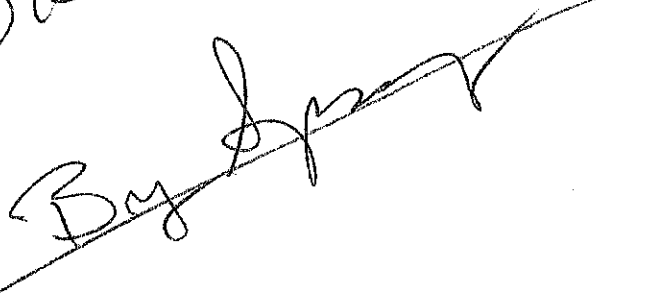
Ship to Account:

Budget Ctr: PARKS & RECREATION
P O Number:
Ordered By: CARLEE SHEPHARD

Invoice Number: 3537999602
Order: 7376505017-000-001

Order Line	Item Number	Description / Unit of Measure	Order Qty	Ship Qty	Unit Price	Extended Price
1	390846	LRG PRPLE DISPPERNG GLU STK 6P	1	1	\$ 14.19	\$ 14.19
2	112680	STAPLES #33-RBBR BNDS 1/4 LB	1	1	\$ 1.20	\$ 1.20
3	458232	STPLS 9IN CHROME LETTER OPENER	4	4	\$ 0.85	\$ 3.40
4	24418189	TR FLAT STPL REMOVER	5	5	\$ 1.75	\$ 8.75
5	1843010	A FRAME SIDEWALK SIGN	3	3	\$ 100.20	\$ 300.60
Tax: \$ 33.63						Subtotal: \$ 328.14
						Total: \$ 361.77

OK to PAY

By 

Gloria Kelley

From: Lesieli Fehoko
Sent: Tuesday, February 27, 2024 9:15 AM
To: Jason Espejo; Gloria Kelley
Cc: Erika Arteaga
Subject: FW: Invoice Copy Provision THE CITY OF COMPTON LA1068698 (Email Id# 26453411)
Attachments: Invoice Copy.pdf

Good Morning Gloria/Jason,

Please see attached invoice.

Have a great day!

From: Erika Arteaga <earteaga@comptoncity.org>
Sent: Monday, February 26, 2024 9:50 AM
To: Lesieli Fehoko <lfehoko@comptoncity.org>
Subject: FW: Invoice Copy Provision THE CITY OF COMPTON LA1068698 (Email Id# 26453411)

Erika Arteaga, Administrative Analyst, II
GENERAL SERVICES DEPARTMENT
205 South Willowbrook Ave., Compton, CA 90220
Direct: 310.605.5501 | Fax: 310.609.1753

From: staplesca@staples.com <staplesca@staples.com>
Sent: Sunday, February 25, 2024 1:31 AM
To: Erika Arteaga <earteaga@comptoncity.org>
Subject: Invoice Copy Provision THE CITY OF COMPTON LA1068698 (Email Id# 26453411)

Bill-To Details:
THE CITY OF COMPTON
301 N Tamarind Ave
Compton, CA 90220

Bill-To Number : LA1068698

Invoice Copy Provision

Dear ACCOUNTS PAYABLE,

Please find attached copies of the below listed items on your account: Bill-To LA1068698 THE CITY OF COMPTON.
It is important to note that this list may not include all open items on your account.
Please review and respond with any updates you may have, or with any questions or concerns.

Thank you for doing business with STAPLES.

Invoice #	Due Date	Balance	Invoice #	Due Date	Balance
3537999601	2023-06-12	713.84	3537999602	2023-06-12	361.77
Total Amount:					1,075.61

May 28th, 2024

TO: HONORABLE MAYOR AND COUNCIL MEMBERS
FROM: BRYAN SPRAGG, DIRECTOR OF RECREATION
**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO OPEN A PURCHASE ORDER
WITH STAPLES ADVANTAGE TO PAY INVOICES FOR OFFICE
SUPPLIES FROM FISCAL YEAR 2023-2024 IN THE AMOUNT OF
\$1075.61**

SUMMARY

Adoption of the attached resolution will establish a Purchase Order to pay unpaid office supplies invoices from the fiscal year 2023-2024.

BACKGROUND

The City of Compton's residents, community centers, golf course, and swimming pools are supported by the administrative operations completed by the Recreation Department staff. The Recreation Department staff utilizes Staples Advantage to procure the supplies needed to maintain City operations. The City of Compton must utilize Staples Advantage to secure administrative supplies needed and to ensure operations continue.

STATEMENT OF THE ISSUE

City Council approval is needed to secure funding for office supplies purchased during the 2023-2024 Fiscal Year. Funds in the Staples Advantage account have been exhausted by the City at this time. Also, the City Manager has exceeded the \$25,000 spending authority for the Staples Advantage account and City Council approval is needed. Previous invoices from the fiscal year have not been paid and the Department of Recreation is requesting to secure funding to pay past due invoices for a total amount of \$1075.61.

SCOPE OF WORK

The City of Compton's Recreation Department is requesting Staples Advantage provide the necessary office supplies needed to continue operations and support of the Recreation Department.

FISCAL IMPACT

The total cost for fiscal year 2023-2024 is \$1075.61. The funds for these expenditures are available in the Recreation Department's 2023-2024 fiscal year budget and will be available in Account Number 1001-840-000-4244.

RECOMMENDATION

Staff recommends the City Council adopt the attached Resolution establishing and authorizing the City Manager to open a Purchase Order to pay past due invoices from Staples Advantage.

WILLIE A HOPKINS JR.
CITY MANAGER

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO OPEN A PURCHASE ORDER
WITH STAPLES ADVANTAGE TO PAY INVOICES FOR OFFICE
SUPPLIES FROM FISCAL YEAR 2023-2024 IN THE AMOUNT OF
\$1075.61**

WHEREAS, the City of Compton's residents, community centers, golf course, and swimming pools are supported by the administrative operations completed by the Recreation Department staff; and

WHEREAS, the Recreation Department staff utilizes Staples Advantage to procure the supplies needed to maintain City operations; and

WHEREAS, funds in the Staples Advantage account have been exhausted by the City at this time. Also, the City Manager has exceeded the \$25,000 spending authority for the Staples Advantage account and City Council approval is needed.; and

WHEREAS, invoices from Fiscal Year 2023-2024 have recently been received and remain unpaid; and

WHEREAS, payment is needed on the outstanding invoices totaling \$1075.61. Funds are available in Account Number 1001-840-000-4244 for the outstanding invoices from Staples Advantage.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES
HEREBY RESOLVE AS FOLLOWS:**

Section 1. That the City Manager, is hereby authorized, on the advice and approval of the City Attorney, to open a Purchase Order for \$1075.61 for payment of outstanding invoices with Staples Advantage to be drawn from Account Number 1001-840-000-4244.

Section 2. That funds are available in the 2023-2024 Adopted Fiscal Year Budget in Account Number 1001-840-000-4244, for outstanding office supplies invoices.

Section 3. That a copy of this Resolution shall be filed in the offices of the City Clerk, City Attorney, City Manager, Public Works Street Maintenance, Recreation and the City Controller.

Section 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF COMPTON)

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the Clerk at a regular meeting thereof held on this _____day of _____, 2024.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCILMEMBERS-
NOES: COUNCILMEMBERS-
ABSTAIN: COUNCILMEMBERS-
ABSENT: COUNCILMEMBERS-

CITY CLERK OF THE CITY OF COMPTON

June 4, 2024

TO: HONORABLE MAYOR AND COUNCIL MEMBER

FROM: CITY MANAGER

SUBJECT: REQUEST TO AUTHORIZE TRAVEL FOR ELECTED OFFICIALS

Recommendation: Authorize travel to attend the 92nd Annual Meeting sponsor by US Conference of Mayors

Location: Kansas, MO

Meeting Date: June 20, 2024 thru June 23, 2024

Approximate Cost: Registration: **\$2,000** (Per attendee)
Hotel: **\$255.00** per night (plus taxes and fees)
Airline Transportation: **\$525.96**
Per Diem: Receipts required (Not to exceed \$75 per day)

Source of Funds: General Fund

Purpose: The purpose of attending the 92nd Annual Meeting Conference is to learn and discuss issues that are impacting our city.

Elected Official	Attending
Mayor Emma Sharif	
Councilmember Deidre M. Duhart	
Councilmember Andre Spicer	
Councilmember Jonathan Bowers	
Councilmember Lillie Darden	

June 4, 2024

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: CITY CONTROLLER

SUBJECT: A REQUEST TO RECEIVE AND FILE THE FISCAL YEAR 2020-2021 AUDITED FINANCIAL STATEMENTS, THE FISCAL YEAR 2020-2021 SINGLE AUDIT REPORT, AND THE FISCAL YEAR 2020-2021 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CITY OF COMPTON

SUMMARY

Adoption of this Resolution will formally acknowledge the receipt and filing of the Fiscal Year 2020-2021 Single Audit Report and the issuance of related financial statements.

BACKGROUND

Eadie & Payne LLP has audited the Fiscal Year 2020-2021 financial statements for the City of Compton as is required by the City to remain compliant with bond contractual requirements and granting agency requirements.

The audit consisted of the examination of the financial statements of the governmental activities, business related activities, use of each major fund, and the aggregate remaining fund information. The audit report includes the comprised related notes to the financial statements for the City of Compton as of June 30, 2021. The auditor performed tests of the City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. The audit additionally included services to report on supplementary information other than the Required Supplementary Information (RSI) that accompanies City of Compton's financial statements. Services, such as comparing and reconciling accounting information and other records used to prepare the financial statements in accordance with the auditing standards generally accepted in the United States of America, were provided. Upon completion of the audit, Eadie & Payne LLP provided a written report and an opinion of the financial statements.

The objective of their audit was to provide an opinion as to whether the City's financial statements are appropriately and accurately presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The objective also includes reporting on the precedence of internal controls over financial reporting in accordance to the laws and regulations set by the Government Auditing Standards.

The City has prepared its Management's Discussion and Analysis for Fiscal Year 2020-2021 (the "MD&A") to accompany the audited financial statements; however, the MD&A was not prepared and submitted to Eadie & Payne LLP in time to be included in its review of the City's financial statements. The audit letter submitted by Eadie & Payne LLP states

that, while the missing MD&A is required by the Governmental Accounting Standards Board as an essential part of the financial reporting for placing the City's basic financial statements in an appropriate operational, economic, or historical context, the opinion provided by Eadie & Payne LLP on the City's basic financial statements is not affected by the missing information.

STATEMENT OF THE ISSUE

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, the auditor performed tests on the City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements.

The Uniform Guidance requires that the auditor plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. The purpose of these procedures was to express an opinion of the City of Compton's compliance with requirements applicable to each of its major programs in their report on compliance issued pursuant to the Uniform Guidance.

Financial Highlights:

- The assets and the deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the Fiscal Year 2020-2021 by approximately \$5.1 million (*net position*), which is approximately \$105.1 million higher than the previous year's net position. This is due primarily to a City-wide valuation of capital assets and an increase in tax revenue, including property taxes and sales taxes. While franchise tax and special assessment tax revenue remained mostly flat relative to fiscal year 2019-20, property tax and sales tax revenue improved relative to the prior year by approximately \$12.0 million and \$7.1 million, respectively. The unrestricted portion of net position as of June 30, 2021 increased by approximately \$21.4 million to (\$256,963,174) accumulating more resources that may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds (e.g. General Fund, Capital Projects Funds, Special Revenue Funds, etc.) reported combined fund balances of approximately \$169.6 million, an increase of approximately \$59.1 million from the prior year. Of this amount, \$172.5 million, or approximately 102.1%, of total fund balances are reported as either "Nonspendable" (\$10.5 million), "Assigned" (\$140 thousand), "Committed" (\$3.4 million), or "Restricted" (\$162.2 million) fund balances, leaving negative \$(6.7 million) available as Unassigned for use at the City's discretion. This increase in the City's governmental funds combined fund balances reported was primarily

driven by increases in tax revenue (by approximately \$11 million) and an influx of bond proceeds (by approximately \$41.8 million) from the 2021 Sales Tax Revenue Bonds issued in March 2021.

- The City's net capital assets (land, buildings, equipment, infrastructure, less accumulated depreciation) were at \$208.8 million as of June 30, 2021, increasing by \$83.7 million over the previous year due mainly to a valuation of capital assets that the City had been performed which recognized prior unrecorded capital assets (\$73.4 million), as well as additions and improvements during Fiscal Year 2020-2021 for streets and pavement (\$14.5 million), and for Gonzales Park solar arrays (\$637.5 thousand).
- The City's net long-term liabilities increased by \$67.3 million to \$466.2 million, primarily as the result of issued bonds of \$41 million during March of 2021 along with Pension and OPEB liability increases of \$8.3 million and of \$20.0 million respectively. Offsets to these increases occurred from principal payments made by the City on exiting bonds payable, notes and loans payable.
- The City's financial position was elevated during Fiscal Year 2020-2021 with the removal of two "qualified" opinions from the City's Single Audit and audited financial statements. Prior to Fiscal Year 2020-2021, the City maintained a "qualified" audit opinion on its valuation of Capital Assets, as well as on the City's reporting of Housing Authority Equity balances. During Fiscal Year 2020-2021 City staff performed the necessary research to rectify the valuations and reporting of these assets and liabilities. This follows the research done during the prior Fiscal Year 2019-2020 which saw the removal of two "qualified" audit opinions regarding the City's recorded balances of Unearned Revenue and Loan Receivable. As of the Fiscal Year ended June 30, 2021 only one "qualified" opinion has remained for which research has begun for an anticipated rectification within the next audit report.
- Property Taxes increased by approximately \$12.0 Million, 24.6%, primarily as a result of an increase in assessed valuation from new non-residential construction (a 7.54% increase as shown in the Proposition 111 Analysis of the Office of the Assessor of Los Angeles County).
- Sales Taxes increased by approximately \$7.1 Million or 33%, as a result of increased spending volume.
- Utility User Taxes increased by approximately \$1.1 million, 10.2%, as a result of increased residential utility usage incurred from shut down orders in Los Angeles County during the Covid-19 pandemic.

Audit Findings:

In addition to the qualified opinion on the audited financial statements, the City received an updated list of auditor findings. Auditor findings are deficiencies found by the auditors while conducting the audit in areas of internal control, accounting errors, and non-compliance with grant, legal, or contractual requirements.

Corrective Action Plan:

The City Controller and the City Manager have provided responses as well as a corrective action plan to the auditor to address the findings and matters receiving a qualified audit opinion. In order for the City to overcome these findings the City Controller's Department is currently working with the City Manager's Department to do the following:

- Implement new policies and procedures,
- Cost Allocation Plan Update and Refinement
- Accounting research to rectify past accounting errors
- Appropriately implement financial accounting software and program reports where needed
- Provide Training

Implementing the corrective action plan provided to the auditors, as well as the steps described above will remove audit findings and audit qualification matters so that the City can operate more efficiently and effectively, obtain more opportunities for outside financing, and become a model for other cities to follow. The audit findings signify that some existing City practices allow for the opportunity for the misappropriation of City assets, as well as the possibility of losing granting opportunities.

FISCAL IMPACT

The impact of completing the Fiscal Year 2020-2021 Audit and releasing the Fiscal Year 2020-2021 Audited Financial Statements as well as the FY2021 Single Audit Report by the City's auditors allows the City to remain in compliance with grant and contractual requirements. Adoption will also greatly assist with removing the City from the State of California Auditor Department's list of cities with the greatest fiscal risk in the State of California.

RECOMMENDATION

It is the recommendation of staff that the City Council receive and file the attached set of Audited Financial Statements for Fiscal Year 2020-2021, the Single Audit Report for Fiscal Year 2020-2021, and the MD&A for Fiscal Year 2020-2021.

**SHARON RAHBAN NAVIZADEH
CITY CONTROLLER**

APPROVED FOR FORWARDING:

Willie A. Hopkins Jr.

RESOLUTION NO. _____

**A REQUEST TO RECEIVE AND FILE THE FISCAL YEAR 2020-2021
AUDITED FINANCIAL STATEMENTS, THE FISCAL YEAR 2020-2021 SINGLE
AUDIT REPORT, AND THE FISCAL YEAR 2020-2021 UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CITY OF
COMPTON**

WHEREAS, adoption of this Resolution will formally acknowledge the receipt and filing of the Fiscal Year 2020-2021 Single Audit Report and the issuance of related financial statements; and

WHEREAS, the audit consisted of the examination of the financial statements of the governmental activities, business related activities, use of each major fund, and the aggregate remaining fund information. The audit report includes the comprised related notes to the financial statements for the City of Compton as of June 30, 2021. The auditor performed tests of the City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. The audit additionally included services to report on supplementary information other than RSI that accompanies City of Compton's financial statements. Services, such as comparing and reconciling accounting information and other records used to prepare the financial statements in accordance with the auditing standards generally accepted in the United States of America, were provided. Upon completion of the audit, Eadie & Payne LLP provided a written report and an opinion of the financial statements.

WHEREAS, the objective of the audit was to provide an opinion as to whether the City's financial statements are appropriately and accurately presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The objective also includes reporting on the precedence of internal controls over financial reporting in accordance to the laws and regulations set by the Government Auditing Standards.

WHEREAS, the City has prepared its Management's Discussion and Analysis for Fiscal Year 2020-2021 (the "MD&A") to accompany the audited financial statements; however, the MD&A was not prepared and submitted to Eadie & Payne LLP in time to be included in its review of the City's financial statements. The audit letter submitted by Eadie & Payne LLP states that, while the missing MD&A is required by the Governmental Accounting Standards Board as an essential part of the financial reporting for placing the City's basic financial statements in an appropriate operational, economic, or historical context, the opinion provided by Eadie & Payne LLP on the City's basic financial statements is not affected by the missing information.

WHEREAS, an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, their audit involved judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

WHEREAS, an audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, the auditor communicated to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

WHEREAS, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the auditor performed tests of City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures was not to provide an opinion on overall compliance and they did not express such an opinion in the City's report on compliance issued pursuant to *Government Auditing Standards*.

RESOLUTION NO. _____

WHEREAS, the Uniform Guidance requires that the auditor also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Their procedures consisted of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City of Compton's major programs. The purpose of these procedures was to express an opinion on City of Compton's compliance with requirements applicable to each of its major programs in their report on compliance issued pursuant to the Uniform Guidance.

WHEREAS, the auditors provided a "qualified" opinion on certain parts of the financial statements.

WHEREAS, a qualified opinion on these matters can change to an unqualified opinion in future years' audits when those particular matters are rectified. The City's Accounting Division is continuously performing the accounting research and work necessary to correct these matters.

WHEREAS, in addition to the qualified opinion on the audited financial statements, the City received an updated list of auditor findings. Auditor findings are deficiencies found by the auditors while conducting the audit in areas of internal control, accounting errors, and non-compliance with grant or contractual requirements.

WHEREAS, the City Controller and the City Manager have provided responses as well as a corrective action plan to the auditor to address the findings and matters receiving a qualified audit opinion. In order for the City to overcome these findings the City Controller's Department is currently working with the City Manager's Department to do the following:

- Implement new policies and procedures,
- Cost Allocation Plan Update and Refinement
- Capital/Fixed Assets Valuation
- Accounting research to rectify past accounting errors
- Appropriately implement financial accounting software and program reports where needed
- Provide Training

WHEREAS, implementing the corrective action plan provided to the auditors, as well as the steps described above will remove audit findings and audit qualification matters so that the City can operate more efficiently and effectively, obtain more opportunities for outside financing, and become a model for other cities to follow. The audit findings signify that some existing City practices allow for the opportunity for the misappropriation of City assets, as well as the possibility of losing granting opportunities.

WHEREAS, the impact of completing the Fiscal Year 2020-2021 Audit and releasing the Fiscal Year 2020-2021 Audited Financial Statements as well as the Fiscal Year 2020-2021 Single Audit Report by the City's auditors allows the City to remain in compliance with grant and contractual requirements. Adoption will also greatly assist with removing the City from the State of California Auditor Department's list of cities with the greatest fiscal risk in the State of California.

WHEREAS, it is the recommendation of staff that the City Council adopt this Resolution to receive and file the attached set of Audited Financial Statements for Fiscal Year 2020-2021, and the Single Audit Report for Fiscal Year 2020-2021.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Receive and File the Fiscal Year 2020-2021 Audited Financial Statements, Fiscal Year 2020-2021 Single Audit, and the unaudited MD&A.

RESOLUTION NO. _____

Section 2. That a copy of this Resolution shall be filed in the offices of the City Clerk, City Attorney, City Manager, and City Controller.

Section 3. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on this _____ day of _____, 2024.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCILMEMBERS -
NOES: COUNCILMEMBERS -
ABSTAIN: COUNCILMEMBERS -
ABSENT: COUNCILMEMBERS -

CITY CLERK OF THE CITY OF COMPTON



**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
Fiscal Year Ended June 30, 2021**



CITY OF COMPTON, CALIFORNIA

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JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Compton
Compton, California

Report on the Financial Statements

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 (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Basis for Qualified Opinions

The allocation of cash to the various funds has not been properly reconciled. We were unable to obtain sufficient appropriate audit evidence about the allocation of cash between funds. We were unable to determine whether any adjustments to these amounts were necessary. All opinion units are affected by this qualification.

Qualified Opinions

In our opinion, except for the possible effects of the matters described in the “Basis for Qualified Opinions”, 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 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Fund Balances

As discussed in Note III.I. to the financial statements, the City has an approximate total governmental activities negative net position of \$21.0 million, deficit fund balance in its general fund of approximately \$3.5 million, and deficit fund balances in other funds totaling approximately \$39.3 million. See Note VI. B for the City's comments regarding its financial condition. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of changes in net pension liability and related ratios, the schedule of proportionate share of the net pension liability and related ratios, the schedule of plan contributions – pension plan, the schedule of changes in total OPEB liability and related ratios, and the schedule of contributions – OPEB on pages 74-80 be presented to supplement the basic financial statements.

Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund and internal service fund financial statements on pages 82-89 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund and internal service fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the combining and individual nonmajor fund and internal service fund financial statements of the matters described in the "Basis for Qualified Opinions", the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2024, on our consideration of the City of Compton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Compton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Compton's internal control over financial reporting and compliance.

Eadie and Payne, LLP

Riverside, California

May 8, 2024

CITY OF COMPTON, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 138,927,274	\$ 30,129,528	\$ 169,056,802
Receivables, net	1,562,083	4,118,139	5,680,222
Due from fiduciary fund	14,055,319	-	14,055,319
Due from other governments	11,389,586	70,550	11,460,136
Other assets	1,484,462	226,241	1,710,703
Noncurrent Assets			
Internal balances	(21,648,754)	21,648,754	-
Restricted investments	44,113,698	8,127,360	52,241,058
Loans receivable, net	399,758	-	399,758
Land held for resale	8,672,980	-	8,672,980
Capital assets:			
Nondepreciable	94,729,975	162,097	94,892,072
Depreciable, net	69,318,043	44,541,301	113,859,344
Total Assets	<u>363,004,424</u>	<u>109,023,970</u>	<u>472,028,394</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of bonds	130,167	-	130,167
Deferred outflow on pension and OPEB	43,573,245	3,335,017	46,908,262
Total Deferred Outflows of Resources	<u>43,703,412</u>	<u>3,335,017</u>	<u>47,038,429</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	5,196,133	3,161,138	8,357,271
Other liabilities	737,651	1,951,912	2,689,563
Unearned revenue	20,355,544	-	20,355,544
Compensated absences due within one year	1,057,635	95,611	1,153,246
Self-insurance claims	3,939,719	-	3,939,719
Bonds and notes payable	4,217,212	3,085,000	7,302,212
Noncurrent Liabilities			
Compensated absences	3,542,679	322,559	3,865,238
Self-insurance claims	17,918,287	-	17,918,287
Bonds and notes payable	73,111,717	51,437,168	124,548,885
Net pension liabilities	141,927,491	8,455,339	150,382,830
Other post-employment benefits payable (OPEB)	152,032,854	17,495,414	169,528,268
Total Liabilities	<u>424,036,922</u>	<u>86,004,141</u>	<u>510,041,063</u>
DEFERRED INFLOW ON RESOURCES			
Deferred inflow on pension and OPEB	3,692,722	233,390	3,926,112
Total Deferred Inflows of Resources	<u>3,692,722</u>	<u>233,390</u>	<u>3,926,112</u>
NET POSITION			
Net investment in capital assets	86,719,089	-	86,719,089
Restricted for:			
Debt service	45,584,750	10,536,980	56,121,730
Capital projects	-	2,608,791	2,608,791
Retirement	64,573,481	-	64,573,481
Housing	28,403,579	-	28,403,579
Grants	4,915,755	-	4,915,755
Transit systems	18,443,041	-	18,443,041
Public works	273,036	-	273,036
Law enforcement	4,320	-	4,320
Unrestricted	(269,938,859)	12,975,685	(256,963,174)
Total Net Position	<u>\$ (21,021,808)</u>	<u>\$ 26,121,456</u>	<u>\$ 5,099,648</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 22,025,609	\$ 6,794,597	\$ 61,939	\$ -
Public safety	45,336,110	2,989,634	369,856	-
Public works	13,503,884	3,896,725	971,740	8,034,643
Management services	18,542,893	-	-	-
Environmental and human services	15,842,088	717,655	14,175,739	-
Interest on long-term debt	1,835,197	-	-	-
Total governmental activities	117,085,781	14,398,611	15,579,274	8,034,643
Business-type activities:				
Water	18,682,467	19,514,756	-	-
Rubbish	6,161,073	6,160,881	-	-
Sewer	2,240,594	2,761,212	-	-
Total business-type activities	27,084,134	28,436,849	-	-
Total	144,169,915	42,835,460	15,579,274	8,034,643

General revenues:

Taxes:

Property taxes

Sales taxes

Utility user taxes

Franchise taxes

Special assessments

Transient occupancy taxes

Real property transfer taxes

Intergovernmental not restricted to specific programs

Investment earnings

Other income

Transfer in from fiduciary fund

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as previously stated

Prior-period adjustments

Net position at beginning of year, as restated

Net position at end of year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue
And Change in Net Position

Governmental Activities	Business-Type Activities	Total	Functions/Programs
			Governmental activities:
\$ (15,169,073)	\$ -	\$ (15,169,073)	General government
(41,976,620)	-	(41,976,620)	Public safety
(600,776)	-	(600,776)	Public works
(18,542,893)	-	(18,542,893)	Management services
(948,694)	-	(948,694)	Environmental and human services
(1,835,197)	-	(1,835,197)	Interest on long-term debt
(79,073,253)	-	(79,073,253)	Total governmental activities
			Business-type activities:
-	832,289	832,289	Water
-	(192)	(192)	Rubbish
-	520,618	520,618	Sewer
-	1,352,715	1,352,715	Total business-type activities
(79,073,253)	1,352,715	(77,720,538)	Total
			General revenues:
			Taxes:
60,768,875	-	60,768,875	Property taxes
28,829,119	-	28,829,119	Sales taxes
12,273,487	-	12,273,487	Utility user taxes
2,737,021	-	2,737,021	Franchise taxes
4,250,343	-	4,250,343	Special assessments
67,925	-	67,925	Transient occupancy taxes
237,088	-	237,088	Real property transfer taxes
814,618	-	814,618	Intergovernmental not restricted to specific programs
1,334,276	50,343	1,384,619	Investment earnings
774,238	-	774,238	Other income
1,748,006	-	1,748,006	Transfer in from fiduciary fund
5,674,762	(5,674,762)	-	Transfers
119,509,758	(5,624,419)	113,885,339	Total general revenues and transfers
40,436,505	(4,271,704)	36,164,801	Change in net position
(116,919,152)	16,880,271	(100,038,881)	Net position at beginning of year, as previously stated
55,460,839	13,512,889	68,973,728	Prior-period adjustments
(61,458,313)	30,393,160	(31,065,153)	Net position at beginning of year, as restated
\$ (21,021,808)	\$ 26,121,456	\$ 5,099,648	Net position at end of year

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

		<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>General</u>	<u>Retirement</u>	<u>Compton Housing Successor</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 8,367,603	\$ 72,063,955	\$ 8,626,124	\$ 46,377,123	\$ 135,434,805
Receivables, net	339,095	22,751	4,922	1,195,315	1,562,083
Due from other funds	1,155,566	-	173,997	74,025	1,403,588
Due from fiduciary fund	-	-	14,055,319	-	14,055,319
Due from other governments	9,442,315	533,582	-	1,413,689	11,389,586
Other assets	30,332	702,204	-	679,351	1,411,887
Advances to other funds	9,536,722	-	5,380,878	869,535	15,787,135
Restricted investments	-	-	-	44,113,698	44,113,698
Loans receivable, net	-	-	-	399,758	399,758
Land held for resale	-	-	8,672,980	-	8,672,980
Total Assets	<u>\$ 28,871,633</u>	<u>\$ 73,322,492</u>	<u>\$ 36,914,220</u>	<u>\$ 95,122,494</u>	<u>\$ 234,230,839</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 3,941,249	\$ 157,078	\$ 8,852	\$ 836,920	\$ 4,944,099
Other liabilities	119,905	-	-	-	119,905
Due to other funds	905,494	-	-	1,128,366	2,033,860
Unearned revenue	-	-	-	20,355,544	20,355,544
Advances from other funds	27,402,368	-	-	-	27,402,368
Total Liabilities	<u>32,369,016</u>	<u>157,078</u>	<u>8,852</u>	<u>22,320,830</u>	<u>54,855,776</u>
DEFERRED INFLOW ON RESOURCES					
Deferred revenue	-	7,889,729	-	1,899,198	9,788,927
Total Deferred Inflows of Resources	<u>-</u>	<u>7,889,729</u>	<u>-</u>	<u>1,899,198</u>	<u>9,788,927</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Other assets	30,332	702,204	-	679,351	1,411,887
Loans receivable, net	-	-	-	399,758	399,758
Land held for resale	-	-	8,672,980	-	8,672,980
Restricted for:					
Debt service	-	-	-	45,584,750	45,584,750
Retirement	-	64,573,481	-	-	64,573,481
Housing	-	-	28,232,388	171,191	28,403,579
Grants	-	-	-	4,915,755	4,915,755
Transit systems	-	-	-	18,443,041	18,443,041
Public works	-	-	-	273,036	273,036
Law enforcement	-	-	-	4,320	4,320
Committed to:					
Purchase orders	2,999,770	-	-	-	2,999,770
Development	-	-	-	431,264	431,264
Assigned	140,727	-	-	-	140,727
Unassigned	(6,668,212)	-	-	-	(6,668,212)
Total Fund Balances	<u>\$ (3,497,383)</u>	<u>\$ 65,275,685</u>	<u>\$ 36,905,368</u>	<u>\$ 70,902,466</u>	<u>\$ 169,586,136</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balances of governmental funds \$ 169,586,136

Amounts reported for governmental activities in the statement of net position are different because:

Capital related items

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds financial statement, but are reported in the governmental activities of the Statement of Net Position.

Capital assets, not being depreciated	94,685,866	
Capital assets, being depreciated	186,793,738	
Less: accumulated depreciation	<u>(119,932,124)</u>	161,547,480

Deferred outflows of resources

Deferred outflows of resources used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Deferred pension and other post-employment benefits outflows	42,441,105	
Deferred amount on refunding, net of amortization	<u>130,167</u>	42,571,272

Long-term liabilities and deferred inflows of resources

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.

Accrued interest	(617,746)	
Compensated absences	(4,456,581)	
Bonds and notes payable	(76,289,990)	
Liabilities resulting from redevelopment agency dissolution	<u>(1,038,941)</u>	(82,403,258)

Liabilities and deferred inflows of resources for pension and other post-employment benefits are not due and payable in the current period, and therefore are not reported in the governmental funds.

Net pension liability	(139,196,887)	
Other postemployment benefits obligation	(146,224,493)	
Deferred pension and other post-employment benefits inflows	<u>(3,639,831)</u>	(289,061,211)

Certain revenues do not provide current financial resources and therefor are unavailable at the fund level.

9,788,927

Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(33,051,154)

Net position of governmental activities in the Statement of Net Position

\$ (21,021,808)

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

		Special Revenue	Capital Projects		
	General	Retirement	Compton Housing Successor	NonMajor Governmental Funds	Total Governmental Funds
Revenue:					
Taxes and special assessments	\$ 61,342,888	\$ 34,123,170	\$ 82,351	\$ 4,250,343	\$ 99,798,752
Licenses and permits	5,239,844	-	-	-	5,239,844
Intergovernmental revenues	-	-	-	23,510,504	23,510,504
Fines, forfeitures, and penalties	2,257,023	-	-	-	2,257,023
Use of money and property	41,226	23,388	1,217,117	52,430	1,334,161
Charges for services	3,256,972	-	-	65,073	3,322,045
Other	191,299	-	206,996	1,156,343	1,554,638
Total Revenue	72,329,252	34,146,558	1,506,464	29,034,693	137,016,967
Expenditures:					
Current:					
General government	5,504,699	917,339	1,259,877	1,764,445	9,446,360
Public safety	38,167,329	3,567,263	-	128,970	41,863,562
Public works	2,461,727	1,689,275	-	2,658,931	6,809,933
Management services	3,002,230	15,769,424	-	1,182,655	19,954,309
Environmental and human services	548,156	1,458,276	3,088,859	9,954,872	15,050,163
Debt service:					
Principal	1,490,241	-	-	2,595,000	4,085,241
Interest	30,200	-	-	1,212,476	1,242,676
Capital outlay	6,299,162	-	151,352	10,621,197	17,071,711
Total Expenditures	57,503,744	23,401,577	4,500,088	30,118,546	115,523,955
Excess (Deficiency) of Revenues Over Expenditures	14,825,508	10,744,981	(2,993,624)	(1,083,853)	21,493,012
Other Financing Sources (Uses):					
Bond issuance	-	-	-	41,809,785	41,809,785
Transfer (to) from fiduciary fund	(2,994)	-	1,751,000	-	1,748,006
Transfers in	5,777,376	-	-	4,109,596	9,886,972
Transfers out	(4,915,400)	-	-	(2,045,025)	(6,960,425)
Total Other Financing Sources (Uses)	858,982	-	1,751,000	43,874,356	46,484,338
Net Change in Fund Balance	15,684,490	10,744,981	(1,242,624)	42,790,503	67,977,350
Fund Balances, Beginning As Previously Stated	(16,527,626)	61,445,994	36,046,217	29,488,733	110,453,318
Prior Period Adjustment	(2,654,247)	(6,915,290)	2,101,775	(1,376,770)	(8,844,532)
Fund Balances, Beginning	(19,181,873)	54,530,704	38,147,992	28,111,963	101,608,786
Fund Balances, Ending	\$ (3,497,383)	\$ 65,275,685	\$ 36,905,368	\$ 70,902,466	\$ 169,586,136

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 67,977,350

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay that was capitalized exceeded depreciation expense in the current period.

Capital outlay	14,488,075
Depreciation	(7,176,724)

Long-term liabilities transactions

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Other long-term liabilities are not recorded as expenditures in the governmental funds but as expenses in the statement of activities. Unamortized bond discount on issue and deferred charges on refundings are included in the statement of net position and are amortized as a component of expense in the statement of activities.

Principal payments	4,085,241
Bond issuance	(41,809,785)
Change in accrued interest and amortization of bond premium/discount	(592,521)
Change in compensated absences	(341,820)
Change in pension liability	(2,407,700)
Change in other postemployment benefits obligation	2,057,265

Deferred Inflows

Deferred revenues	9,788,927
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Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily service governmental activities of the City.

(5,631,803)

Change in net position of governmental activities	\$ 40,436,505
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The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Rubbish	Sewer	Total	Internal Service Funds
ASSETS					
Current assets					
Cash and investments	\$ 25,165,800	\$ 734,882	\$ 4,228,846	\$ 30,129,528	\$ 3,492,469
Receivables, net	2,623,338	1,228,713	266,088	4,118,139	-
Due from other funds	441,261	-	252,541	693,802	1,636
Due from other governments	1,923	41,861	26,766	70,550	-
Other assets	226,241	-	-	226,241	72,575
Total current assets	28,458,563	2,005,456	4,774,241	35,238,260	3,566,680
Noncurrent Assets					
Advances to other funds	13,312,417	-	7,617,271	20,929,688	1,250,591
Restricted investments	3,470,876	-	4,656,484	8,127,360	-
Capital assets:					
Nondepreciable	162,097	-	-	162,097	44,109
Depreciable, net	37,639,390	-	6,901,911	44,541,301	2,456,431
Total noncurrent assets	54,584,780	-	19,175,666	73,760,446	3,751,131
Total Assets	83,043,343	2,005,456	23,949,907	108,998,706	7,317,811
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflow on pension and OPEB	3,031,559	172,242	131,216	3,335,017	1,132,140
Total Deferred Outflows of Resources	3,031,559	172,242	131,216	3,335,017	1,132,140
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	1,794,641	973,830	392,667	3,161,138	252,034
Other liabilities	1,727,412	224,500	-	1,951,912	-
Due to other funds	-	-	-	-	65,166
Compensated absences	91,333	4,170	108	95,611	33,046
Self-insurance claims	-	-	-	-	3,939,719
Bonds and notes payable	1,095,000	1,000,000	990,000	3,085,000	-
Total current liabilities	4,708,386	2,202,500	1,382,775	8,293,661	4,289,955
Noncurrent Liabilities					
Compensated absences	305,931	16,264	364	322,559	110,687
Advances from other funds	-	-	-	-	10,565,046
Self-insurance claims	-	-	-	-	17,918,287
Bonds and notes payable	35,193,299	200,000	16,043,869	51,437,168	-
Net pension liabilities	7,311,802	415,432	728,105	8,455,339	2,730,604
Other post-employment benefits payable	15,553,187	883,681	1,058,546	17,495,414	5,808,361
Total noncurrent liabilities	58,364,219	1,515,377	17,830,884	77,710,480	37,132,985
Total Liabilities	63,072,605	3,717,877	19,213,659	86,004,141	41,422,950
DEFERRED INFLOW OF RESOURCES					
Deferred inflow on pension and OPEB	141,628	8,046	83,716	233,390	52,891
Total Deferred Inflows of Resources	141,628	8,046	83,716	233,390	52,891
NET POSITION					
Net investment in capital assets	1,513,188	-	-	1,513,188	2,500,540
Restricted for:					
Debt service	3,465,275	-	7,071,705	10,536,980	-
Capital projects	5,601	-	2,603,190	2,608,791	-
Unrestricted (deficit)	17,876,605	(1,548,225)	(4,891,147)	11,437,233	(35,526,430)
Total Net Position (Deficit)	\$ 22,860,669	\$ (1,548,225)	\$ 4,783,748	\$ 26,096,192	\$ (33,025,890)
Adjustment to reflect the consolidation of internal service fund activities				25,264	
Net Position of Business-type Activities				\$ 26,121,456	

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Rubbish	Sewer	Total	
Operating revenues:					
Charges for services	\$ 19,513,818	\$ 6,041,380	\$ -	\$ 25,555,198	\$ -
Charges to other funds	-	-	-	-	3,203,509
Sewer capital improvement charges	-	-	2,761,212	2,761,212	-
Other	938	119,501	-	120,439	90,000
Total operating revenues	<u>19,514,756</u>	<u>6,160,881</u>	<u>2,761,212</u>	<u>28,436,849</u>	<u>3,293,509</u>
Operating expenses:					
Salaries and wages	8,394,086	922,053	2,579	9,318,718	4,687,027
Contractual services	351,456	4,624	402,602	758,682	2,335,674
Materials and supplies	3,388,196	-	1,200	3,389,396	244,601
Repairs and maintenance	777,309	5,211,599	74,500	6,063,408	61,181
Utilities	296,309	-	-	296,309	-
Other expenses	161,993	-	3,503	165,496	45,210
Bad debt expense	64,855	(9,159)	2,655	58,351	-
Self-insurance services	-	-	-	-	4,149,259
Depreciation	2,764,132	-	566,575	3,330,707	598,813
Total operating expenses	<u>16,198,336</u>	<u>6,129,117</u>	<u>1,053,614</u>	<u>23,381,067</u>	<u>12,121,765</u>
Operating income (loss)	<u>3,316,420</u>	<u>31,764</u>	<u>1,707,598</u>	<u>5,055,782</u>	<u>(8,828,256)</u>
Nonoperating revenues (expenses):					
Investment income	31,445	2	18,896	50,343	115
Interest expense	(2,218,833)	(498)	(1,035,613)	(3,254,944)	-
Total nonoperating revenues (expenses)	<u>(2,187,388)</u>	<u>(496)</u>	<u>(1,016,717)</u>	<u>(3,204,601)</u>	<u>115</u>
Income (loss) before transfers	<u>1,129,032</u>	<u>31,268</u>	<u>690,881</u>	<u>1,851,181</u>	<u>(8,828,141)</u>
Transfers in	23,798	1,441	-	25,239	3,048,805
Transfers out	(5,600,000)	(100,000)	-	(5,700,000)	(300,591)
Net transfers in/(out)	<u>(5,576,202)</u>	<u>(98,559)</u>	<u>-</u>	<u>(5,674,761)</u>	<u>2,748,214</u>
Change in net position	<u>(4,447,170)</u>	<u>(67,291)</u>	<u>690,881</u>	<u>(3,823,580)</u>	<u>(6,079,927)</u>
Net position, beginning, as previously stated	15,069,694	(1,479,912)	2,817,101		(27,816,234)
Prior period adjustment	12,238,145	(1,022)	1,275,766		870,271
Net position, beginning	<u>27,307,839</u>	<u>(1,480,934)</u>	<u>4,092,867</u>		<u>(26,945,963)</u>
Net position, ending	<u>\$ 22,860,669</u>	<u>\$ (1,548,225)</u>	<u>\$ 4,783,748</u>		<u>\$ (33,025,890)</u>
Adjustment to reflect the consolidation of internal service fund activities				(448,124)	
Changes in Net Position of Business-type Activities				<u>\$ (4,271,704)</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Rubbish	Sewer	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 19,155,642	\$ 5,990,659	\$ 2,713,171	\$ 27,859,472	\$ 3,293,509
Cash payments to suppliers for goods and services	(5,177,147)	(5,103,282)	(566,822)	(10,847,251)	(4,751,732)
Cash payment to employees for services	(2,087,891)	(114,603)	(2,559)	(2,205,053)	(725,924)
Net cash provided by (used in) operating activities	11,890,604	772,774	2,143,790	14,807,168	(2,184,147)
Cash flows from non-capital financing activities:					
Taxes and special assessments	-	(14,327)	(9,321)	(23,648)	-
Advances to other funds	336,624	-	192,614	529,238	(1,200,000)
Advances from other funds	-	-	-	-	4,400,000
Transfers in	23,798	1,441	-	25,239	3,048,805
Transfers out	(5,600,000)	(100,000)	-	(5,700,000)	(300,591)
Net cash provided by (used in) non-capital financing Activities	(5,239,578)	(112,886)	183,293	(5,169,171)	5,948,214
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(1,022)	(17,696)	(18,718)	(387,728)
Disposals of capital assets	155,601	-	-	155,601	-
Interest paid on long-term debt	(2,205,906)	(2,998)	(1,037,178)	(3,246,082)	-
Principal paid on long-term debt	(1,040,000)	(125,000)	(935,000)	(2,100,000)	-
Net cash used in capital and related financing activities	(3,090,305)	(129,020)	(1,989,874)	(5,209,199)	(387,728)
Cash flows from investing activities:					
Decrease (increase) in restricted investment	4,813	128,365	27,552	160,730	-
Interest received on investments	31,445	2	18,896	50,343	115
Net cash provided by (used in) investing activities	36,258	128,367	46,448	211,073	115
Net increase (decrease) in cash and cash equivalents	3,596,979	659,235	383,657	4,639,871	3,376,454
Cash and cash equivalents, beginning	21,568,821	75,647	3,845,189	25,489,657	116,015
Cash and cash equivalents, ending	\$ 25,165,800	\$ 734,882	\$ 4,228,846	30,129,528	\$ 3,492,469

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Rubbish	Sewer	Total	
Reconciliation of operating income (loss) to net					
Cash provided by (used in) operating activities:					
Operating income (loss)	\$ 3,316,420	\$ 31,764	\$ 1,707,598	\$ 5,055,782	\$ (8,828,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,764,132	-	566,575	3,330,707	598,813
Changes in operating assets and liabilities:					
Decrease (increase) in accounts receivable	(294,259)	(179,381)	(45,386)	(519,026)	-
Decrease (increase) in due from other funds	-	-	-	-	3,898,364
Decrease (increase) in inventories, at cost	7,293	-	-	7,293	-
Decrease (increase) in other assets	-	-	-	-	(49,676)
Increase (decrease) in due to/from / advances	(441,261)	-	-	(441,261)	-
Increase (decrease) in accounts payable	23,486	(40,265)	347	(16,432)	53,859
Increase (decrease) in accrued liabilities	263,221	33,706	(85,364)	211,563	26,897
Increase (decrease) in due to other funds	-	-	-	-	(4,134,833)
Increase (decrease) in deposits payable	(54,623)	119,500	-	64,877	-
Increase (decrease) in OPEB payable	4,927,101	767,297	12	5,694,410	3,948,354
Increase (decrease) in retirement payable	1,336,819	40,650	7	1,377,476	69,755
Increase (decrease) in self-insurance claims	-	-	-	-	2,311,739
Increase (decrease) in compensated absences	42,275	(497)	1	41,779	(79,163)
Net cash provided by (used in) operating activities	<u>\$11,890,604</u>	<u>\$ 772,774</u>	<u>\$ 2,143,790</u>	<u>\$14,807,168</u>	<u>\$ (2,184,147)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and investments	\$ 35,574,272	\$ 722,295
Restricted investments	18,360,431	-
Accounts receivable	25,474	-
Due from other governments	-	23,423
Land held for resale	10,949,246	-
Capital assets:		
Nondepreciable	1,296,179	-
Depreciable, net	12,264,324	-
Total Assets	<u>78,469,926</u>	<u>745,718</u>
Liabilities		
Accounts payable	105,447	14,785
Accrued liabilities	2,735,612	23,231
Due to City funds	14,055,319	-
Other liabilities	371,672	527,822
Long-term liabilities:		
Due within one year	8,467,052	-
Due in more than one year	91,913,063	-
Total Liabilities	<u>117,648,165</u>	<u>565,838</u>
Net Position		
Restricted for:		
Individuals, organizations, and other governments	(39,178,239)	179,880
Total Net Position	<u>\$ (39,178,239)</u>	<u>\$ 179,880</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Additions:		
Taxes and special assessments	\$ 16,774,761	\$ 93,483
Use of money and property	184,818	-
Total Additions	<u>16,959,579</u>	<u>93,483</u>
Deductions:		
Administrative costs	502,094	52,389
Project improvement costs	175,528	-
Debt service - interest	5,470,214	-
Land held for sale adjustment	3,362,101	-
Depreciation	561,468	-
Contributions to other City funds	1,748,006	-
Total deductions	<u>11,819,411</u>	<u>52,389</u>
Change in net position	5,140,168	41,094
Net position (deficit) - beginning, as previously stated	(14,002,802)	139,764
Prior period adjustment	(30,315,605)	(978)
Net position (deficit) - beginning	<u>(44,318,407)</u>	<u>138,786</u>
Net position (deficit) - ending	<u>\$ (39,178,239)</u>	<u>\$ 179,880</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Compton, California (City) was incorporated on May 1, 1888, under the laws of the State of California and enjoys all the rights and privileges applicable to a charter city. The City is governed by an elected Mayor and City Council. These financial statements present the City (the primary government) and its component units. For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions, and authorities, and has considered all potential component units for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

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 in any of the following circumstances:

- i. The component unit's governing body is substantially the same as the governing body of the primary government (the City) and (1) the existence of a financial benefit or burden relationship between them or (2) management of the City has operational responsibility for the component unit.
- 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 the City.
- iii. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with City resources.

The component units discussed below are included in the reporting entity because the City Council serves as the governing board and the City's management has operational responsibility over them.

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

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued)

City of Compton Housing Authority (Housing Authority). The Housing Authority was established in 1969 pursuant to State legislation. On December 1, 1976, the Housing Authority entered into an Annual Contributions Contract with the Department of Housing and Urban Development (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 payment and the Family Self-Sufficiency (FSS) Program, which assists families in creating plans that will lead to economic independence.

B. Financial Statement Presentation

In accordance with Governmental Accounting Standards Board Statement No. 34, the City's basic financial statements should consist of the following:

- Government-Wide Financial Statements;
- Fund Financial Statements; and
- Notes to the Basic Financial Statements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present financial information for the City as a whole, while distinguishing between governmental and business-type activities. Fiduciary activities of the City are not included in these statements.

Most of the City's basic services are considered to be governmental activities, including general government, public safety, public works, management services, and environmental and human services. Property tax, utility user tax, franchise tax, special assessments, transient occupancy tax, real property transfer tax; and user fees and charges financially support these activities.

The City's enterprise operations are classified as business-type activities. These operations consist of water, rubbish, and sewer. These activities generally recover the cost of providing services from customer fees and charges.

Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services; (2) grants and other contributions; and (3) capital grants and contributions.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

The Statement of Activities demonstrates the degree to which expenses, both direct and indirect, 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. Indirect expenses are allocated based on the City's cost allocation plan.

Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) operating and capital 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.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities. In the Statement of Net Position, internal service assets and liabilities have been combined with the governmental funds and presented as governmental activities.

A reconciliation of the difference between the Governmental Fund Financial Statement and the Government-Wide Financial Statement is provided as part of the Governmental Fund Financial Statements.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major governmental funds. Non-Major Governmental Funds are combined for presentation in Governmental Fund Statements. The following funds have been determined to be the City's major governmental funds:

- General Fund: This fund is always a major fund and is used to account for financial resources traditionally associated with government activities, which are not legally required to be accounted for in another fund.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

- Retirement Special Revenue Fund: This fund accounts for the contributions made by the City to its public employees' retirement system. The activity is financed from a special tax levy.
- Compton Housing Successor Capital Projects Fund: This fund is used to account for the housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the Agency.

Governmental funds are accounted for using a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues available if they are collected within 60 days after year-end with the exception of sales tax, which is based on the California Department of Tax and Fee Administration (CDTFA) reporting period through June of the fiscal year for which payment is received in September. Property tax, sales tax, intergovernmental revenues, and other taxes are accrued as appropriate. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The availability period for revenue recognition for grants receivable is one year after the year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for unmatured principal and interest on long-term debt, which is recognized when due.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows for each major fund. A column representing Internal Service Funds in total is also presented in these statements.

The proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises wherein the cost of goods and services to the general public are financed or recovered primarily through user charges.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

The following enterprise funds have been determined to be the City's major proprietary funds:

- **Water Fund:** This fund is used to account for the provision of water to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing, billing, collection, and upgrading portions of the City's water system.
- **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.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included within the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Internal Service Funds

Internal service funds account for services to other departments on a cost-recovery basis. Internal service funds include equipment rental, central duplication, and self-insurance. Internal service funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Internal service funds are reported in total on the proprietary funds statements.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The City's fiduciary funds consist of the following:

- Agency Funds: Agency funds are used to account for funds in which the City is acting as an agent for another agency.
- Private-Purpose Trust Fund: This fund is to account for custodial responsibilities that are assigned to the Successor Agency with the passage of Assembly Bill 1X 26 (AB 1X 26) and was established on February 1, 2012. The fund accounts for the receipt of property tax revenues subsequent to the dissolution of the Agency and expenses incurred pursuant to the recognized obligation payment schedule (ROPS) approved by the State Department of Finance.

The Trust Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. However, the agency funds do utilize the accrual basis of accounting. The City's agency funds are as follows:

- Cable TV Government Access Fund
- Cable Public Access Fund
- Employee Concession Fund
- Refundable Deposits Fund

Successor Agency to the Community Redevelopment Agency (Successor Agency). The Successor Agency was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency. The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements

The following GASB pronouncements became effective in the fiscal year ended June 30, 2021.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations, legally enforceable liabilities associated with the retirement of a tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The provisions of this Statement are effective for fiscal years beginning after June 15, 2019.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Major Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The GASB issued several pronouncements prior to June 30, 2021, that have effective dates that may impact future financial statements. The impact of the implementation of the following Statements to the City's financial statements has not been assessed at this time.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (continued)

Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City is implementing Statement No. 87 in fiscal year 2022.

Statement No. 91, *Conduit Debt Obligations*. Statement 91 provides a single method for government issuers to report conduit debt obligations and related commitments and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Statement No. 91 does not significantly impact the City.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Statement No. 94 does not significantly impact the City.

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City is implementing Statement No. 96 in fiscal year 2023.

This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (Continued)

Statement No. 101, *Compensated Absences*. Statement No. 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

D. Cash and Investments

Cash and Cash Equivalents

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

Investments

The City's investments are stated at fair value. The City's investment in 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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets;

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and

Level 3: Investments reflect prices based upon unobservable sources.

Investment Income

Investment income earned on pooled cash and investments is allocated monthly to the General Fund and those other funds for which such allocation is a legal contractual requirement based on the average month-end cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related fund. Income from non-pooled investments is recorded in the appropriate fund based on the specific investments held by the trustee of the fund. Changes in the fair value of investments are recognized in investment income at the end of each year.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City, including amounts for unbilled services. Receivables are shown net of an allowance for uncollectible accounts where applicable.

Notes receivable include both the current and long-term portions of loans issued by the City. Business development loans are reported in both special revenue and fiduciary funds. Notes receivable are reported as an asset in the amount of loan proceeds disbursed, net of allowance. Depending on the original funding source, the City reports unavailable revenue equal to the loan amount and recognize a revenue when principal payments are received.

In the government-wide financial statements, receivables are recognized as revenue when earned. Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed.

F. Inventories

Enterprise fund inventories include various accessories used for water service repair and maintenance. Inventories in governmental and internal service funds consist principally of office supplies, recreational activity supplies, and other miscellaneous materials and supplies. Inventories are valued at lower of average cost or market and are included in other assets.

G. Land Held for Resale

Land acquired by the Agency and held for resale by the Successor Agency and the Housing Successor is accounted for as an investment and recorded at the lower of cost or estimated realizable value. Estimated realizable value is based upon the execution of a disposition and development or sale agreement, appraisal of the property, or comparison of sales. Land held for resale, which is not available for current expenditure, is reported in the governmental funds balance sheet as restricted fund balance when proceeds from the sale must be used for restricted purposes or as nonspendable fund balance when such proceeds are not restricted.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

The City's assets for governmental, business-type and fiduciary activities are capitalized at historical cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. City policy has set the capitalization threshold at \$10,000. Contributions of capital assets are recorded at acquisition value when received.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	5 - 50 years
Land improvements	5 - 20 years
Equipment	3 - 10 years
Infrastructure	25 - 80 years

The City's convention for depreciation in the fiscal year of asset acquisition is for 12 months, regardless when the asset is placed into service during the year.

Infrastructure assets are defined as "long-lived capital assets" that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Land is valued at original cost without depreciation.

I. Compensated Absences

All compensated absences are accrued when earned in the Government-Wide and Proprietary Funds Financial Statements. Compensated absences are recorded as a liability and expenditure in the governmental funds 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.

J. 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position and Governmental Fund Balance Sheet report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for pension and OPEB contributions made after the actuarial measurement date, deferred outflows for pension and OPEB plan related changes in proportion and differences between expected and actual experiences, deferred outflows for charges on debt refunding in the Government-Wide and Proprietary Fund Statements of Net Position and Fiduciary Funds. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. Other deferred outflows on pension and OPEB plans are amortized over the expected average remaining service life (EARSL) or 5 years. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the refunded or refunding debt.

In addition to liabilities, the Statements of Net Position and Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has unavailable revenues that qualify for reporting in this category in the Governmental Fund Balance Sheet. The governmental funds report unavailable revenues from four sources: investment income, taxes, grants, and miscellaneous charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City has deferred inflows of resources relating to the net pension and OPEB obligation reported in the Government-Wide Statement of Net Position, the Proprietary Funds, and the Fiduciary Funds. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension and OPEB plan investments, changes in assumptions, and differences between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service life (EARSL) or 5 years period on a straight-line basis.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances and Net Position

The accompanying financial statements report the components of fund balances for governmental funds consistent with GASB 54.

Nonspendable fund balance - This includes amounts that cannot be spent because they are either not spendable in form (such as prepaid items) or legally or contractually required to be maintained intact (such as endowments).

Restricted fund balance - This includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance - This includes amounts that can be used only for specific purposes as defined in the City Charter or through adoption of a resolution or an ordinance by the City Council, the highest level of decision making authority in the City. The City has determined that both a resolution and an ordinance are equally binding. These commitments may be changed or lifted, but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be subsequently determined.

Assigned fund balance - This includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for a specific purpose.

Unassigned fund balance - this includes all amounts not included in other classifications.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In the Government-Wide and Proprietary Funds Financial Statements, net position of the City includes the following categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings, including any related debt premiums, and discounts, that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, the unspent proceeds and the amount of the related debt are included in the calculation of restricted net position.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances and Net Position (continued)

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted assets are reduced by liabilities related to those assets in determining restricted net position.

Unrestricted net position - This resulting category presents the remaining City net position, and this measure of equity is unrestricted, legally or otherwise.

The accounting policies of the City consider restricted funds spent first when expenditure is incurred for purposes for which both restricted and unrestricted funds are available.

N. Property Tax Revenue

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	4th 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 for any unsecured property taxes.

O. Utility Revenue

Utility revenue is recorded when earned and customers are billed monthly. The estimated value of services provided, but unbilled at year-end, is included in the accompanying basic financial statements.

P. Use of Estimates

The preparation of the City's basic financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Budgets and Budgetary Accounting

The City develops and presents a one-year budget to the City Council. Annual operating and capital improvement expenditures are adopted by resolution. This resolution constitutes the authorized expenditures for the fiscal year. The City's annual budget is the legally-adopted expenditure control document of the City. Budgets are prepared on the modified accrual basis of accounting, consistent with GAAP. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the object level. The City Manager may transfer budgeted amounts from one object to another object if they are within the same fund group by no more than \$25,000 per object. A budgetary transfer of more than \$25,000 per object may only be authorized by a resolution of City Council.

R. Encumbrances

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or services. Even though unencumbered appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

S. Subsequent Event

In preparation of these financial statements, the City considered subsequent events through May 8, 2024, which is the date these financial statements were available to be issued. Please also see Note VI. A Commitment and Contingencies.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

II. PRIOR PERIOD ADJUSTMENT

Effective July 1, 2020, the City made restatements to the fund balances and net position as follows:

Governmental Funds	General Fund	Retirement Fund	Compton Housing Successor	NonMajor Governmental Funds
Fund balance, as previously stated	\$ (16,527,626)	\$ 61,445,994	\$ 36,046,217	\$ 29,488,733
<u>Corrections of errors</u>				
To accrue wages	(648,847)	-	-	(52,833)
To correct Section 8 fund balance	553,732	-	-	(1,541,220)
To record prior year revenue to correct fund	106,704	-	-	103,695
To record adjustment to interest expense	(156,037)	-	-	-
To adjust prior year revenue	(1,002,390)	(6,886,508)	-	-
To adjust interest income	(870,788)	-	1,001,783	-
To record debt service cash transfers	(195,644)	-	-	-
To record transfers to Successor Agency	(367,642)	-	-	-
To reclassify payments on loans	-	-	855,000	(855,000)
To record loans receivable	-	-	248,786	272,796
To record unearned/deferred revenue	-	-	-	(312,859)
All other adjustments	(73,335)	(28,782)	(3,794)	1,008,651
Total prior period adjustments	(2,654,247)	(6,915,290)	2,101,775	(1,376,770)
Fund balance, as restated	\$ (19,181,873)	\$ 54,530,704	\$ 38,147,992	\$ 28,111,963

Proprietary Funds	Water	Rubbish	Sewer
Fund balance, as previously stated	\$ 15,069,694	\$ (1,479,912)	\$ 2,817,101
<u>Corrections of errors</u>			
To adjust capital assets after inventory and valuation procedures	12,082,542	-	834,775
To record interest income	410,337	-	234,843
All other adjustments	(254,734)	(1,022)	206,148
Total prior period adjustments	12,238,145	(1,022)	1,275,766
Fund balance, as restated	\$ 27,307,839	\$ (1,480,934)	\$ 4,092,867

Fiduciary Funds	Successor Agency Private-Purpose Trust Fund	Agency Funds
Fund balance, as previously stated	\$ (14,002,802)	\$ 139,764
<u>Corrections of errors</u>		
To adjust capital assets after inventory and valuation procedures	(28,257,490)	-
To adjust bond payable	(2,057,724)	-
All other adjustments	(391)	(978)
Total prior period adjustments	(30,315,605)	(978)
Fund balance, as restated	\$ (44,318,407)	\$ 138,786

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

II. PRIOR PERIOD ADJUSTMENT (Continued)

Government- Wide Net Position	Governmental Activities	Business-Type Activities
Net position, as previously stated	\$ (116,919,152)	\$ 16,880,271
<u>Corrections of errors</u>		
To record prior period adjustments to governmental funds	(8,844,532)	-
To record prior period adjustments to enterprise funds	-	13,512,889
To record prior period adjustments to internal service funds	1,049,013	-
To adjust capital assets after inventory and valuation procedures	64,810,490	-
All other adjustments	(1,554,132)	-
Total prior period adjustments	55,460,839	13,512,889
Net position, as restated	<u>\$ (61,458,313)</u>	<u>\$ 30,393,160</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City's cash and investments, including restricted investments with fiscal agents, consist of the following at June 30, 2021:

Cash on hand	\$ 1,000
Deposits with financial institutions	93,196,514
Investments	182,757,344
Total cash and investments	<u>\$ 275,954,858</u>

The City's deposits and investments are reflected in the accompanying basic financial statements as follows at June 30, 2021:

Statement of net position	
Cash and investments	\$ 169,056,802
Restricted cash and investments	52,241,058
Statement of fiduciary net position	
Cash and investments	36,296,567
Restricted cash and investments	18,360,431
Total cash and investments	<u>\$ 275,954,858</u>

Investment Policy

The City's 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 (CGC). 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.

Authorized Investments by City's Investment Policy

The table below identifies the investment types that are authorized for the investments by CGC and the City's investment policy. The table also addresses policies regarding interest rate risk and concentration of credit risk.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Investments are limited to:

	Maximum maturity		Maximum % of portfolio*		Maximum investment in one issuer	
	CGC	City	CGC	City	CGC	City
Mutual funds	N/A	5 years	20%	20%	10%	None**
Bankers' acceptances	180 days	180 days	40%	40%	30%	15%*
Commercial paper	270 days	270 days	25%	15%	10%	10%
U.S. treasury bills	5 years	5 years	None**	None**	None**	None**
U.S. treasury notes	5 years	5 years	None**	None**	None**	None**
Federal agency securities	5 years	5 years	None**	None**	None**	15%
Negotiable certificates of deposit	5 years	5 years	30%	30%	None**	15%
Repurchase agreements	1 year	90 days	None**	None**	None**	15%
Reverse repurchase agreements	92 days	90 days	20%	20%	None**	15%
Time deposits	5 years	5 years	30%	25%	10%	15%*
Medium term corporate notes	5 years	5 years	30%	30%	None**	15%
Money market funds	N/A	90 days	20%	20%	10%	15%*
Local agency investment fund (LAIF)	N/A	N/A	None**	None**	None**	None**

* Excluding amounts held by bond trustee that are not subject to CGC restrictions.

** Represents no limitation imposed by the CGC or the City's policy.

Authorized Investments 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 CGC or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these agreements that address interest rate risk and concentration of credit risk. Investments are limited to:

Authorized investment type	Maximum maturity	Maximum % of portfolio	Maximum investment in one issuer
U.S. treasury obligations	None*	None*	None*
Federal agencies obligations	None*	None*	None*
Time deposits	360 days	None*	None*
Bankers' acceptances	360 days	None*	None*
Commercial paper	270 days	None*	None*
Money market funds	None*	None*	None*
Pre-refunded municipal obligation	None*	None*	None*
Municipal obligations	None*	None*	None*
Investment agreements	None*	None*	None*
LAIF	N/A	None*	None*
Repurchase agreements	None*	None*	None*

* Represents no limitation imposed by the provisions of the debt agreements.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates, and the greater the interest rate risk. 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 from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations or debt service requirements.

Information about the sensitivity of the fair value of the City's investments (including restricted investments held by fiscal agents) to market interest rate fluctuation is provided by the following table that shows the distribution of the City's investments by maturity.

<u>Investment type</u>	<u>Amounts</u>	<u>Remaining maturity (in months) 12 months or less</u>
Held by fiscal agent		
Money market funds	\$ 70,601,489	\$ 70,601,489
State investment pool (LAIF)	112,155,855	112,155,855
	<u>\$ 182,757,344</u>	<u>\$ 182,757,344</u>

Credit Risk

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 CGC, the City's investment policy, or debt agreements and the actual ratings as of year-end for each investment type.

<u>Investment type</u>	<u>Amounts</u>	<u>Minimum legal rating</u>	<u>Not rated</u>
Held by fiscal agent			
Money market funds	\$ 70,601,489	N/A	\$ 70,601,489
State investment pool (LAIF)	112,155,855	N/A	112,155,855
	<u>\$ 182,757,344</u>		<u>\$ 182,757,344</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment funds that represent 5% or more of total entity-wide investments represent a concentration of credit risk. At June 30, 2021, there were no investments in any such issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of 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 CGC and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The CGC 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 waived by the government unit). The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2021, the City's deposits with financial institutions totaled \$96,185,782 of which \$500,000 was covered by FDIC coverage and the remaining portion was uninsured and collateral was held in accordance with CGC by pledging financial institution in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in LAIF which is considered an external investment pool. LAIF is part of the State's Pooled Money Investment Account (PMIA), which was established in 1953. Oversight of the PMIA is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Direct oversight for LAIF is provided by the Local Agency Investment Advisory Board. The board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members qualified by training and experience in the field of investment or finance and two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city, or local district or municipal corporation of this state, are appointed by the State Treasurer. LAIF is required to invest in accordance with state statute.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2021:

INVESTMENTS AT FAIR VALUE AS OF JUNE 30, 2021				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investment type				
Held by fiscal agent				
Money market funds	\$ 70,601,489	\$ -	\$ -	\$ 70,601,489
State investment pool (LAIF)	-	112,155,855	-	112,155,855
	<u>70,601,489</u>	<u>112,155,855</u>	<u>-</u>	<u>182,757,344</u>

B. Receivables

Receivables at June 30, 2021 included in the accompanying Statement of Net Position primarily consist of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes and special assessments	\$ 1,089,497	\$ 70,550	\$ 1,160,047
Accounts	5,303,184	6,122,041	11,425,225
Grants	1,284,349	-	1,284,349
Intergovernmental	9,015,740	-	9,015,740
Other	104,557	731	105,288
Allowance for doubtful accounts	(3,845,658)	(2,004,633)	(5,850,291)
Total	<u>\$ 12,951,669</u>	<u>\$ 4,188,689</u>	<u>\$ 17,140,358</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Loans Receivable

The City provides assistance to residents and home owners of the community. This assistance is in the form of first time home buyers (FTHB) assistance and residential rehabilitation assistance programs. In addition, the former Agency also provided assistance to qualified community housing development organization (CHDO) for low and moderate housing developments. These loans are non-interest bearing with repayment terms of 15 to 20 years based upon the loan amount. It is the City's policy to record an allowance for the full amount of the loan receivable given the long time frame and uncertainty of collection of these loans. These programs are funded through the Compton Housing Successor Capital Projects Fund, and the Federal Grants Special Revenue Fund – Home Investment Partnerships Program (HOME) and Community Development Block Grants Section 108 Loan Guarantees programs. As of June 30, 2021, the Compton Housing Successor Capital Projects Fund had loans receivable of \$8,423,241 netted against an allowance for doubtful accounts of the same amount for a net loans receivable balance of \$- and the Federal Grants Special Revenue Fund had loans receivable of \$2,417,693 netted against an allowance for doubtful accounts of \$2,017,935 for a net loans receivable balance of \$399,758.

GOVERNMENTAL ACTIVITIES

First Time Home Buyers (FTHB) Assistance Program

The FTHB 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 by 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. It is the City's policy to record an allowance for the full amount of the loan receivable as such loans are usually forgiven in accordance with the terms of loan. Any payments made on these loans will be recorded as revenue in the year received. The total amount of loan receivable was \$4,363,232 netted against an allowance for doubtful accounts of the same amount for a net loan receivable balance of \$-.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Loans Receivable (continued)

Loans to Alameda Court, LLC

To facilitate the sale of the Alameda Court Town Homes (Subject Property) to low and moderate income homebuyer, the City provided a non-interest bearing loan of \$2,300,000 to a property redeveloper, Alameda Court, LLC (Redeveloper). The loan was secured by a subordinate deed of trust in the name of the former Agency encumbering 19 units of the Subject Property. Repayment of the loans shall be made to the Federal Grants Special Revenue Fund and Compton Housing Successor Capital Projects Fund by the Redeveloper on a pro-rata basis following the sale of each unit to a qualified low/moderate income buyer. A lump sum payment was due from the Developer on February 1, 2014, which was not paid by the Developer. The City recorded an allowance for the full amount of the \$2,300,000 as of June 30, 2014. Since then the City collected \$855,000 and has adjusted the allowance to \$1,445,000 for a net loan receivable of \$- as of June 30, 2021.

Residential Rehabilitation Assistance Program

This program comprises the Fix-it Repair Grant, Emergency Assistance Grant and Deferred Equity Loan. The Fix-it Repair 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 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.

Community Development Block Grants Section 108 Loan Guarantees Loan

The City provided a loan of \$250,000 to a local business owner to assist with the preconstruction and interior improvements to a facility to be used for a restaurant. This loan bears interest rate of 5% per annum and shall be amortized over a period of 15 years. The City granted a loan of \$550,000 during fiscal year 2013 to a local business owner to assist with tenant improvements to develop a new medical facility. This loan bears interest rate of 4.5% per annum and shall be amortized over a period of 15 years. As of June 30, 2021, the loans receivable balance was \$522,691.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Loans Receivable (continued)

Compton Senior Apartments Loan

The City entered into an agreement with a developer on September 2013 to develop affordable housing in the City. The Compton Housing Successor Capital Projects Fund provided land worth \$3,000,000 and cash of \$1,125,000 for construction costs and received a promissory note for \$4,125,000 with an interest rate of 3%. The repayments do not begin until 55 years after the issuance of the Certificate of Completion for the apartment construction. Given the length of the note and the uncertainty of the collection of this amount, the City has recorded an allowance for the full value of the promissory note.

D. Capital Assets

A summary of the City's capital assets as of June 30, 2021 is as follows:

	Governmental activities	Business-type activities
Capital assets, not being depreciated		
Land	\$ 88,425,254	\$ 162,097
Construction in progress	6,304,721	-
Total capital assets, not being depreciated	<u>94,729,975</u>	<u>162,097</u>
Capital assets, being depreciated		
Building and structures	59,404,739	3,836,275
Equipment	20,001,110	3,379,326
Infrastructure	<u>123,917,152</u>	<u>70,284,801</u>
Total capital assets, being depreciated	<u>203,323,001</u>	<u>77,500,402</u>
Less accumulated depreciation		
Building and structures	(28,918,123)	(1,814,742)
Equipment	(17,662,847)	(2,531,447)
Infrastructure	<u>(87,423,988)</u>	<u>(28,612,912)</u>
Total accumulated depreciation	<u>(134,004,958)</u>	<u>(32,959,101)</u>
Total capital assets, being depreciated, net	<u>69,318,043</u>	<u>44,541,301</u>
Total capital assets, net	<u>\$ 164,048,018</u>	<u>\$ 44,703,398</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

The following table summarizes interfund receivables and payables at June 30, 2021:

Due from other funds	Successor Agency	Due to other funds			
		General Fund	Non-major Governmental Funds	Internal Service Funds	Total
Governmental Funds					
General Fund	\$ -	\$ 37,695	\$ 1,060,260	\$ 57,611	\$ 1,155,566
Compton Housing Successor	14,055,319	173,997	-	-	14,229,316
Non-major Governmental Funds	-	-	68,106	5,919	74,025
Total Governmental Funds	<u>14,055,319</u>	<u>211,692</u>	<u>1,128,366</u>	<u>63,530</u>	<u>15,458,907</u>
Enterprise Funds					
Water Funds	-	441,261	-	-	441,261
Sewer Funds	-	252,541	-	-	252,541
Internal Service Funds	-	-	-	1,636	1,636
Total Enterprise Funds	<u>-</u>	<u>693,802</u>	<u>-</u>	<u>1,636</u>	<u>695,438</u>
Total	<u>\$ 14,055,319</u>	<u>\$ 905,494</u>	<u>\$ 1,128,366</u>	<u>\$ 65,166</u>	<u>\$ 16,154,345</u>

Interfund balances result from a time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) allocated revenues between funds are recorded; and 3) pending cash transfers.

Long-term interfund receivables and payables at June 30, 2021 are as follows:

Advances to other funds	Advances from other funds		
	General Fund	Internal Service Funds	Total
Governmental Funds			
General Fund	\$ 171,676	\$ 9,365,046	\$ 9,536,722
Compton Housing Successor	5,380,878	-	5,380,878
Non-major Governmental Funds	869,535	-	869,535
Total Governmental Funds	<u>6,422,089</u>	<u>9,365,046</u>	<u>15,787,135</u>
Enterprise Funds			
Water Funds	13,312,417	-	13,312,417
Sewer Funds	7,617,271	-	7,617,271
Internal Service Funds	50,591	1,200,000	1,250,591
Total Enterprise Funds	<u>20,980,279</u>	<u>1,200,000</u>	<u>22,180,279</u>
Total	<u>\$ 27,402,368</u>	<u>\$ 10,565,046</u>	<u>\$ 37,967,414</u>

These advances are a result of cash shortfalls in the General Fund in previous years. On June 26, 2023, the City Council adopted resolution number 25,858 to adopt a repayment plan effective June 30, 2021 to represent a minimum payment that the General Fund should make on a continuous annual basis. The average annual payment is approximately \$1,500,000 over twenty years, and would have an interest rate equivalent to the yield on the Local Agency Investment Fund (LAIF) investments of 0.22%.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

The following represents the adopted repayment schedule:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$ 3,000,000	\$ 62,453	\$ 3,062,453
2023	500,000	55,853	555,853
2024	1,500,000	54,753	1,554,753
2025	1,500,000	51,453	1,551,453
2026	1,500,000	48,153	1,548,153
2027-2031	7,500,000	191,265	7,691,265
2032-2036	7,500,000	92,265	7,592,265
2037-2039	4,500,000	15,759	4,515,759
TOTALS	\$ 27,500,000	\$ 571,954	\$ 28,071,954

F. Interfund Transfers

Interfund transfers generally fall within one of the following categories:

- Debt service payments made from a debt service fund but funded from an operating fund; and
- Program support that generally reflects subsidies and allocations between funds;

The following transfers in and out are reflected in the Fund Financial Statements for the year ended June 30, 2021:

<u>Transfers out</u>	<u>Transfers in</u>					<u>Total</u>
	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water Funds</u>	<u>Rubbish Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 3,450,652	\$ 15,093	\$ 1,441	\$ 1,448,214	\$ 4,915,400
Non-major Governmental Funds	1,177,376	658,944	8,705	-	200,000	2,045,025
Water Funds	4,600,000	-	-	-	1,000,000	5,600,000
Rubbish	-	-	-	-	100,000	100,000
Internal Service Funds	-	-	-	-	300,591	300,591
Total	\$ 5,777,376	\$ 4,109,596	\$ 23,798	\$ 1,441	\$ 3,048,805	\$ 12,961,016

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2021:

	Balance at June 30, 2020	Prior Period Adjustments	Additions	Retirements	Balance at June 30, 2021	Amount due within one year
Governmental Activities						
Bonds payable						
Lease Revenue Refunding Bonds, Series 2008	\$ 9,195,000	\$ -	\$ -	\$ (520,000)	\$ 8,675,000	\$ 545,000
Lease Revenue Refunding Bonds, Series 2016	26,125,000	-	-	(1,575,000)	24,550,000	1,640,000
Add: Premium on issue of Lease Revenue Refunding Bonds, Series 2016	836,100	-	-	(68,721)	767,379	-
Sales Tax Revenue Bonds, Series 2021	-	-	37,120,000	-	37,120,000	605,000
Add: Premium on issue Sales Tax Revenue Bonds, Series 2021	-	-	4,689,785	(44,322)	4,645,463	-
Total bonds payable	<u>36,156,100</u>	<u>-</u>	<u>41,809,785</u>	<u>(2,208,043)</u>	<u>75,757,842</u>	<u>2,790,000</u>
Mortgage loan payable - Direct Borrowings						
Energy retrofit/revenue enhancement	815,575	-	-	(388,363)	427,212	427,212
Notes payable - Direct Borrowings						
Housing Section 108 notes	500,000	-	-	(500,000)	-	-
Installment Payment Agreement - Direct Borrowings						
Los Angeles County	2,038,941	-	-	(1,000,000)	1,038,941	1,000,000
Total governmental long-term debt	<u>\$ 39,510,616</u>	<u>\$ -</u>	<u>\$ 41,809,785</u>	<u>\$ (4,096,406)</u>	<u>\$ 77,223,995</u>	<u>\$ 4,217,212</u>
Business-type activities						
Bonds payable:						
1998 Sewer revenue refunding bonds	\$ 2,150,000	\$ -	\$ -	\$ (495,000)	\$ 1,655,000	\$ 525,000
2006 Solid waste revenue bonds	125,000	-	-	(125,000)	-	-
Water revenue bonds, series 2009	37,965,000	-	-	(1,040,000)	36,925,000	1,095,000
Less: Discount on issue of water revenue bonds, series 2009	(670,211)	-	-	33,510	(636,701)	-
Sewer revenue bonds, series 2009	16,090,000	-	-	(440,000)	15,650,000	465,000
Less: Discount on issue of sewer revenue bonds, series 2009	(285,401)	-	-	14,270	(271,131)	-
Total bonds payable	<u>55,374,388</u>	<u>-</u>	<u>-</u>	<u>(2,052,220)</u>	<u>53,322,168</u>	<u>2,085,000</u>
Installment Payment Agreement - Direct Borrowings						
Consolidated Disposal Service, LLC	1,200,000	-	-	-	1,200,000	1,000,000
Total business-type activities long-term debt	<u>\$ 56,574,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,052,220)</u>	<u>\$ 54,522,168</u>	<u>\$ 3,085,000</u>
Total long-term debt	<u>\$ 96,085,004</u>	<u>\$ -</u>	<u>\$ 41,809,785</u>	<u>\$ (6,148,626)</u>	<u>\$ 131,746,163</u>	<u>\$ 7,302,212</u>

Debt Service

The annual debt service requirements are summarized below and detailed in each description of the long-term debt:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES (1)			FISCAL YEAR	BUSINESS-TYPE ACTIVITIES (2)		
	PRINCIPAL	INTEREST	TOTAL		PRINCIPAL	INTEREST	TOTAL
2022	\$ 4,217,212	\$ 2,932,461	\$ 7,149,673	2022	\$ 3,085,000	\$ 3,136,647	\$ 6,221,647
2023	2,948,941	2,801,313	5,750,254	2023	2,400,000	3,017,475	5,417,475
2024	3,040,000	2,676,256	5,716,256	2024	2,325,000	2,891,622	5,216,622
2025	3,160,000	2,544,938	5,704,938	2025	1,850,000	2,774,925	4,624,925
2026	3,300,000	2,408,244	5,708,244	2026	1,960,000	2,667,768	4,627,768
2027-2031	18,765,000	9,730,006	28,495,006	2027-2031	11,655,000	11,460,779	23,115,779
2032-2036	11,425,000	5,889,938	17,314,938	2032-2036	15,710,000	7,403,100	23,113,100
2037-2041	6,345,000	4,527,600	10,872,600	2037-2040	16,445,000	2,047,050	18,492,050
2042-2046	8,395,000	3,077,000	11,472,000		<u>\$ 55,430,000</u>	<u>\$ 35,399,366</u>	<u>\$ 90,829,366</u>
2047-2051	10,215,000	1,257,400	11,472,400				
TOTALS	<u>\$ 71,811,153</u>	<u>\$ 37,845,156</u>	<u>\$ 109,656,309</u>				

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)
Description of Long-term Debt

Governmental Activities

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

On May 1, 2008, the City issued \$46,860,000 of Lease Revenue Bonds with an interest rate of 4.00-5.25% to defease previous bonds 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.

The 2008 Lease Revenue Bonds are secured by the Authority's 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.

On August 1, 2016, the City issued \$27,645,000 of Lease Revenue Refunding Bonds, Series 2016 to partially refund and defease a portion of the Series 2008 bonds. A refunding payment of \$1,710,000 was made from the escrow fund and \$31,785,000 was defeased by placing funds in an irrevocable trust. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the City's financial statements. As of June 30, 2021, \$30.44 million of the bonds outstanding are considered defeased. The remaining balance on the Series 2008 bonds after the refunding and defeasance was \$8,675,000.

The annual requirements to amortize the bonds are as follows:

<u>Year ending June 30,</u>	Lease Revenue Refunding Bonds, Series 2008	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 545,000	\$ 428,488
2023	575,000	400,488
2024	605,000	370,231
2025	630,000	337,813
2026	665,000	303,819
2027-2031	3,890,000	949,906
2032-2033	1,765,000	87,625
Total	<u>\$ 8,675,000</u>	<u>\$ 2,878,370</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

Compton Public Finance Authority Lease Revenue Refunding, Series 2016

On August 1, 2016, the City issued \$27,645,000 of Lease Revenue Refunding Bonds, Series 2016 to partially refund and defease a portion of the Series 2008 bonds. The balance of the defeased bonds is disclosed in the Series 2008 note above. The remaining balance on the Series 2016 bonds was \$24,550,000.

The 2016 Lease Revenue Bonds are secured by the Authority's pledge of certain base rental payments made by the City to the Authority pursuant to the Facility Lease. The pledge of and charge and lien upon the revenues securing the Series 2008 bonds is equal to pledge of and charge and lien upon the revenues securing the 2016 Lease Revenue Bonds.

The annual requirements to amortize the bonds are as follows:

<u>Year ending June 30,</u>	Lease Revenue Refunding Bonds, Series 2016	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,640,000	\$ 1,007,125
2023	1,705,000	940,225
2024	1,775,000	870,625
2025	1,850,000	798,125
2026	1,925,000	722,625
2027-2031	10,860,000	2,321,700
2032-2033	4,795,000	212,513
Total	<u>\$ 24,550,000</u>	<u>\$ 6,872,938</u>

Energy Retrofit/Revenue Enhancement Mortgage Loan

On July 31, 2006, the City entered into a mortgage loan agreement of \$4,012,187 with Citi Mortgage Inc. to finance the development and installation of the 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 fund 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. The remaining balance on the loan was \$427,212, which is due in one year.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

Housing Section 108 Note

Housing Section 108 note in the amount of \$5,000,000 is a note payable to HUD, which was issued in August 2001. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides the City with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This note payable is guaranteed by the City's current and future CDBG allocations. In November 2011, the City opted to participate in a Section 108 public offering to refinance the note which resulted in interest payment savings of \$1,010,975 over the life of the note. The amount of principal outstanding at June 30, 2021 was \$-.

Installment Payment Agreement – Los Angeles County

The results of due diligence review procedures performed on assets transferred from the former Agency to the Housing Successor resulted in a liability to Los Angeles County. An installment payment agreement was entered into on December 24, 2015 for the amount outstanding.

The annual requirements on the installment payment agreement are as follows:

<u>Year ending June 30,</u>	<u>Los Angeles County</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,000,000	\$ -
2023	38,941	-
Total	<u>\$ 1,038,941</u>	<u>\$ -</u>

Sales Tax Revenue Bonds, Series 2021

On June 1, 2021, the City issued \$37,120,000 of Sales Tax Revenue Bonds, Series 2021 to finance the design, acquisition and construction of local roadway and street improvement projects in the City, fund a debt service fund for the bonds, and pay the costs of issuance of the bonds. The 2021 Sales Tax Revenue Bonds are secured by the City's pledge of revenues consisting primarily of Measure M, Measure R and Proposition C revenues. The City has covenanted to use the net proceeds of the bonds to fund only projects that constitute a Measure M, Measure R or Proposition C project. Interest on the bonds of 4.0% is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2021, until maturity or earlier redemption. The remaining balance on the Series 2021 bonds was \$31,120,000 as of June 30, 2021.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

Sales Tax Revenue Bonds, Series 2021 (continued)

The annual requirements to amortize the bonds are as follows:

Year ending June 30,	Sales Tax Revenue Bonds, Series 2021	
	Principal	Interest
2022	\$ 605,000	\$ 1,484,800
2023	630,000	1,460,600
2024	660,000	1,435,400
2025	680,000	1,409,000
2026	710,000	1,381,800
2027-2031	4,015,000	6,458,400
2032-2036	4,865,000	5,589,800
2037-2041	6,345,000	4,527,600
2042-2046	8,395,000	3,077,000
2047-2051	10,215,000	1,257,400
Total	<u>\$ 37,120,000</u>	<u>\$ 28,081,800</u>

Business-Type Activities

1998 Sewer Refunding Bonds

In June 1998, the City issued \$8.3 million in Sewer Revenue Refunding Bonds with an average interest rate of 5.20% to advance refund \$7.29 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 account's assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2021, \$3.9 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 charges imposed by the City upon its property owners for the use of the sewer system for each year less certain operation and maintenance expenses incurred by the City in connection with the operation of the sewer system.

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, 2021, the outstanding bond balance is \$1,655,000. The annual requirements of amortize the 1998 Sewer Refunding Bonds, including interest payments, are as follows:

Year ending June 30,	1998 Sewer refunding bonds	
	Principal	Interest
2022	\$ 525,000	\$ 74,847
2023	550,000	45,956
2024	580,000	15,588
Total	<u>\$ 1,655,000</u>	<u>\$ 136,391</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. 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 another equipment for the City's Solid Waste Management Program. The Convertible Bonds bear a fixed rate of 4.80%. The Convertible Bonds are secured by a pledge of net revenues received by the City for the Solid Waste Management Program. The net revenues consist of charges for the services less certain operation and maintenance expenses incurred by the City in connection with the operation of the Solid Waste Management Program.

Interest on the bonds is payable on February 1 and August 1 for each year until maturity, redemption, or purchase thereof. As of June 30, 2021, the outstanding bond balance is \$-.

Water Revenue Bonds, Series 2009

On May 20, 2009, the City issued \$44,040,000 of Water Revenue Bonds with an interest of 3.00-6.00% 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, which consist of charges for the services and facilities furnished by the water system minus certain operation and maintenance expenses incurred by the city in connection with the operation of the water system. The ratio of net revenues to annual debt service during the bond year must equal at least 150%. As of June 30, 2021, the pledged revenues equaled 209% of debt service payments due and payable.

Total principal remaining on the bonds are \$36,925,000. The annual requirements to amortize the 2009 water revenue bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Water revenue bonds, series 2009</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,095,000	\$ 2,150,409
2023	1,160,000	2,086,988
2024	1,225,000	2,019,909
2025	1,300,000	1,948,894
2026	1,375,000	1,873,659
2027-2031	8,185,000	8,049,188
2032-2036	11,035,000	5,199,750
2037-2040	11,550,000	1,437,600
Total	<u>\$ 36,925,000</u>	<u>\$ 24,766,397</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
G. Long-term Debt (continued)

Sewer Revenue Bonds, Series 2009

On May 20, 2009, the City issued \$18,710,000 of Sewer Revenue Bonds with an interest of 5.63% - 6.00% to finance part of the cost of overhauling the City's antiquated sewer system.

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. The ratio of net revenues to annual debt service during the bond year must equal at least 110%. As of June 30, 2021, the pledged revenues equaled 111% of debt service payments due and payable.

Total principal remaining on the bonds are \$15,650,000. The annual requirements of amortize the 2009 sewer revenue bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Sewer revenue bonds, series 2009</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 465,000	\$ 911,391
2023	490,000	884,531
2024	520,000	856,125
2025	550,000	826,031
2026	585,000	794,109
2027-2031	3,470,000	3,411,591
2032-2036	4,675,000	2,203,350
2037-2040	4,895,000	609,450
Total	<u>\$ 15,650,000</u>	<u>\$ 10,496,578</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

Consolidated Disposal Service, LLC Installment Payments

Consolidated Disposal Service, LLC ("Consolidated") submitted a claim to the City alleging a breach of the 2012 Amended and Restated Solid Waste Management Services Agreement with the City. On July 1, 2019, Consolidated and the City entered into a 2019 Amended and Restated Agreement for Solid Waste and Recyclable Materials Handling Services which resolves the claim. Pursuant to the 2019 Agreement, the City agreed to pay Consolidated a total of \$1,600,000, payable in installment payments without interest, payable upon the earlier of the sale of City real property or March 30, 2022. As of June 30, 2021, the outstanding balance is \$1,200,000, payable upon the earlier of the sale of City real property or March 30, 2022.

Noncompliance with Debt Covenants and Securities and Exchange Commission (SEC) Continuing Disclosure Requirements

The City, PFA, and Successor Agency are required to submit audited financial statements to the bond trustees within 180 to 240 days of year-end for all bonds and certificates of participation as required by the continuing disclosure requirements under SEC Rule 15c2-12. The City, PFA, and Successor Agency have not been in compliance with the reporting provisions of the indentures since fiscal year 2013 as audited financial statements were not issued within the time frame allowed. The City has filed unaudited financial information for the years where audit statements were not available.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. No arbitrage liability existed at June 30, 2021.

Credit Rating

As of June 30, 2021, the City bond ratings have been suspended.

H. Other Long-Term Liabilities

Compensated Absences

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Amount due within one
Governmental Activities	\$ 4,337,658	\$ 1,090,954	\$ (828,298)	\$ 4,600,314	\$ 1,057,635
Business-type Activities	376,391	117,595	(75,816)	418,170	95,611
Total Compensated Absences	<u>4,714,049</u>	<u>1,208,549</u>	<u>(904,114)</u>	<u>5,018,484</u>	<u>1,153,246</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (continued)

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 \$1,000,000 and general liability claims in excess of \$1,000,000.

All funds of the City participate in general liability and workers' compensation insurance programs and make payments to internal service funds on the basis of loss experience and exposure. The total unpaid claims and claims adjustment expense liability (long-term obligations) of \$21,858,006 recorded at June 30, 2021, is based on results of actuarial studies and includes an estimate for claims incurred but not reported at the balance sheet date. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amounts of payouts, and other economic and societal factors. General liability and workers' compensation liabilities are carried at present value using a discount rate of 2.0%.

In addition, the City is in compliance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

During the past five-year period, the average claims filed each year for general liability amounted to 248 claims totaling \$685,851 per year (an average of \$2,766 per claim).

Within the City's self-insured program for workers' compensation, there has been an average of 52 claims filed per year for the past five years, with an average of approximately \$1,247,780 per year in total reported losses (an average of \$23,996 per claim).

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2021 were as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Claims liabilities, July 1, 2020	\$ 11,224,000	\$ 7,327,000	\$ 18,551,000
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes in the provision for the events of prior fiscal years	(255,325)	4,428,720	4,173,395
Adjust for probable legal liability not included in the loss run used for actuarial report	-	982,006	982,006
Payments on claims attributable to events of both the current and prior fiscal years	(725,675)	(1,122,720)	(1,848,395)
Claims liabilities, June 30, 2021	<u>\$ 10,243,000</u>	<u>\$ 11,615,006</u>	<u>\$ 21,858,006</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Net Position/Fund Balances

The following activities/funds had deficit net position/fund balances as of June 30, 2021:

	Deficit
Governmental Activities	\$ (21,021,808)
Major Governmental Funds	
General	(3,497,383)
Proprietary Funds	
Rubbish	(1,548,225)
Internal Service Funds	
Central Duplication	(1,206,146)
Self-Insurance	(36,566,137)

IV. DEFINED BENEFIT PENSION PLANS

A. Retirement Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS). The miscellaneous employees of the City are part of an agent multiple-employer public employee defined benefit pension plan and the safety employees are part of a cost-sharing multiple-employer public employee defined benefit pension plan. The safety employees are further divided into two different rate tiers: Safety – Fire and Safety – Police. CalPERS provides retirement and disability benefit, annual cost of living adjustment, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through a City Council resolution. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814 or from the CalPERS website <http://www.calpers.ca.gov>.

During the year ended June 30, 2013, California's Public Employees' Pension Reform Act (PEPRA) went into effect. PEPRA requires new benefits and member contributions for new members as defined by PEPRA that are hired after January 1, 2013. Employees who were CalPERS members before January 1, 2013 are considered "Classic members".

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment.

Classic members or PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members become eligible for retirement at age 52 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The benefit factor depends on the benefit formula specified in the employer's contract. The years of service is the amount credited by CalPERS to a member while he or she is employed in this group. The final compensation is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay.

All members are eligible for nonduty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The standard death benefit for Safety members is the Special Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

C. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially-determined rate and the contribution rate of employees.

Participants in the Miscellaneous and Safety plans are required to contribute a percentage of their annual covered salary. With the exception of the PEPRA members, the City pays the contributions required of City employees on their behalf. The City is required to contribute the actuarially-determined remaining amounts necessary to fund the benefits for its members.

For the year ended June 30, 2021, the City's total contributions (excluding amounts paid on behalf of members) were \$7,574,786 for the Miscellaneous and \$6,313,215 for the Safety Plans.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

C. Contributions (continued)

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2013	On or After January 1, 2013	PEPRA
Hire date			
Benefit formula	2.7% at 55	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67+	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	1.43% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7.689%	7.689%	6.500%
Required employer contribution rates	11.884%	11.884%	11.884%

	Safety – Fire		
	Prior to January 1, 2013	On or After January 1, 2013	PEPRA
Hire date			
Benefit formula	3.0% at 50	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 55+	52 - 57+
Monthly benefits, as a % of eligible compensation	3.00%	3.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	9.00%	13.75%
Required employer contribution rates	25.540%	25.540%	13.884%

	Safety – Police	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.0% at 50	2.0% at 50
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 55+
Monthly benefits, as a % of eligible compensation	3.00%	3.00%
Required employee contribution rates	0.00%	0.00%
Required employer contribution rates	0.00%	0.00%

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)
C. Contributions (continued)

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms of the Plan:

Description	Number of Members		
	Miscellaneous	Safety – Fire	Safety – Police
Active members	247	45	-
Transferred members	142	22	11
Terminated members	193	13	3
Retired members	514	138	260
TOTALS	1096	218	274

D. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2020 measurement period was determined in a June 30, 2019 actuarial valuation, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following actuarial assumptions and methods.

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020
Reporting date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB 68

Actuarial Assumptions

Discount Rate/investment return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

E. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class	Current Target Allocation	Real Return ⁽¹⁾ Years 1 - 10	Real Return ⁽²⁾ Years 11+
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

⁽¹⁾ An expected inflation of 2.00% used for this period

⁽²⁾ An expected inflation of 2.92% used for this period

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

The City's net pension liability is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures.

The following tables show the plan fiduciary net position and the net pension liabilities for the Miscellaneous Plan and the respective changes in net pension liabilities recognized over the measurement period.

Miscellaneous Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Valuation Date)	\$ 221,015,192	\$ 144,853,875	\$ 76,161,317
Changes Recognized for the Measurement Period			
Service cost	\$ 3,106,474		\$ 3,106,474
Interest on the total pension liability	15,475,328		15,475,328
Changes of assumptions			-
Differences between expected and actual experience	619,298		619,298
Net plan to plan resource movement			-
Employer contributions		7,373,216	(7,373,216)
Employee contributions (paid by employer)		1,305,581	(1,305,581)
Net investment income		7,189,875	(7,189,875)
Benefit payments, included refunds of employee contributions	(13,499,135)	(13,499,135)	-
Administrative expense		(204,208)	204,208
Other miscellaneous expense	-	-	-
Net changes	\$ 5,701,965	\$ 2,165,329	\$ 3,536,636
Balance at June 30, 2020 (Measurement Date)	\$ 226,717,157	\$ 147,019,204	\$ 79,697,953

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

**G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources
 Related to Pensions (continued)**

The following shows the Safety-Fire and Police Plans' proportionate share of the risk pool collective net pension liability over the measurement period.

Safety Plan (Fire and Police)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Proportionate Share
Balance at June 30, 2019 (Valuation Date)	\$ 207,693,781	\$ 141,797,988	\$ 65,895,793	0.64307%
Net changes during 2019-2020	1,140,856	(3,648,227)	4,789,083	0.00658%
Balance at June 30, 2020 (Measurement Date)	\$ 208,834,637	\$ 138,149,761	\$ 70,684,876	0.64965%

The City's proportionate share of the collective net pension liability was determined by CalPERS based on the following allocation methodology:

The schedules of employer allocation by rate plan include three ratios:

- (1) *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2019 used for funding purposes.
- (2) *Market Value of Assets* - Determined based on the sum of the Market Value of Assets (MVA) from the most recent Actuarial Valuation as June 30, 2019 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.
- (3) *Contributions* - Determined based on the legally- or statutorily-required employer contributions for the fiscal year ended June 30, 2020, including reported contribution adjustments and suspended payroll information. Legally or statutorily required employer contributions were determined by multiplying the employer's contribution rate by the annual benefit compensation (payroll) for the fiscal year and excluding payments for benefit improvements known as Golden Handshakes, which CalPERS considers to be separately financed employer-specific liabilities.

The total pension liability was allocated based on the rate plan's share of the Actuarial Accrued Liability. The fiduciary net position was allocated based on the rate plan's share of the Market Value of Assets. The net pension liability was derived by subtracting the fiduciary net position from the total pension liability. Deferred outflows of resources, deferred inflows of resources, and pension expense were allocated based on the rate plan's share of contributions.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

**G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources
 Related to Pensions (continued)**

For the year ended June 30, 2021, the City recognized pension expense of \$9,037,250 and \$8,706,897 for the Miscellaneous and Safety plans, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 550,387	\$ -
Net difference between projected and actual earnings on pension plan investments	1,047,207	-
Pension contributions subsequent to the measurement date	7,574,786	-
	<u>\$ 9,172,380</u>	<u>\$ -</u>

Safety - Fire & Police

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	-	(235,453)
Differences between expected and actual experience	5,481,254	-
Net difference between projected and actual earnings on pension plan investments	1,536,280	-
Differences between employer's contributions and proportionate share of contributions	-	(1,864,483)
Changes in employer's proportion	464,882	(282,451)
Pension contributions subsequent to the measurement date	6,313,215	-
	<u>\$ 13,795,631</u>	<u>\$ (2,382,387)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$13,888,001 are recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

**G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources
 Related to Pensions (continued)**

Miscellaneous		
Measurement Period Ended June 30,	Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	2022	\$ (152,026)
2022	2023	429,457
2023	2024	735,091
2024	2025	585,072
2025	2026	-
Thereafter	Thereafter	-
		<u>\$ 1,597,594</u>

Safety - Fire & Police		
Measurement Period Ended June 30,	Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	2022	\$ 534,175
2022	2023	2,203,277
2023	2024	1,592,816
2024	2025	769,761
2025	2026	-
Thereafter	Thereafter	-
		<u>\$ 5,100,029</u>

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date June 30, 2020, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability (Asset)			
Miscellaneous	\$ 106,742,318	\$ 79,697,953	\$ 57,073,401
Safety – Fire	99,045,394	70,684,876	47,412,388
TOTALS	<u>\$ 205,787,712</u>	<u>\$ 150,382,829</u>	<u>\$ 104,485,789</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. 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 agreements with various bargaining units and groups under a single employer benefit plan. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814 or from the CalPERS website <http://www.calpers.ca.gov>.

B. Benefits Provided

The City provides a contribution up to the CalPERS Region 3 Kaiser Basic (non-Medicare) family premium, regardless of the coverage level (single, 2-party, family) or the enrollment level (non-Medicare, Medicare). The Kaiser family premium is \$1,727.41 for 2020. The City-provided contribution is continued for lifetime of retiree. Upon death of retiree, continued access to benefits (with the explicit subsidy) is available for the lifetime of the spouse. A City contribution towards surviving child dependents is also available, if they were enrolled in the plan prior to retiree death.

The contribution requirements of health 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.

C. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	Covered
Active employees electing coverage	311
Active employees waiving coverage	21
Retirees electing coverage	433
	<u>765</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

D. Total OPEB Liability

The City's total OPEB liability of \$169,528,268 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.45%
Long-term expected investment return	N/A
Inflation	2.50%
Mortality	Based on assumptions for Public Agency Miscellaneous and Fire members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.
Healthcare cost trend rates	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2076 and later years.

The discount rate was based on the Fidelity 20-Year Municipal Bonds GO AA Index.

Healthcare cost trend rates have annual increases/decreases in per capita claims costs and plan premiums, which are as follows:

Fiscal Year Ending	Medical Coverage	
	Not Medicare Eligible	Medicare Eligible
2020	6.4%	5.1%
2021	6.2%	5.1%
2022	5.9%	5.1%
2023	5.5%	5.2%
2024-2051	5.2%	5.2%
2052-2075	Transition to ultimate rate	Transition to ultimate rate
2076+	4.0%	4.0%

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

E. Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 149,552,071	\$ -	\$ 149,552,071
Changes for the year:			
Service cost	4,575,441	-	4,575,441
Interest	4,744,124	-	4,744,124
Differences between expected and actual experience	(135,090)	-	(135,090)
Changes of assumptions	15,907,861	-	15,907,861
Employer contributions	-	5,116,139	(5,116,139)
Net investment income	-	-	-
Benefit payments	(5,116,139)	(5,116,139)	-
Administrative expense	-	-	-
Net changes	19,976,197	-	19,976,197
Balances at June 30, 2021	\$ 169,528,268	\$ -	\$ 169,528,268

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current discount rate (3.13 percent):

	Discount Rate		
	1% Decrease (1.45%)	Current Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$ 197,856,382	\$ 169,528,269	\$ 146,913,671

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.4 percent) or 1 percentage point higher (7.4 percent) than the current healthcare cost trend rate (6.4 percent):

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB liability	\$ 143,722,348	\$ 169,528,269	\$ 202,419,550

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$8,222,871. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 5,113,479	\$ -
Differences between expected and actual experience	1,538,934	102,538
Changes of assumptions or other inputs	17,218,909	1,441,188
	<u>\$ 23,871,322</u>	<u>\$ 1,543,726</u>

The deferred outflows of resources related to OPEB contributions subsequent to the measurement date of \$5,113,479 will be recognized as a reduction of the total net OPEB liability for the fiscal year ending June 30, 2021.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Inflows of Resources
2022	\$ 5,607,634
2023	6,769,446
2024	4,266,937
2025	570,100
2026	-
Thereafter	-
	<u>\$ 17,214,117</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION

A. Commitments and Contingencies

Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, which are subject to program compliance audits by the grantor or their representative. The City's grant programs have also been audited in accordance with Uniform Guidance, 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 grant funds determined to have been ineligible expenditures.

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) issued an Audit Report on July 11, 2019, Audit Report No. 2019-LA-1008. The audit related to the Compton Housing Authority's Housing Choice Voucher Program. The report concluded that the Compton Housing Authority did not follow proper procurement or financial management procedures and ensure the timely submission of audited financial statements in accordance with HUD requirements. The audit report had three (3) findings: (1) Professional auditing services in the amount of \$77,542 were charged to the Housing Authority. There were no supporting documentation provided. (2) The City has not completed and submitted audited financial statements for the fiscal years 2010/11 through 2017/18. (3) The Compton Housing Authority also over-reimbursed \$30,562 in HAP administrative fees to the City's general fund.

The OIG report recommended that the Director of Los Angeles Office of Public Housing require the City to repay the program \$77,542 from non-federal funds for the ineligible costs and recommended that the Housing Authority establish and implement additional procedures and controls to ensure that procurement and contacting requirements are followed, along with the associated maintenance of applicable documentation; complete and submit the audited financial statements for all past-due fiscal years; consider imposing administrative sanctions and remedies for non-submission of audited financial statements for all overdue fiscal years.

City will develop and implement additional procedures and controls to ensure that the administrative fees for the portability HAP are accurately calculated. The \$30,562 over-reimbursement was resolved by reimbursing the fund prior to the completion of the audit. The City also repaid the program \$77,542 which has been acknowledged by the HUD/OG.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

A. Commitments and Contingencies (continued)

Federally Assisted Grant Programs

On September 15, 2020, HUD notified the Compton Housing Authority (CHA) that its SEMAP score will be reduced one level. Also, the LAOPH will proceed with the corrective action to reduce CHA's 2019 SEMAP rating from High Performing to Standard until the PHA submits its FY SEMAP certification, at which time HUD will assess its performance managing its HCV program.

The U.S. Department of Housing and Urban Development (HUD), Los Angeles, California office conducted a monitoring of the City's Community Development Block Grant Program (CDBG) and Emergency Shelter Grants Program (ESG). The monitoring report identified eighteen findings that the City is required to respond to. The City is in the process of preparing their responses. Some of the findings, if not cleared, could result in the City being required to return funds to HUD. The ultimate outcome of this monitoring is not known at this time, however management does not believe that it will have a material effect on the City of Compton.

On July 18, 2018, the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) notified the City that they were initiating a review of the City's administration of Neighborhood Stabilization Programs (NSP) 1 and 3 funds in compliance with HUD requirements. The period of the review is from July 1, 2008 through June 30, 2019. This review is currently in process.

Other Contingent Claims

The City has been named as defendant in numerous lawsuits and claims arising in the course of operations. In aggregate, these claims seek monetary damages in significant amounts. The City intends to vigorously defend itself against these lawsuits. The City has recoded actuarially determined reserves in the internal services funds to adequately cover estimated potential material adverse losses as of June 30, 2021.

Encumbrances

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

B. City's Financial Condition and Management Plans

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. As of June 30, 2021, the City's General Fund has an ending fund deficit of \$3,497,383 and the combined deficit fund balances in other funds totaled \$35,498,389. Additionally, the General Fund has advances and due to other funds of \$29,439,228. A repayment plan was adopted in June 2023 (refer to Note III. E.)

The City Management will present a strategic fiscal sustainability plan to the City Council by June 2024.

C. Notes to the Financial Statements – Successor Agency

a. Reporting Entity

The Successor Agency was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency. The Successor Agency's role, the Successor Agency is a separate public entity from the City, its actions subject to the direction and approval of the LA County Oversight Board, and/or California State Department of Finance (DOF). The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's role, the Successor is reported in a fiduciary fund (private-purpose trust fund).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (continued)

a. Reporting Entity (continued)

The Department of Finance issued a Finding of Completion (FOC) on December 28, 2015. A FOC entitles the Successor Agency to certain benefits, such as:

1. City/Successor Agency Loans: Upon issuance of a FOC, loans made by the City to the Successor Agency may be repaid if the Oversight Board finds that the loan was for a legitimate redevelopment purpose. Repayment is subject to certain restrictions, including a reduction of the interest rate to the LAIF rate, restrictions on the timing and amount of annual repayments, and a requirement that 20% of the repayment be deposited into a restricted housing set-aside fund. Management has recalculated existing loans at the historical LAIF rates and the difference is negligible.
2. Use of Bonds Proceeds: Upon issuance of a FOC, bond proceeds issued prior to December 31, 2010 may be used for purposes consistent with the bond covenants. Obligations to be paid with bond proceeds are subject to review by the Oversight Board and the DOF.

b. Land Held for Resale – Successor Agency

Long-Range Property Management Plan (LRPMP): Upon receiving a FOC, the Successor Agency shall prepare a LRPMP that addresses the disposition and use of real property assets. The plan addresses the use or disposition of all properties, which may include (i) retention of property for governmental use, (ii) retention of property for future development, (iii) sale of the property, or (iv) use of property to fulfill an enforceable obligation. The City submitted their LRPMP on December 23, 2015 and the DOF approved the use or disposition of all properties in the plan as of December 30, 2015. Land held for resale at June 30, 2021 was \$10,949,246.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (Continued)

c. Capital Assets – Successor Agency

The following summarizes the Successor Agency capital assets as of June 30, 2021:

	<u>Balance at June 30, 2021</u>
Capital assets, not being depreciated:	
Land	\$ 1,296,179
Total capital assets, not being depreciated	<u>1,296,179</u>
Capital assets, being depreciated:	
Building and structures	14,671,018
Infrastructure	2,672,810
Equipment	135,625
Total capital assets, being depreciated	<u>17,479,453</u>
Less accumulated depreciation for:	
Building and structures	(2,406,694)
Infrastructure	(2,672,810)
Equipment	(135,625)
Total accumulated depreciation	<u>(5,215,129)</u>
Total capital assets, being depreciated, net	<u>\$ 12,264,324</u>

d. Long-Term Liabilities – Successor Agency

The following is a summary of changes in the Successor Agency's long-term debt for the year ended June 30, 2021:

	<u>Balance at June 30, 2020</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>
Debt long-term liabilities:					
Bonds payable:					
1995 series "C" refunding tax allocation capital appreciation bonds - taxable	\$ 24,650,824	\$ 1,787,374	\$ -	\$(4,972,746)	\$ 21,465,452
2010 series "A", "B", "C" Community Redevelopment Agency second lien tax allocation bonds	82,580,000	-	-	(3,170,000)	79,410,000
Less: Discount on issue	(518,925)	-	-	23,588	(495,337)
Total Successor Agency long-term liabilities:	<u>\$106,711,899</u>	<u>\$ 1,787,374</u>	<u>\$ -</u>	<u>\$(8,119,158)</u>	<u>\$100,380,115</u>

Description of Long-term Debt – Successor Agency

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 commenced on August 1, 2014 with the final payment due on August 1, 2024. During the grace period before the bond payment commenced, the interest on the bonds was added as an accretion to the bond balance. The amount of the bond was \$10,137,530 while total accretion less payments of principal as of June 30, 2021 was \$21,465,452.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (continued)

d. Long-Term Liabilities – Successor Agency (continued)

Description of Long-term Debt – Successor Agency (continued)

The 1995 Series “C” Refunding Tax Allocation Capital Appreciation bonds are special obligations of the former Agency, which are secured by an irrevocable pledge of the tax revenues payable to the former Agency.

The following schedule summarizes the debt to maturity payments for the tax allocation capital appreciation bonds:

Year ending June 30,	1995 C	
	Principal	Interest
2022	\$ 5,092,052	\$ 707,948
2023	5,286,700	513,300
2024	5,457,800	342,200
2025	5,628,900	171,100
Total	<u>\$ 21,465,452</u>	<u>\$ 1,734,548</u>

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

On June 9, 2010, the former Agency issued \$118,985,000 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 amount of principal outstanding at June 30, 2021 for all of the 2010 Series was \$79,410,000.

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 2010 Second Lien Tax Allocation Bonds are special obligations of the former Agency, which are secured by an irrevocable pledge of the tax revenues payable to the former Agency. 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).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (continued)

d. Long-Term Liabilities – Successor Agency (continued)

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

The following schedule summarizes the debt to maturity payments for the tax allocation bonds:

	2010 A, B, C	
Year ending June 30,	Principal	Interest
2022	\$ 3,375,000	\$ 2,341,113
2023	3,595,000	2,231,256
2024	3,825,000	2,113,912
2025	4,075,000	1,988,764
2026	8,315,000	1,855,036
2027-2031	24,185,000	6,458,400
2032-2036	15,260,000	5,589,800
2037-2041	11,270,000	4,527,600
2042-2046	5,510,000	3,077,000
Total	<u>\$ 79,410,000</u>	<u>\$ 30,182,881</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS CALPERS
MISCELLANEOUS PLAN – AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT DATE	2021	2020	2019	2018	2017	2016	2015
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service cost	\$ 3,106,474	\$ 3,013,736	\$ 3,126,034	\$ 3,033,911	\$ 2,482,225	\$ 2,281,155	\$ 2,409,694
Interest	15,475,328	15,057,036	14,531,962	14,306,576	13,997,684	13,735,892	13,355,044
Changes in assumptions	-	-	(1,243,371)	11,024,331	-	(3,099,369)	-
Difference between expected and actual experience	619,298	1,629,844	(1,529,839)	595,677	(1,765,310)	(361,954)	-
Benefit payments, including refunds of member contributions:	(13,499,135)	(12,273,236)	(11,502,752)	(11,419,854)	(11,100,215)	(10,760,128)	(10,744,399)
Net change in total pension liability	5,701,965	7,427,380	3,382,234	17,540,641	3,614,384	1,795,596	5,020,339
Total pension liability, beginning of year	221,015,192	213,587,812	210,205,578	192,664,937	189,050,553	187,254,957	182,234,618
Total pension liability, end of year	226,717,157	221,015,192	213,587,812	210,205,578	192,664,937	189,050,553	187,254,957
Plan Fiduciary Net Position							
Net plan to plan resource movement	-	-	(323)	16,090	17362	-	-
Contributions - employee	1,305,581	1,663,411	1,175,086	1,357,942	1,344,793	1,160,045	1,093,771
Contributions - employer	7,373,216	6,626,128	5,754,105	5,782,821	5,311,369	4,214,549	3,064,604
Net investment income	7,189,875	9,043,351	11,132,320	13,777,155	629,307	2,875,103	19,935,634
Benefit payments, including refunds of member contributions	(13,499,135)	(12,273,236)	(11,502,752)	(11,419,854)	(11,100,215)	(10,760,128)	(10,744,399)
Administrative expenses	(204,208)	(99,831)	(208,716)	(183,979)	(78,305)	(144,665)	-
Other miscellaneous income/(expense) ¹	-	323	(396,355)	-	-	-	-
Net change in plan fiduciary net position	2,165,329	4,960,146	5,953,365	9,330,175	(3,875,689)	(2,655,096)	13,349,610
Total plan fiduciary net position, beginning of year ²	144,853,875	139,893,729	133,940,364	124,610,189	128,485,878	131,140,974	117,791,364
Total plan fiduciary net position, end of year	147,019,204	144,853,875	139,893,729	133,940,364	124,610,189	128,485,878	131,140,974
Net pension liability - ending	79,697,953	76,161,317	73,694,083	76,265,214	68,054,748	60,564,675	56,113,983
Plan fiduciary net position as a percentage of total pension liability	64.85%	65.54%	65.50%	63.72%	64.68%	67.96%	70.03%
Covered payroll ³	16,719,449	15,905,298	16,378,677	16,448,419	14,400,561	12,954,483	13,321,325
Net pension liability as a percentage of covered-employee payroll	476.68%	478.84%	449.94%	463.66%	472.58%	467.52%	421.23%

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

(2) Includes any beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 discount rate.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED
RATIOS CALPERS SAFETY PLAN – COST SHARING PLAN
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015
MEASUREMENT DATE	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Employer's proportion of the net pension liability	0.64965%	0.64307%	0.64023%	0.63484%	0.66255%	0.69644%	0.40840%
Employer's proportionate share of the net pension liability	\$ 70,684,876	\$ 65,895,794	\$ 61,894,097	\$ 62,958,433	\$ 57,330,655	\$ 47,803,079	\$ 25,412,444
Employer's covered-employee payroll ⁽²⁾	\$ 5,948,203	\$ 6,944,403	\$ 5,546,706	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708	\$ 5,819,708
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1188.34%	948.91%	1112.27%	1168.78%	1020.96%	821.40%	436.66%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	75.98%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

Fiscal year ended June 30, 2015 was the first year of implementation. Additional years will be added as they become available in the future.

⁽²⁾ Payroll amounts are for the periods ending on the measurement dates.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS – PENSION PLAN
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

MISCELLANEOUS PLAN

MEASUREMENT PERIOD	2020	2019	2018	2017	2016	2015	2014
FISCAL YEAR	2020-2021	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution ⁽²⁾	7,648,070	\$ 7,373,216	\$ 6,626,128	\$ 5,754,105	\$ 5,782,821	\$ 5,311,369	\$ 4,214,549
Contributions in relation to the							
actuarially determined contribution ⁽²⁾	(7,648,070)	(7,373,216)	(6,626,128)	(5,754,105)	(5,782,821)	(5,311,369)	(4,214,549)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll ⁽³⁾	15,634,167	\$ 16,719,449	\$ 15,905,298	\$ 16,378,677	\$ 16,448,419	\$ 14,400,561	\$ 12,954,483
Contributions as a percentage of employee payroll	48.92%	44.10%	41.66%	35.13%	35.16%	36.88%	32.53%

SAFETY

MEASUREMENT PERIOD	2020	2019	2018	2017	2016	2015	2014
FISCAL YEAR	2020-2021	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution ⁽²⁾	\$ 6,313,358	\$ 5,745,798	\$ 5,356,577	\$ 4,126,139	\$ 5,622,013	\$ 5,112,736	\$ 3,973,896
Contributions in relation to the							
actuarially determined contribution ⁽²⁾	(6,313,215)	(5,745,731)	(5,356,550)	(4,126,453)	(5,622,013)	(5,112,736)	(3,973,896)
Contribution deficiency	\$ 143	\$ 67	\$ 27	\$ (314)	\$ -	\$ -	\$ -
Covered-employee payroll ⁽³⁾	\$ 5,937,739	\$ 5,948,203	\$ 6,944,403	\$ 5,291,998	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708
Contributions as a percentage of employee payroll	106.33%	96.60%	77.14%	77.97%	104.37%	91.05%	68.28%

⁽¹⁾ As prescribed in GASS 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions toward their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

⁽³⁾ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule of Plan Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 (alPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 calPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

	Fiscal Year Ending⁽²⁾			
Total OPEB Liability	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 4,575,441	\$ 3,785,637	\$ 3,731,074	\$ 4,163,800
Interest	4,744,124	4,858,489	4,730,536	4,156,698
Differences between expected and actual experience	(135,090)	2,970,500	-	-
Changes of assumptions	15,907,862	9,929,633	(2,374,728)	(12,626,584)
Changes of benefit terms	-	-	-	-
Benefit payments	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Net change in total OPEB liability	19,976,198	16,706,366	1,306,220	(8,992,686)
Total OPEB Liability - beginning of year	149,552,071	132,845,705	131,539,485	140,532,171
Total OPEB Liability - end of year	\$ 169,528,269	\$ 149,552,071	\$ 132,845,705	\$ 131,539,485
Plan Fiduciary Net Position (FNP, assets)				
Employee contributions	\$ -	\$ -	\$ -	\$ -
Employer contributions	5,116,139	4,837,893	4,780,662	4,686,600
Net investment income	-	-	-	-
Other additions	-	-	-	-
Benefit payments	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Administrative expense	-	-	-	-
Other deductions	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan Fiduciary Net Position - beginning of year	-	-	-	-
Plan Fiduciary Net Position - end of year	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - end of year	\$ 169,528,269	\$ 149,552,071	\$ 132,845,705	\$ 131,539,485
FNP as a percentage of Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
OPEB-eligible payroll for the measurement period	\$ 27,932,602	\$ 24,225,987	\$ 21,348,829	\$ 21,284,889
Net OPEB Liability as a % of eligible payroll	606.9%	617.3%	622.3%	618.0%

(1) The employer must disclose a 10-year history of the schedule of changes in Net OPEB Liability and related ratios.

(2) The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS – OPEB
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

Schedule of Contributions⁽¹⁾

FISCAL YEAR	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution ⁽²⁾	N/A	N/A	N/A	N/A
Contributions in relation to the				
actuarially determined contribution	N/A	N/A	N/A	N/A
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of				
employee payroll	N/A	N/A	N/A	N/A

⁽¹⁾ The employer must disclose a 10-year history of the contribution and payroll schedules.

⁽²⁾ Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

CITY OF COMPTON, CALIFORNIA
BUDGETARY COMPARISON – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
Revenue:				
Taxes and special assessments	\$ 48,254,897	\$ 53,746,494	\$ 61,342,888	\$ 7,596,394
Licenses and permits	5,438,000	4,517,147	5,239,844	722,697
Fines, forfeitures, and penalties	1,620,000	1,895,940	2,257,023	361,083
Use of money and property	525,000	577,827	41,226	(536,401)
Charges for services	7,121,248	6,791,134	3,256,972	(3,534,162)
Other	137,560	205,856	191,299	(14,557)
Total Revenue	63,096,705	67,734,198	72,329,252	4,595,054
Expenditures:				
General government:				
City Attorney	1,463,383	1,457,873	1,350,522	107,351
City Clerk	873,055	861,656	522,973	338,683
City Controller	1,787,108	1,761,408	1,553,615	207,793
City Council	567,827	590,243	543,540	46,703
City Manager	1,280,628	1,132,439	1,023,285	109,154
City Treasurer	540,735	533,956	510,764	23,192
Total general government	6,512,736	6,337,575	5,504,699	832,876
Management services:				
Non-departmental	3,015,820	4,214,540	2,994,593	1,219,947
Human resources	-	29,555	7,637	21,918
Total management services	3,015,820	4,244,095	3,002,230	1,241,865
Public safety:				
Fire	10,096,775	11,282,105	11,702,121	(420,016)
Municipal Law	3,130,480	2,719,299	2,423,312	295,987
Los Angeles County Sheriff	22,762,772	24,213,537	24,041,896	171,641
Total public safety	35,990,027	38,214,941	38,167,329	47,612
Public works:				
Water maintenance	2,252,210	2,584,946	2,253,679	331,267
Public works - street maintenance	304,194	411,878	208,048	203,830
Total public works	2,556,404	2,996,824	2,461,727	535,097
Environmental and human services:				
Planning and economic development	629,950	733,808	499,814	233,994
Parks and recreation	80,727	80,727	48,342	32,385
Total environmental and human services	710,677	814,535	548,156	266,379
Capital Outlay	7,111,502	11,041,608	6,299,162	4,742,446
Debt service:				
Principal	4,191,105	4,191,105	1,490,241	2,700,864
Interest	1,561,029	1,561,029	30,200	1,530,829
Total expenditures	61,649,300	69,401,712	57,503,744	11,897,968
Excess (deficiency) of revenues over (under) expenditures	1,447,405	(1,667,514)	14,825,508	16,493,022
Other financing sources (uses):				
Transfer to fiduciary fund	-	-	(2,994)	(2,994)
Transfers in	-	-	5,777,376	5,777,376
Transfers out	(1,447,405)	(1,874,453)	(4,915,400)	(3,040,947)
Total Other Financing Sources (Uses)	(1,447,405)	(1,874,453)	858,982	2,733,435
Net Change in Fund Balance	-	(3,541,967)	15,684,490	19,226,457
Fund balances (deficit), beginning, as previously reported			(16,527,626)	
Prior period adjustment			(2,654,247)	
Fund balances (deficit), beginning, as restated			(19,181,873)	
Fund Balances, Ending			\$ (3,497,383)	

Note to Budgetary Comparison Schedule:

Budgets are prepared using current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

CITY OF COMPTON, CALIFORNIA
BUDGETARY COMPARISON – MAJOR SPECIAL REVENUE FUND – RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amount	Final Budget Positive (Negative)
Revenue:				
Taxes and special assessments	\$ 26,325,000	\$ 29,418,673	\$ 34,123,170	\$ 4,704,497
Use of money and property	350,000	426,579	23,388	(403,191)
Total Revenue	<u>26,675,000</u>	<u>29,845,252</u>	<u>34,146,558</u>	<u>4,301,306</u>
Expenditures:				
Current:				
General government	1,176,299	1,176,299	917,339	258,960
Public safety	3,208,950	3,208,950	3,567,263	(358,313)
Public works	2,215,120	2,215,120	1,689,275	525,845
Management services	17,679,097	20,849,348	15,769,424	5,079,924
Environmental and human services	2,395,534	2,395,534	1,458,276	937,258
Total expenditures	<u>26,675,000</u>	<u>29,845,251</u>	<u>23,401,577</u>	<u>6,443,674</u>
Excess (Deficiency) of Revenues				
Over Expenditures	-	1	10,744,981	10,744,980
Net Change in Fund Balance	-	1	10,744,981	10,744,980
Fund balances, beginning, as previously reported			61,445,994	
Prior period adjustment			<u>(6,915,290)</u>	
Fund balances, beginning, as restated			54,530,704	
Fund Balances, Ending			<u>\$ 65,275,685</u>	

Note to Budgetary Comparison Schedule:

Budgets are prepared using current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

SUPPLEMENTARY INFORMATION

CITY OF COMPTON, CALIFORNIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds			
	Federal Grants	Local Housing Authority	State and County Grants	Gasoline Tax
ASSETS				
Cash and investments	\$ 22,478,541	\$ 408,510	\$ 3,575,869	\$ 5,102,936
Receivables, net	71,429	7	10	378,482
Due from other funds	-	-	4,282	-
Due from other governments	421,789	-	641,915	-
Other assets	-	679,351	-	-
Advances to other funds	-	-	58,490	-
Restricted investments	-	-	-	-
Loans receivable, net	399,758	-	-	-
Total Assets	<u>23,371,517</u>	<u>1,087,868</u>	<u>4,280,566</u>	<u>5,481,418</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 171,004	\$ 53,849	\$ 257,023	\$ 34,337
Due to other funds	341,305	-	522,899	-
Unearned revenue	19,091,474	183,477	1,012,974	-
Total Liabilities	<u>19,603,783</u>	<u>237,326</u>	<u>1,792,896</u>	<u>34,337</u>
DEFERRED INFLOW ON RESOURCES				
Deferred revenue	421,789	-	518,102	-
Total Liabilities	<u>421,789</u>	<u>-</u>	<u>518,102</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Other assets	-	679,351	-	-
Loans receivable, net	399,758	-	-	-
Restricted for:				
Debt service	-	-	-	-
Housing	-	171,191	-	-
Grants	2,946,187	-	1,969,568	-
Transit systems	-	-	-	5,447,081
Public works	-	-	-	-
Law enforcement	-	-	-	-
Committed to:				
Development	-	-	-	-
Total Fund Balances	<u>\$ 3,345,945</u>	<u>\$ 850,542</u>	<u>\$ 1,969,568</u>	<u>\$ 5,447,081</u>

Special Revenue Funds			Debt Service Fund		
MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Public Finance Authority	Total	
					ASSETS
\$ 13,481,669	\$ 254,312	\$ 435,584	\$ 639,702	\$ 46,377,123	Cash and investments
745,387	-	-	-	1,195,315	Receivables, net
43,517	-	-	26,226	74,025	Due from other funds
220,645	129,340	-	-	1,413,689	Due from other governments
-	-	-	-	679,351	Other assets
-	-	-	811,045	869,535	Advances to other funds
-	-	-	44,113,698	44,113,698	Restricted investments
-	-	-	-	399,758	Loans receivable, net
<u>14,491,218</u>	<u>383,652</u>	<u>435,584</u>	<u>45,590,671</u>	<u>95,122,494</u>	Total Assets
					LIABILITIES
\$ 210,091	\$ 110,616	\$ -	\$ -	\$ 836,920	Accounts payable and accrued liabilities
258,241	-	-	5,921	1,128,366	Due to other funds
67,619	-	-	-	20,355,544	Unearned revenue
<u>535,951</u>	<u>110,616</u>	<u>-</u>	<u>5,921</u>	<u>22,320,830</u>	Total Liabilities
					DEFERRED INFLOW ON RESOURCES
959,307	-	-	-	1,899,198	Deferred revenue
<u>959,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899,198</u>	Total Liabilities
					FUND BALANCES (DEFICITS)
					Nonspendable:
-	-	-	-	679,351	Other assets
-	-	-	-	399,758	Loans receivable, net
					Restricted for:
-	-	-	45,584,750	45,584,750	Debt service
-	-	-	-	171,191	Housing
-	-	-	-	4,915,755	Grants
12,995,960	-	-	-	18,443,041	Transit systems
-	273,036	-	-	273,036	Public works
-	-	4,320	-	4,320	Law enforcement
-	-	431,264	-	431,264	Committed to:
					Development
\$ 12,995,960	\$ 273,036	\$ 435,584	\$ 45,584,750	\$ 70,902,466	Total Fund Balances

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			
	Federal Grants	Local Housing Authority	State and County Grants	Gasoline Tax
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	1,915,426	8,724,370	2,388,947	3,938,946
Use of money and property	24,775	302	5,269	-
Charges for services	-	-	-	-
Other	205,811	801,304	-	-
Total revenues	<u>2,146,012</u>	<u>9,525,976</u>	<u>2,394,216</u>	<u>3,938,946</u>
Expenditures:				
Current:				
General government	-	14,182	26,123	-
Public safety	-	-	128,970	-
Public works	-	-	295,735	1,167,269
Management services	-	-	8,584	-
Environmental and human services	879,900	8,978,364	59,446	-
Debt service payment				
Principal	500,000	-	-	-
Interest	6,125	-	-	-
Capital outlay	1,120,409	59,194	324,484	3,989,987
Total expenditures	<u>2,506,434</u>	<u>9,051,740</u>	<u>843,342</u>	<u>5,157,256</u>
Excess (deficiency) of revenue over expenditures	(360,422)	474,236	1,550,874	(1,218,310)
Other financing sources (uses):				
Bond issuance	-	-	-	-
Transfers in	-	1,882	-	3,187
Transfers out	-	-	(1,111,081)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,882</u>	<u>(1,111,081)</u>	<u>3,187</u>
Net change in fund balance	<u>(360,422)</u>	<u>476,118</u>	<u>439,793</u>	<u>(1,215,123)</u>
Fund balances, beginning as previously stated	4,448,552	1,095,769	1,307,933	6,677,360
Prior Period Adjustment	(742,185)	(721,345)	221,842	(15,156)
Fund balances (deficit), beginning, as restated	<u>3,706,367</u>	<u>374,424</u>	<u>1,529,775</u>	<u>6,662,204</u>
Fund balances (deficit), ending	<u>\$ 3,345,945</u>	<u>\$ 850,542</u>	<u>\$ 1,969,568</u>	<u>\$ 5,447,081</u>

Special Revenue Funds			Debt Service Fund		
MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Public Finance Authority	Total	
\$ -	\$ 4,250,343	\$ -	\$ -	\$ 4,250,343	Revenues:
6,542,815	-	-	-	23,510,504	Taxes and special assessments
19,228	-	-	2,856	52,430	Intergovernmental revenues
-	-	65,073	-	65,073	Use of money and property
149,228	-	-	-	1,156,343	Charges for services
6,711,271	4,250,343	65,073	2,856	29,034,693	Other
					Total revenues
					Expenditures:
					Current:
76,000	-	-	1,648,140	1,764,445	General government
-	-	-	-	128,970	Public safety
591,840	598,166	-	5,921	2,658,931	Public works
-	1,174,071	-	-	1,182,655	Management services
37,162	-	-	-	9,954,872	Environmental and human services
-	-	-	2,095,000	2,595,000	Debt service payment
-	-	-	1,206,351	1,212,476	Principal
3,685,118	1,442,005	-	-	10,621,197	Interest
4,390,120	3,214,242	-	4,955,412	30,118,546	Capital outlay
					Total expenditures
					Excess (deficiency) of revenue over expenditures
2,321,151	1,036,101	65,073	(4,952,556)	(1,083,853)	
					Other financing sources (uses):
-	-	-	41,809,785	41,809,785	Bond issuance
38,680	-	-	4,065,847	4,109,596	Transfers in
(658,944)	(200,000)	-	(75,000)	(2,045,025)	Transfers out
(620,264)	(200,000)	-	45,800,632	43,874,356	Total Other Financing Sources (Uses)
1,700,887	836,101	65,073	40,848,076	42,790,503	Net change in fund balance
11,357,288	(549,687)	370,511	4,781,007	29,488,733	Fund balances, beginning as previously stated
(62,215)	(13,378)	-	(44,333)	(1,376,770)	Prior Period Adjustment
11,295,073	(563,065)	370,511	4,736,674	28,111,963	Fund balances (deficit), beginning, as restated
\$ 12,995,960	\$ 273,036	\$ 435,584	\$ 45,584,750	\$ 70,902,466	Fund balances (deficit), ending

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Equipment Rental	Central Duplication	Self-Insurance	Total
ASSETS				
Current assets				
Cash and investments	\$ 3,253,038	\$ 42,837	\$ 196,594	\$ 3,492,469
Due from other funds	-	-	1,636	1,636
Other assets	31,466	-	41,109	72,575
Total current assets	3,284,504	42,837	239,339	3,566,680
Noncurrent Assets:				
Advances to other funds	1,200,000	-	50,591	1,250,591
Capital assets:				
Nondepreciable	44,109	-	-	44,109
Depreciable, net	2,426,388	30,043	-	2,456,431
Total noncurrent assets	3,670,497	30,043	50,591	3,751,131
Total Assets	6,955,001	72,880	289,930	7,317,811
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow on pension and OPEB	316,453	147,950	667,737	1,132,140
Total Deferred Outflows of Resources	316,453	147,950	667,737	1,132,140
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	83,382	3,588	165,064	252,034
Due to other funds	-	619	64,547	65,166
Compensated absences	9,221	4,287	19,538	33,046
Self-insurance claims	-	-	3,939,719	3,939,719
Total current liabilities	92,603	8,494	4,188,868	4,289,965
Noncurrent Liabilities				
Compensated absences	30,883	14,358	65,446	110,687
Advances from other funds	-	281,322	10,283,724	10,565,046
Self-insurance claims	-	-	17,918,287	17,918,287
Net pension liabilities	763,252	356,841	1,610,511	2,730,604
Other post-employment benefits payable	1,623,539	759,049	3,425,773	5,808,361
Total noncurrent liabilities	2,417,674	1,411,570	33,303,741	37,132,985
Total Liabilities	2,510,277	1,420,064	37,492,609	41,422,950
DEFERRED INFLOW OF RESOURCES				
Deferred inflow on pension and OPEB	14,784	6,912	31,195	52,891
Total Deferred Inflows of Resources	14,784	6,912	31,195	52,891
NET POSITION				
Net investment in capital assets	2,470,497	30,043	-	2,500,540
Unrestricted (deficit)	2,275,896	(1,236,189)	(36,566,137)	(35,526,430)
Total Net Position (Deficit)	\$ 4,746,393	\$ (1,206,146)	\$ (36,566,137)	\$ (33,025,890)

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Equipment Rental	Central Duplication	Self-Insurance	Total
Operating revenues:				
Charges to other funds	\$ 1,598,060	\$ 188,873	\$ 1,416,576	\$ 3,203,509
Investment income	-	-	115	115
Other	90,000	-	-	90,000
Total operating revenues	<u>1,688,060</u>	<u>188,873</u>	<u>1,416,691</u>	<u>3,293,624</u>
Operating expenses:				
Salaries and wages	1,577,989	377,265	2,731,773	4,687,027
Contractual services	5,262	-	2,330,412	2,335,674
Materials and supplies	244,601	-	-	244,601
Repairs and maintenance	34,222	26,959	-	61,181
Depreciation expense	589,632	9,181	-	598,813
Other expenses	1,960	22,980	20,270	45,210
Self-insurance services	-	-	4,149,259	4,149,259
Total operating expenses	<u>2,453,666</u>	<u>436,385</u>	<u>9,231,714</u>	<u>12,121,765</u>
Income (loss) before transfers	<u>(765,606)</u>	<u>(247,512)</u>	<u>(7,815,023)</u>	<u>(8,828,141)</u>
Transfers in	810	-	3,047,995	3,048,805
Transfers out	<u>(250,000)</u>	<u>-</u>	<u>(50,591)</u>	<u>(300,591)</u>
Change in net position	<u>(1,014,796)</u>	<u>(247,512)</u>	<u>(4,817,619)</u>	<u>(6,079,927)</u>
Net position, beginning, as previously reported	3,932,297	(995,280)	(30,753,251)	(27,816,234)
Prior period adjustment	<u>1,828,892</u>	<u>36,646</u>	<u>(995,267)</u>	<u>870,271</u>
Net position, beginning, restated	<u>5,761,189</u>	<u>(958,634)</u>	<u>(31,748,518)</u>	<u>(26,945,963)</u>
Net position, ending	<u>\$ 4,746,393</u>	<u>\$ (1,206,146)</u>	<u>\$ (36,566,137)</u>	<u>\$ (33,025,890)</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Equipment Rental	Central Duplication	Self- Insurance	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,688,060	\$ 188,873	\$ 1,416,691	3,293,624
Cash payments to suppliers for goods and services	3,591,322	(50,267)	(8,292,787)	(4,751,732)
Cash payment to employees for services	(215,492)	(93,191)	(417,241)	(725,924)
Net cash provided by (used in) operating activities	<u>5,063,890</u>	<u>45,415</u>	<u>(7,293,337)</u>	<u>(2,184,032)</u>
Cash flows from non-capital financing activities:				
Advances to other funds	(1,200,000)	-	-	(1,200,000)
Advances from other funds	-	-	4,400,000	4,400,000
Transfers in	810	-	3,047,995	3,048,805
Transfers out	(250,000)	-	(50,591)	(300,591)
Net cash provided by (used in) non-capital financing Activities	<u>(1,449,190)</u>	<u>-</u>	<u>7,397,404</u>	<u>5,948,214</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(385,150)	(2,578)	-	(387,728)
Net cash used in capital and related financing activities	<u>(385,150)</u>	<u>(2,578)</u>	<u>-</u>	<u>(387,728)</u>
Cash flows from investing activities:				
Interest received on investments	-	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	3,229,550	42,837	104,067	3,376,454
Cash and cash equivalents, beginning	23,488	-	92,527	116,015
Cash and cash equivalents, ending	<u>\$ 3,253,038</u>	<u>\$ 42,837</u>	<u>\$ 196,594</u>	<u>3,492,469</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self- Insurance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net				
Cash provided by (used in) operating activities:				
Operating income (loss)	\$ (765,606)	\$ (247,512)	\$ (7,815,023)	\$ (8,828,141)
Adjustments to reconcile operating income (loss) to				
net cash provided by (used in) operating activities:				
Depreciation and amortization	589,632	9,181	-	598,813
Changes in operating assets and liabilities:				
Decrease (increase) in due from other funds	3,900,000	-	(1,636)	3,898,364
Decrease (increase) in other assets	(8,567)	-	(41,109)	(49,676)
Increase (decrease) in accounts payable	17,649	(988)	37,198	53,859
Increase (decrease) in accrued liabilities	(25,311)	2,840	49,368	26,897
Increase (decrease) in due to other funds	-	619	(4,135,452)	(4,134,833)
Increase (decrease) in OPEB	1,044,705	294,072	2,609,577	3,948,354
Increase (decrease) in retirement pay	315,549	(22,107)	(223,687)	69,755
Increase (decrease) in self-insurance claims	-	-	2,311,739	2,311,739
Increase (decrease) in compensated absences	(4,161)	9,310	(84,312)	(79,163)
Net cash provided by (used in) operating activities	<u>\$ 5,063,890</u>	<u>\$ 45,415</u>	<u>\$ (7,293,337)</u>	<u>\$ (2,184,032)</u>



CITY OF COMPTON

SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021



CITY OF COMPTON
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable City Council
City of Compton
Compton, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Compton, California (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 18, 2024. Our report includes qualified opinions on those financial statements, because the City has not maintained sufficient records and we were unable to obtain sufficient appropriate audit evidence about the allocation of cash to the various funds. In addition, our report includes an emphasis of matters paragraph to bring attention to deficit fund balances in the general fund and other funds totaling approximately \$39 million.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2021-009 and 2021-010 (marked MW) to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned as findings 2021-011 to 2021-016 (marked SD) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as finding 2021-017 (marked NC).

City of Compton's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eadie and Payne, LLP

Riverside, California
May 24, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable City Council
City of ComptonCity of Compton
Compton, California

Report on Compliance for Each Major Federal Program

We have audited City of Compton's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers as described in finding number 2021-002 for reporting. Compliance with such requirement is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-004 to 2021-007. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-006 to 2021-008 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the City's basic financial statements. We have issued our report thereon dated May 8, 2024, which contains qualified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eadie and Payne, LLP

Riverside, California
May 24, 2024

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CITY OF COMPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Program Identification Number	Federal Expenditures	Expenditures to Subrecipients	Total Federal Awards Expended for Loan or Loan Guarantee Programs
U.S. Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Direct:					
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-06-0515	\$ 1,380,679	\$ 116,057	\$ -
COVID-19-CDBG - CV, Cares Act		B-20-MW-06-0515	4,068	-	-
Total CDBG - Entitlement Grants Cluster			<u>1,384,747</u>	<u>116,057</u>	<u>-</u>
Direct:					
Community Development Block Grants Section 108					
Section 108 Note Payable - current expenditures	14.248	Loans	\$ 506,125	\$ -	\$ 506,125
Section 108 Loans Receivable - balance at beginning of year			522,691	-	522,691
Total CDBG Section 108			<u>1,028,816</u>	<u>-</u>	<u>1,028,816</u>
Direct:					
Community development Block Grants/Disaster Recovery Grants (DRGR)	14.228	B-08-MN-06-0505	4,420	-	-
Direct:					
HOME Investment Partnership Program	14.239	M-19-MC-06-0506	148,848	-	-
Housing Voucher Cluster					
Direct:					
Section 8 Housing Choice Vouchers	14.871	CA-071	8,699,620	-	-
Direct:					
CARES Act - Supplemental Housing Assistance Payment (HAP) Funding Impacted by COVID-19, Extraordinary Circumstances	14.HCC		300,953	-	-
CARES Act -Supplemental Administrative Fee Funding Impacted by COVID-19			67,493	-	-
			368,446	-	-
Total Housing Voucher Cluster			<u>9,068,066</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>12,663,713</u>	<u>116,057</u>	<u>2,057,632</u>
U.S. Department of Justice					
Direct:					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1040	149,719	-	-
Total U.S. Department of Justice			<u>149,719</u>	<u>-</u>	<u>-</u>
U.S. Department of Treasury					
Pass Through CA Department of Finance (#11918): Coronavirus Relief Fund (CRF)	21.019		1,210,414	-	-
Total U.S. Department of Treasury			<u>1,210,414</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 14,023,846</u>	<u>\$ 116,057</u>	<u>\$ 2,057,632</u>

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

CITY OF COMPTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of City of Compton (City) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Such expenditures are recognized following the Cost Principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The City has not elected to use the 10% de minimis cost rate.

4. SUBAWARDS

The City passes through Federal awards to certain subrecipients. The programs and amounts passed through as of June 30, 2021 are as follows:

Program Name	Subawards
CDBG - Entitlement Grants Cluster	
ERD Campfire Safety Self	\$ 55,000
ERD Domestic Violence Prevention	13,457
Champions of Caring	17,600
Youth Building	20,000
Fair Housing	10,000
Total Subawards	\$ 116,057

5. LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in the Community Development Block Grants Section 108 Loan Guarantees (Assistance Listing No. 14.248) of the U.S. Department of Housing and Urban Development, which is subject to continuing compliance requirements for outstanding loans. The program's outstanding balance on loans with continuing compliance requirements as of June 30, 2021 are as follows:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2021
14.248	Rosewood Family Loan	\$ 378,667
14.248	Fatburger Loan	144,024
		\$ 522,691

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Qualified

Internal control over financial reporting:

- Material weakness identified? x Yes No
- Significant deficiency identified? x Yes None reported

Noncompliance material to financial statements noted? x Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? x Yes No
- Significant deficiency identified? x Yes None reported

Type of auditor's report issued on compliance for major federal programs: Qualified Opinion and Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x Yes No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.218	CDBG-Entitlement Grants Cluster
21.019	Coronavirus Relief Fund (CRF)
14.248	CDBG- Section 108

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes x No

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

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CURRENT YEAR

MAJOR FEDERAL AWARD PROGRAMS

General

Filing of Single Audit Report 2021-001

Department of Housing and Urban Development – Section 8 Housing Choice Vouchers

Reporting 2021-002

Allowable Costs/Cost Principles 2021-003

Allowable Costs/Cost Principles 2021-004

Special Tests and Provisions 2021-005

Department of Treasury – Coronavirus Relief Fund

Activities Allowed or Unallowed 2021-006

Department of Housing and Urban Development – Community Development Block Grant

Reporting 2021-007

Allowable Costs/Cost Principles 2021-008

FINANCIAL STATEMENTS 2021-009 to 2021-017

PRIOR YEAR

MAJOR FEDERAL AWARD PROGRAMS

2020-001 to 2020-004

2019-001 to 2019-008

2018-001 to 2018-012

FINANCIAL STATEMENTS 2020-005 to 2020-007

2019-009 to 2019-034

2018-013 to 2018-040

CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

2021-001 – Filing of Single Audit Report (MW, NC)

Criteria: Pursuant to the Office of Management and Budget (OMB) 2 CFR Part 200, Appendix XI, Section 8-7-3, IV. Due Date for Audit Reports, the copy of the data collection form should be filed 'with the Federal Audit Clearinghouse (FAC) as the date 9 months after the end of the audit period'. The OMB extended the Single Audit submission deadline for fiscal years ended June 30, 2020 and June 30, 2021 by six months.

Condition: The City did not complete the audit and submit the Single Audit Reporting Package (the City's audited financial statements and single audit reports) for the fiscal years ended June 30, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019 within nine months after the end of audit period. The City did not complete the audit and submit the Single Audit Reporting Package for the fiscal years ended June 30, 2020 and 2021 within 15 months after the end of the audit period (the extended deadline).

Cause: The City has been severely behind on its recording and reconciliations for financial transactions. The City's Single Audit for 2013 was not completed until February of 2016. The City's predecessor auditor withdrew from the audit after issuance of the 2014 financial statements in November 2016 and did not issue a Single Audit report. Due to substantial employee turnover within the City at all levels, and incomplete records, the 2015, 2016, and 2017 audits were not completed and City did not issue financial statements. The City has been working diligently to update its records since 2018, however it still continues to experience a lack of qualified personnel and substantial employee turnover in the City Controller's Office.

Effect or Potential Effect: Failure to submit the required Single Audit Reporting Package timely automatically results in the City not qualifying for low risk auditee status for the following year's single audit. In addition, failure to file the required Single Audit Reporting Package timely could result in the loss of federal funding.

Questioned Cost: None

Context: The physical single audit reports for fiscal years 2015, 2016, and 2017, were submitted to the U.S. Department of Housing and Urban Development (Attn: Mr. Miguel Fontanez, Director of Housing Voucher Financial Management Division) at the Office of Public and Indian Housing, Washington, DC 20410-5000 on March 27, 2019. The Single Audit Reporting Package for fiscal years 2019 and 2020 were submitted on April 28, 2021 and March 28, 2022, respectively.

Statistical Sampling Validity: Not applicable. Sampling was not performed in relation to this finding.

Repeat of a Prior-Year Finding: 2020-003, 2019-007, 2018-011, 2017-011, 2016-007, 2015-010, 2014-009

Recommendation: We recommend that the City bring its accounting records up to date and have financial statement and Single Audits prepared timely. We also recommend the City develop, document, and implement policies and procedures for timely submission of the Single Audit Reporting Package.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has hired outside CPA's with the goal of completing all audits through FY 2023 by December 2024.

Planned Implementation Date: December 2024

Responsible Person(s): Sharon Rahban, City Controller

2021-002 – Missing Reports (MW, NC)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 - 2021
Category of Finding:	Reporting

Criteria: The Office of Management and Budget 2021 Compliance Supplement states that the following reports are required to be submitted to the U.S. Department of Housing and Urban Development.

HUD-52681-B, Voucher for Payment of Annual Contributions and Operating Statement (OMB No. 2577-0169). The PHA submits this form monthly to HUD electronically via the VMS. Congress has instructed HUD to use VMS data to determine renewal funding levels. HUD also uses VMS data for other funding, monitoring, and SEMAP-related decisions. HUD relies on the audit of the key line items below to determine the reasonableness of the data submitted for the purposes of calculating funding under the program.

Financial Reports (OMB No. 2535-0107) – Financial Assessment Subsystem, FASS-PH. The Uniform Financial Reporting Standards (24 CFR section 5.801) require PHAs to submit timely GAAP-based unaudited and audited financial information electronically to HUD. The FASS-PH system is one of HUD's main monitoring and oversight systems for the HCVP.

HUD-52648, SEMAP Certification – PHAs with jurisdiction in metropolitan Fair Market Rent areas have the option of submitting data to HUD with their annual SEMAP certifications on the percent of their tenant-based Section 8 families with children who live in and who have moved during the PHA fiscal year to low poverty census tracts in the PHA's principal operating area. Submission of this information with the SEMAP certification makes the PHA eligible for bonus points under SEMAP (24 CFR section 985.3(h)).

HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043) – Each recipient that administers covered public and Indian housing assistance, regardless of the amount expended, and each recipient that administers covered housing and community development assistance in excess of \$200,000 in a program year, must submit HUD 60002 information using the automated Section 3 Performance Evaluation and Registry System (SPEARS) (24 CFR sections 135.3(a)(1) and 135.90).

HUD-50058, Family Report (OMB No. 2577-0083) – The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA's jurisdiction under portability (24 CFR Part 908 and 24 CFR section 982.158).

Condition: We were unable to obtain the following reports: HUD-52681-B, FASS-PH, and HUD-52648.

Cause: Turnover of staff in the Housing Authority and delay in recruitment. Lack of internal control over the retention of program reports.

Effect or Potential Effect: The City is facing sanctions from the Office of Inspector General (OIG) with a reduced Section 8 Management Assessment Program (SEMAP) rating from High Performer to Standard Performer. A reduced rating may result in HUD withholding additional grant funds or offset the Housing Choice Voucher (HCV) administrative fees.

Questioned Cost: None.

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

Context: The Housing Authority did not provide required reports.

Statistical Sampling Validity: Not applicable.

Repeat of a Prior-Year Finding: 2020-001, 2019-005, 2018-007

Recommendation: We recommend the City establish policies and procedures that will ensure the retention of program documents.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Controller's Office drafted a grants policy that is currently under review by City Management. Community development staff will ensure a succession plan is in place for any staff turnover and for report preparation compliance.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, Community Development Director, and City Controller

2021-003 – Incorrect Payrates (SD)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 - 2021
Category of Finding:	Allowable Costs/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: The City uses personnel action forms (PA101) to document the approved payrates of City employees. During our audit, we noted that the payrates used to determine the amounts claimed for payroll costs associated with the program were lower than what was reflected in the PA 101 form.

Cause: The City approved retroactive pay increases for employees and the pay increases were processed as lump sum adjustments. The payroll records prior to the approval of the retroactive pay were not adjusted to reflect the change. The program costs were not adjusted either.

Effect or Potential Effect: The City missed the opportunity to claim higher payroll costs to the program.

Questioned Cost: None.

Context: Six instances of incorrect payrates were found out of 20 sample items. Since the costs claimed were lower than what they should have been, no questioned cost is reported.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City improve procedures to ensure that payrate changes are approved timely and payroll costs charged to the grant are also adjusted whenever payrate changes are approved.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The general accounting policy will be updated for the accountant to check the payroll register to accrue retroactive pay changes to the correct period.

Planned Implementation Date: June 30, 2024

Responsible Person(s): City Controller

2021-004 – Distribution of Hours Worked (NC)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 – 2021
Category of Finding:	Allowable Cost/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Federal award recipients should support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition: If an employee works on more than one program or fund, the employee's salary or wages and benefits are distributed by the City to the respective programs or funds based on the number of hours worked. The basis for the distribution is the employee's timecard. During our audit, we noted one employee's timecard did not indicate the number of hours worked for Section 8 or another program/fund, however only 10% of his/her payroll cost was charged to Section 8.

Cause: The City was unable to provide the timecard that showed the hours worked by the employee by program/fund.

Effect or Potential Effect: Over or understatement of payroll cost charged to the program.

Questioned Cost: None.

Context: One exception out of 20 sample items.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend that the City improve procedures to ensure that they retain all timecards that reflect the distribution of costs to programs/funds and make them available for the auditors.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The payroll policy will be updated to require that timecards be updated with supervisor signature if changes are made to change allocation to another fund.

Planned Implementation Date: June 30, 2024

Responsible Person(s): City Controller

2021-005 – Housing Quality Standards Inspection (NC)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 – 2021
Category of Finding:	Special Tests and Provisions

Criteria: The public housing agency (PHA) must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections.

Condition: In one instance, the City did not perform the required annual inspection.

Cause: We were informed that the HUD system did not release the address for inspection so no inspection was performed.

Effect or Potential Effect: The City's failure to comply with stated requirements exposes the City to sanctions from the federal agency, including loss of funding.

Questioned Cost: None

Context: The exception was noted in one out of 60 participants tested. The City has noted that they will investigate the issue.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City to improve procedures to ensure that all annual inspections are performed.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: Policies will be enforced or monitored more closely by Housing Authority management to ensure all inspections and re-inspections are complete and documented.

Planned Implementation Date: December 31, 2024

Responsible Person(s): Community Development Director

2021-006 – Incorrect Payrates (SD, NC)

Federal Program Title:	Coronavirus Relief Fund
Federal Catalog Number:	21.019
Federal Agency:	U.S. Department of the Treasury
Pass-Through Entity:	CA Department of Finance
Federal Award Number and Year:	N/A - 2021
Category of Finding:	Allowable Costs/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: The City used incorrect payrates when calculating payroll costs charged to the program.

Cause: When the City calculated the Fire Department payroll and payroll costs related to Covid Leave, they used a report that reflected payrates that were higher than what the payroll register reported.

Effect or Potential Effect: The City overstated the payroll costs charged to the program.

Questioned Cost: \$32,314

Context: The exception was found in 10 out of 28 employees selected. The questioned cost is the amount projected to the entire population.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City enhance procedures to double check the payrates used when calculating charges to federal awards.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has other eligible costs that were not claimed for this grant that can be used to offset the questioned cost. Procedures are already in place to enhance payrate calculations in the future.

Planned Implementation Date: Implemented as of April 2024

Responsible Person(s): City Controller

2021-007 – Missing Reports (SD, NC)

Federal Program Title:	Community Development Block Grant/Entitlement Grants
Federal Catalog Number:	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	No applicable
Federal Award Number and Year:	B-19-MC-06-0515 - 2019
Category of Finding:	Reporting

Criteria: The Office of Management and Budget 2021 Compliance Supplement states that the following reports are required to be submitted to the U.S. Department of Housing and Urban Development.

SF-425, Federal Financial Report – Applicable (cash status only) (this is the IDIS C04PR29 Cash on Hand Quarterly Report made available in IDIS on August 12, 2019, which allows grantees to generate this report by custom date ranges and export data to Excel and PDF)

Integrated Disbursement and Information System (IDIS) (OMB No. 25060077) – Grantees may include reports generated by IDIS as part of their annual performance and evaluation report that must be submitted for the CDBG Entitlement program 90 days after the end of a grantee's program year.

- (1) C04PR03 – Activity Summary Report
- (2) C04PR26 – CDBG Financial Summary Report
- (3) C04PR26 – CDBG-CV Financial Summary Report
- (4) C04PR26 – CDBG Activity Summary by Selected Grant

Section 3 of the Housing and Urban Development Act of 1968 – The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low-and very low-income persons. Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000.

Consolidated Annual Performance and Evaluation Report (CAPER) (24 CFR 91.520) -- A grantee's CAPER, submitted through the IDIS e-Con Planning Suite, is due 90 days after the close of a jurisdiction's program year.

Condition: We were unable to obtain the following reports: SF-425, Section 3 report and CAPER.

Cause: Turnover of staff and lack of internal control over the retention of program reports.

Effect or Potential Effect: The City's failure to comply with stated reporting requirements exposes the City to sanctions from the federal agency, including loss of funding.

Questioned Cost: None

Context: The City did not provide the abovementioned reports.

Statistical Sampling Validity: Not applicable.

Repeat of a Prior-Year Finding: Yes, 2019-001, 2018-001

Recommendation: We recommend the City establish policies and procedures that will ensure the retention of program reports.

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Controller drafted a grants policy which is currently under review by the City Manager, that includes succession planning in case of staff turnover and parameters for grant reporting compliance.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, Grants Manager

2021-008 – Incorrect Payrate and Hours Worked (SD)

Federal Program Title:	Community Development Block Grant/Entitlement Grants
Federal Catalog Number:	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	No applicable
Federal Award Number and Year:	B-19-MC-06-0515 - 2019
Category of Finding:	Allowable Cost/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: During our audit, we found one instance where the employee's timecard did not reflect the number of hours worked for CDBG and another instance where the employee's payrate did not agree to the payrate stated on the personnel action form (PA 101).

Cause: For the exception related to timecard: The City was unable to provide the timecard that showed the hours worked by the employee by program/fund.

For the exception related to payrate: The City approved retroactive pay increases for employees and the pay increases were processed as lump sum adjustments. The payroll records prior to the approval of the retroactive pay were not adjusted to reflect the change. The program costs were not adjusted either.

Effect or Potential Effect: Over or understatement of costs charged to the program.

Questioned Cost: None

Context: One exception related to timecard and another exception related to payrate were found, out of 20 items selected.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City improve procedures to ensure completeness and accuracy of payroll costs charged to federal programs.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The general accounting policy will be updated for the accountant to check the payroll register to accrue retroactive pay changes to the correct period. The payroll policy will also be updated to require that timecards be updated with supervisor signature if changes are made to change allocation to another fund.

Planned Implementation Date: June 30, 2024

Responsible Person(s): City Controller

CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2021-009 – Allocation of Cash to City Funds/ Negative Cash Balances/ Fund Balance Deficits (MW)

Criteria: Negative cash balances occur within a fund when there is mismatch of expenditures and revenue. Since the City pools its cash, other funds (usually the General Fund) will cover temporary negative cash balances through interfund payable/receivable accounts. Interfund payable/receivable accounts should be settled within the current period.

In addition, the City should operate to maintain adequate fund balances in all of its funds to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures.

Condition: The City did not have consistent cash allocation and tracking procedures in place, which resulted in negative cash balances rolling forward from prior years through June 30, 2020. The City was able to reconcile the cash allocation among the various funds at June 30, 2021 in FY 2023, two years after the end of FY 2021. However, the City's general ledger continues to report a negative cash balance in excess of \$28.9 million in the general fund (Fund 1001) at June 30, 2021.

Furthermore, there are negative fund balances for various funds including the general fund, nonmajor governmental funds, and internal service funds.

Cause: There was a lack of policy over interfund transactions and weakness in internal control over reconciliations during FY 2021. Due to the vacancies in key positions in the City Controller's Office, staff fell behind on the monthly reconciliations and monitoring of cash balances across funds. There was also a weakness in internal control over operational spending and lack of consideration of long-term financial planning.

Effect or Potential Effect: Cash allocation could be materially misstated. Operating cash deficiencies for amounts not properly recorded, reimbursed, or transferred could exist and not detected and corrected on a timely basis. The fund balance deficits could also have a significant effect on operations on a go-forward basis. City programs and services involved with the fund may be curtailed.

Repeat of a Prior-Year Finding: 2018-014, 2018-037, 2019-010, 2019-025

Recommendation: We recommend the City review cash balances on a regular basis and prepare a plan to eliminate these negative cash balances. Policies and procedures need to be put in place for the regular review of cash balances and the initiation of transfers for reimbursements as needed. We also recommend that management review the negative fund balances and the affected operations to make provisions to eliminate the deficit balances going forward.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City hired a consultant to prepare a cost allocation plan which will be implemented in FY22 and future years. The City hired a consultant to prepare a fiscal sustainability plan and fee study, and City has issued an RFP for utility rate study. Also, the City has issued a request for proposal for collection agency, as well as for SB90 collection consultant. The City has approved a contract for consultant to study fire OT cost analysis which greatly contributes to overspending in the general fund. All of these efforts are expected to alleviate the negative cash balances across funds, including the General Fund.

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, City Controller

2021-010 – Information Technology (IT) Controls (MW)

Criteria: IT controls are a critical mechanism for ensuring the integrity of information systems and the reporting of the City's financial information. IT general controls (ITGC) are basic controls applied to IT systems. The objectives of ITGC are to ensure the integrity of data and processes that the IT systems support. ITGC have a pervasive effect on the City's system of internal control over financial reporting.

Condition: During FY 2020, we evaluated the design and implementation of ITGCs and noted 23 findings. We communicated such findings to the IT department and City management. Because those findings reveal vulnerabilities to, or otherwise increase the potential for an attack on, information technology systems of the City, the details of the findings will not be published in this document.

Repeat of a Prior-Year Finding: 2018-040, 2019-034

Recommendation: Our recommendations will be communicated to the City Council through a separate confidential written report.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City will update the IT risk assessment and develop a corrective action plan.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, IT Director

2021-011 – Contingent Liabilities (SD)

Criteria: The City has been named a defendant in numerous lawsuits and claims arising in the course of operations. In aggregate, these claims seek monetary damages in significant amounts. Insurance claims payable reflected on the financial statements should represent the actual obligations and liabilities for incidents that have occurred during the year. Additional accruals for probable losses relating to uninsured risks should be made for incidents occurring during the year when the loss estimates can be made. The City should also disclose the contingency when there could be a material effect to the financial statements.

Condition: The City Controller's Office uses an actuarial report supplied by an outside actuary and risk management staff to record the liability for self-insurance claims. However, there are instances when contingent liabilities may have occurred, but they only learn about the liability when it is time to pay for the claim, which may be many months after the liability had been incurred. The City Attorney's office tracks the lawsuits and status of the lawsuits. However, they do not always inform the risk management team about any probable losses in a timely manner.

Cause: There is no established procedure for timely communication between the City Attorney's Office and the Risk Manager regarding potential contingent liabilities.

Effect or Potential Effect: Incomplete or inaccurate reporting of loss contingencies. Potential prior period adjustments.

Repeat of a Prior-Year Finding: No

Recommendation: The City should develop procedures to foster information-sharing between the City Attorney's Office and the risk management team.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Attorney will provide litigation reports to keep all parties abreast of pending litigation.

Planned Implementation Date: April 31, 2024

Responsible Person(s): City Attorney, City Manager, Risk Manager

2021-012 – Procurement Policy (SD)

Criteria: A current official written policy should be in place for procurement and contracts conforming to applicable federal statutes and the updated procurement requirements per 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Condition: A grants policy which includes Uniform guidance on procurement and conflict of interest has been taken to the City Council for receive and file action in March 2022. The City Manager has yet to implement this policy and make it into the Standard Operating Manual.

Cause: Turnover in the City Manager position.

Effect or Potential Effect: Goods or services could be acquired in violation of the administrative requirements federal regulations and other procurement requirements, such as inappropriately acquired from debarred or suspended parties or providers. Failure to document and retain evidence that procurement procedures were followed could result in the need to reimburse federal funds.

Repeat of a Prior-Year Finding: 2019-029

Recommendation: We recommend the City adopt and implement an official written policy for procurement and contracting and Conflict of Interest Code that are in line with the requirements of the Uniform Guidance.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Manager will coordinate the implementation of the grants policy.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager

2021-013 - Bank Reconciliations (SD)

Criteria: Bank reconciliations should be prepared and reviewed in a timely manner.

Condition: Bank reconciliations are not prepared and reviewed in a timely manner. While the City Controller's Office has been working on preparing the bank reconciliations continuously since FY 2021, bank reconciliations for FY 2021 were completed only in FY 2023. As of April 2024, the City is working on bank reconciliations for FY 2024.

Cause: Weakness in internal control over reconciliations, lack of training, and lack of resources allocated to the bank reconciliation function. Due to the vacancies in key positions in the City Controller's Office, staff fell behind on the monthly reconciliations of the over 30 bank accounts.

Effect or Potential Effect: Potential fraud and misstatements in cash and other accounts.

Repeat of a Prior-Year Finding: 2018-013, 2019-009

Recommendation: The City should dedicate appropriate resources and have City employees trained to perform monthly bank reconciliations for all City bank accounts. Subsequently, a documented review and approval of the bank reconciliations should be performed in a timely manner to ensure that any discrepancies are discovered and addressed appropriately.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: In July of 2023 the City hired CPA firms and temp agency workers to assist City staff with catching up on bookkeeping and on audit preparation including bank reconciliation. At that point the City was 24 months behind in the general checking bank rec. As of April 2024, the City is only 9 months behind. Improvement has been made, but full catchup of bank reconciliations is expected to be done by October 2024.

Planned Implementation Date: October 2024

Responsible Person(s): Sharon Rahban, City Controller

2021-014 – Staffing (SD)

Criteria: City employees should have adequate qualifications, competency, and experience to effectively carry out day-to-day responsibilities directly correlated with their job description in a qualitative and timely manner.

Condition: The City Controller's Office filled some vacancies since FY 2021 however it still has vacancies in positions that are vital in the City's day-to-day accounting.

Cause: The City's recruitment process is lengthy. Additionally, departments are encouraged to explore internal recruitments more extensively, rather than initiating external recruitments.

Effect or Potential Effect: Upper management has been compensating for the lack of lower management available in the City Controller's Department, which results in delays of getting complex projects completed, i.e. financial statement audits, cost allocation plan revision, capital assets valuation, etc. The City Controller's Department has been delayed in its financial statement audits and other projects because vacancies are preventing day-to-day accounting activities from being effectively carried out. This has resulted in the City not having enough resources to move other projects forward.

Repeat of a Prior-Year Finding: 2020-007

Recommendation: We recommend that the City implement a remedial action plan to adequately staff the departments with qualified and experienced individuals who can contribute immediately to the performance of its accounting functions.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has hired CPA firms and temp agencies to assist with catchup of work. The City is also en route to completing a compensation study that will likely yield compensation increases needed to attract the necessary talent to fully staff the controller's office with qualified personnel.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, HR Director

2021-015 – Internal Audits (SD)

Criteria: Internal audits should be performed to ensure that information processed is accurate and valid. Departments should cooperate and make all information available for internal audits to be performed and completed effectively and efficiently.

Condition: There is a lack of cooperation from departments when supporting documentation is requested for internal audit purposes.

Cause: Departments other than the City Controller's Office do not agree that providing information to the internal auditor is their responsibility. These departments are not willing to use resources to fulfill a task that they believe is not included in their job description. Internal audit requests have not been common practice in the City in the recent years and, therefore, might not have been addressed in job descriptions. However, the City has been making efforts to resolve operational, accounting, and internal control issues that will allow the City to move forward.

Effect or Potential Effect: Lack of transparency results in information that cannot be considered timely or reliable. Additionally, failing to perform regular and timely internal audits creates an opportunity for malicious activities, including waste and abuse of City funds.

Repeat of a Prior-Year Finding: 2020-006

Recommendation: We recommend that City Council and City Management establish and reinforce policies and procedures that promote cooperation of all departments and educate them on the importance of checks and balances within departments across the City.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Manager will formally adopt the internal audit policy.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager

2021-016 – Turnover and Lack of Consistent Leadership (SD)

Criteria: An entity in a governmental environment must have adequate and consistent, competent leadership demonstrating and exercising oversight responsibility.

Condition: The City has been experiencing a high degree of management turnover for years, since at least 2010, which can result in a lack of consistent leadership, lack of operational stability, and inefficient provision of services to its citizens. Between January 1, 2010, and January 1, 2024, more than ten different individuals served as City Manager. In addition, the City also experienced numerous turnover of the City Controller position in past years through FY 2021.

Cause: The high turnover has contributed to a lack of leadership and, in some cases, a lack of management oversight.

Effect or Potential Effect: In addition to potential effects noted above, for purposes of financial reporting, the City was unable to produce financial statements on a timely basis.

Repeat of a Prior-Year Finding: 2019-033

Recommendation: In line with SCO's comment, we recommend the City evaluate its hiring practices for its upper management positions. In addition, the City should develop a succession plan that will help it to ensure continued leadership even during management turnover.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: Per the State Auditor's report of October 2022, the City Manager and HR Director will prepare hiring policies and succession plans.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, HR Director

2021-017 – Bond Compliance (NC)

Criteria: Governmental entities are subject to a variety of laws, regulations, and contracts that have a direct and material effect on their financial statements. Accordingly, governmental entities should establish a system of internal control over compliance to ensure compliance with laws, regulations, and contracts. Personnel assigned to monitor compliance should have the appropriate knowledge and experience related to the requirements.

Pursuant to Section 5.11 (c) of the Indenture dated July 1, 1993 with US Bank, the City is required to cause the independent certified public accountant to deliver to the City and the trustee a certificate showing that during such fiscal year the City was in compliance with its rate covenant as set forth in Section 5.09.

SEC Rule 15c2-12 requires local governments issuing bonds to provide certain information to the Municipal Securities Rulemaking Board (MSRB) about the securities on an ongoing basis.

Condition: The City and the Successor Agency were not in compliance with reporting provisions of the indentures for various bonds for the fiscal year ended June 30, 2021 because the City's audited financial statements were not issued within 180 to 270 days of the year-end. Additionally the City and the Successor Agency were not in compliance with continuing disclosure requirements under SEC Rule 15c2-12.

Cause: Lack of audited financial statements.

Effect or Potential Effect: Bonds could be deemed in default and could become due and payable. The City could not issue new bonds or refinance existing bonds.

Repeat of a Prior-Year Finding: 2018-036, 2019-024

Recommendation: We recommend the City develop a tactical plan to complete the audits for the City and become current by fiscal year 2024. For the long-term, we recommend the City develop, document, and implement policies and procedures to ensure the City's compliance with applicable laws, regulations, and contracts. Personnel assigned to monitor compliance should have the appropriate knowledge and experience with requirements.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has hired outside CPAs and temp agencies to assist with audit catchup, and expects to be caught up on all audits through FY 2023 by December 2024.

Planned Implementation Date: December 2024

Responsible Person(s): Sharon Rahban, City Controller

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARDS

Finding No.	Federal Program Name	Assistance Listing No.	Compliance Requirement(s)	Status of Corrective Action	Repeat Finding No.
2020-001	Section 8 Housing Choice Vouchers	14.871	Reporting (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted	2021-002
2020-002	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Rolling Forward Equity Balances (MW, NC)	Resolved for FY 2021	
2020-003	N/A; General finding	N/A	Filing of Single Audit Report (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted.	2021-001
2020-004	N/A; General finding	N/A	Schedule of Expenditures of Federal Awards Preparation (SD, NC)	Resolved for FY 2021	
2019-001	Community Development Block Grants/Entitlement Grants	14.218	Reporting (MW, NC)	In progress. Grants policy was received and filed by the City Council in March 2022 but it needs to be implemented.	2021-006
2019-002	Community Development Block Grants/Entitlement Grants	14.218	Program Income - Identification, Determination, Assessment, and Recording (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	
2019-003	Community Development Block Grants/Entitlement Grants	14.218	Program Income - CDBG Loan Listing (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	
2019-004	Community Development Block Grants/Entitlement Grants	14.218	Equipment and Real Property Management (MW, NC)	Resolved for FY 2021	
2019-005	Section 8 Housing Choice Vouchers	14.871	Reporting (MW, NC)	In progress	2021-002
2019-006	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Rolling Forward Equity Balances (MW, NC)	Resolved for FY 2021	
2019-007	N/A; General finding	N/A	Filing of Single Audit Report (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted.	2021-001
2019-008	N/A; General finding	N/A	Schedule of Expenditures of Federal Awards Preparation (MW)	Resolved for FY 2021	
2018-001	Community Development Block Grants/Entitlement Grants	14.218	Reporting (MW, NC)	In progress. Grants policy was received and filed by the City Council in March 2022 but it needs to be implemented.	2021-006
2018-002	Community Development Block Grants/Entitlement Grants	14.218	Program Income - Identification, Determination, Assessment, and Recording (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARDS (CONTINUED)

Finding No.	Federal Program Name	Assistance Listing No.	Compliance Requirement(s)	Status of Corrective Action	Repeat Finding No.
2018-003	Community Development Block Grants/Entitlement Grants	14.218	Program Income - CDBG Loan Listing (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	
2018-005	Community Development Block Grants/Entitlement Grants	14.218	Allowable Costs/Cost Principles - Lack of Drawdown Supporting Documentation (MW, NC)	Not a finding in 2021	
2018-006	Community Development Block Grants/Entitlement Grants	14.218	Equipment and Real Property Management (MW, NC)	Resolved for FY 2021	
2018-007	Section 8 Housing Choice Vouchers	14.871	Reporting (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted	2021-002
2018-010	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Rolling Forward Equity Balances (MW, NC)	Resolved for FY 2021	
2018-011	N/A; General finding	N/A	Filing of Single Audit Report (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted.	2021-001
2018-012	N/A; General finding	N/A	Schedule of Expenditures of Federal Awards Preparation (MW)	Resolved for FY 2021	

Findings for FYE 2017 and prior have been omitted in this report.

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS

Findings No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2020-005	SD	Land Held for Resale Appraisals	Resolved for FY 2021. Comparable sales and appraisals were obtained.	
2020-006	MW	Internal Audits	In progress. The internal audit policy was received and filed by the City Council. The internal audit division is still being staffed.	2021-015
2020-007	MW	Staffing	In progress. Staffing is still ongoing.	2021-014
2019-009	MW	Bank Reconciliations	In progress. Bank reconciliation policy was received and filed by the City Council in March 2022. Bank reconciliations through June 2023 have been completed.	2021-013
2019-010	MW	Cash - Negative Balances	In progress. Some of the negative balances have been removed as of June 30, 2021. A cost allocation plan and fiscal sustainability plan is being conducted to eventually remove the negative cash in the general fund. The City will adopt a grants policy that will allow grant funds to drawdown reimbursements on a timely manner.	2021-009
2019-011	SD	Accounts Receivable Roll Forward Balances	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-012	MW	Notes and Loans Receivable	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-013	SD	Utilities Allowance for Doubtful Accounts	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-014	SD	Prepaid Expenses and Roll Forward Balances	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-015	MW	Capital Assets	Resolved for FY 2021. The City conducted a full inventory and valuation of capital assets.	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2019-016	MW	Land Held for Resale	Resolved in 2021. Comparable sales and appraisals were obtained.	
2019-017	SD	Interfund Balances	Resolved for FY 2021. Interfund balances were reviewed in detail in FY 2021. The policies and procedures related to interfund balances are included in the grants policy that was received and filed by the City Council in March 2022.	
2019-018	MW	Interfund Balances - Advances to/from Repayment	Resolved for FY 2021. Interfund balances were reviewed in detail in FY 2021. The policies and procedures related to interfund balances are included in the grants policy that was received and filed by the City Council in March 2022. A repayment plan was approved by the City Council.	
2019-019	SD	Accrued Interest	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-020	MW	Accrued Liabilities	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-021	SD	Accrued Wages Payable	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-022	MW	Deferred Grant Revenues	Resolved for FY 2021	
2019-023	SD	Fund Balance Classification	Resolved for FY 2021. The recommendations were included in the general accounting policies received and filed by the City Council in March 2022.	
2019-024	MW	Bond Compliance	In progress. Bond covenant testing was performed in FY 2021.	2021-017

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2019-025	MW	Negative Fund Balances	In progress. The City is taking several steps to resolve this finding: A cost allocation plan will be completed to properly allocate costs to various funds; a fee study is underway; a fiscal sustainability plan was also initiated. In the meantime, the City has resolved some of the negative fund balances with only a few funds remaining with negative fund balances.	2021-009
2019-026A	MW	Payroll Allocations	In progress. A payroll policy was submitted to the City Council and City Management for implementation.	
2019-026B	MW	Human Resources	In progress. A payroll policy was submitted to the City Council and City Management for implementation.	
2019-027	SD	Self-Insurance Liabilities and Expenditures/Expenses	In progress pending policy adoption by City Manager.	
2019-028	SD	Cash Disbursements - Payments Based on Quotes	Not observed in 2021. The accounts payable policy was submitted to City Council for review and file and is ready for implementation.	
2019-029	SD, NC	Procurement Policy	In progress. The purchasing policy was submitted to the City Council for review and file. It is awaiting approval by the City Manager to be included in the Standard Operating Manual of the City.	2021-012
2019-030	SD, NC	Procurement - Requests for Proposal (RFP) Documentation	In progress. The purchasing policy was submitted to the City Council for review and file. It is awaiting approval by the City Manager to be included in the Standard Operating Manual of the City.	2021-012
2019-031	SD	Journal Entries	Resolved for FY 2021	
2019-032	MW	Lack of Budgeted Fund Balances	Fully implemented for FY 2023 and FY 2024.	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2019-033	MW	Turnover and Lack of Consistent Leadership	In progress. The City has filled some of the executive positions at the City. A consultant will be engaged to provide succession planning services.	2021-016
2019-034	MW	Information Technology (IT) Controls	In progress	2021-010
2018-013	MW	Bank Reconciliations	In progress. Bank reconciliation policy was received and filed by the City Council in March 2022. Bank reconciliations through June 2023 have been completed.	2021-013
2018-014	MW	Cash - Negative Balances	In progress. Some of the negative balances have been removed as of June 30, 2021. A cost allocation plan and fiscal sustainability plan is being conducted to eventually remove the negative cash in the general fund. The City will adopt a grants policy that will allow grant funds to drawdown reimbursements on a timely manner.	2021-009
2018-015	SD	Accounts Receivable Roll Forward Balances	Resolved for FY 2021	
2018-016	MW	Notes and Loans Receivable	Resolved for FY 2021	
2018-017	MW	First Time Home Buyer Loan Program	Resolved for FY 2020	
2018-018	MW	Grants Receivable	Resolved for FY 2020	
2018-019	SD	Utilities Allowance for Doubtful Accounts	Resolved for FY 2021	
2018-020	SD	Prepaid Expenses and Roll Forward Balances	Resolved for FY 2021	
2018-021	SD	Interfund Balances	Resolved for FY 2021	
2018-022	MW	Interfund Balances - Advances to/from Repayment	Resolved for FY 2021	
2018-023	MW	Capital Assets	Resolved for FY 2021	
2018-024	SD	Land Held for Resale	Resolved for FY 2021	
2018-025	SD	Accounts Payable Supporting Documentation	Resolved for FY 2020	
2018-026	SD	Accrued Interest	Resolved for FY 2021	
2018-027	MW	Accrued Payroll	Resolved for FY 2021	
2018-028	MW	Accrued Liabilities	Resolved for FY 2021	
2018-029	SD	Retentions Payable	Resolved for FY 2021	
2018-030	SD	Deposits	Resolved for FY 2021	
2018-031	SD	Special Revenue Funds not Budgeted	Resolved for FY 2021	
2018-032			Resolved for FY 2019	
2018-033	SD	Deferred Grant Revenues	Resolved for FY 2021	
2018-034	SD	Bonds Payable	Resolved for FY 2021	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2018-035	SD	Bond Refunding	Resolved for FY 2021	
2018-036	MW	Bond Compliance	In progress. Bond covenant testing was performed in FY 2021.	2021-017
2018-037	MW	Fund Balance - Negative Fund Balances	In progress. The City is taking several steps to resolve this finding: A cost allocation plan will be completed to properly allocate costs to various funds; a fee study is underway; a fiscal sustainability plan was also adopted. In the meantime, the City has resolved some of the negative fund balances with only a few funds remaining with negative fund balances.	2021-009
2018-038	MW	Human Resources - Employee Compensation	In progress. A consultant was hired by the City Manager to prepare HR policies and procedures.	
2018-039	MW	Management Oversight and Control - Payroll Segregation of Duties	In progress. A consultant was hired by the City Manager to prepare HR policies and procedures.	
2018-040	MW	Information Technology (IT) Controls	In progress	2021-010

Findings for FYE 2017 and prior have been omitted in this report.

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2021

As management of the City of Compton, California (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

A) FINANCIAL HIGHLIGHTS

- The assets and the deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the Fiscal Year 2020-2021 by approximately \$5.1 million (*net position*), which is approximately \$105.1 million higher than the previous year's net position. This is due primarily to a City-wide valuation of capital assets and an increase in tax revenue, including property taxes and sales taxes. While franchise tax and special assessment tax revenue remained mostly flat relative to fiscal year 2019-20, property tax and sales tax revenue improved relative to the prior year by approximately \$12.0 million and \$7.1 million, respectively. The unrestricted portion of net position as of June 30, 2021 increased by approximately \$21.4 million to (\$256,963,174) accumulating more resources that may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds (e.g. General Fund, Capital Projects Funds, Special Revenue Funds, etc.) reported combined fund balances of approximately \$169.6 million, an increase of approximately \$59.1 million from the prior year. Of this amount, \$172.5 million, or approximately 102.1%, of total fund balances are reported as either "Nonspendable" (\$10.5 million), "Assigned" (\$140 thousand), "Committed" (\$3.4 million), or "Restricted" (\$162.2 million) fund balances, leaving negative \$(6.7 million) available as Unassigned for use at the City's discretion. This increase in the City's governmental funds combined fund balances reported was primarily driven by increases in tax revenue (by approximately \$11 million) and an influx of bond proceeds (by approximately \$41.8 million) from the 2021 Sales Tax Revenue Bonds issued in March 2021.
- The City's net capital assets (land, buildings, equipment, infrastructure, less accumulated depreciation) were at \$208.8 million as of June 30, 2021, increasing by \$83.7 million over the previous year due mainly to a valuation of capital assets that the City had been performed which recognized prior unrecorded capital assets (\$73.4 million), as well as additions and improvements during Fiscal Year 2020-2021 for streets and pavement (\$14.5 million), and for Gonzales Park solar arrays (\$637.5 thousand).
- The City's net long-term liabilities increased by \$67.3 million to \$466.2 million, primarily as the result of issued bonds of \$41 million during March of 2021 along with Pension and OPEB liability increases of \$8.3 million and of \$20.0 million respectively. Offsets to these increases occurred from principal payments made by the City on exiting bonds payable, notes and loans payable.
- The City's financial position was elevated during Fiscal Year 2020-2021 with the removal of two "qualified" opinions from the City's Single Audit and audited financial statements. Prior to Fiscal Year 2020-2021, the City maintained a "qualified" audit opinion on its valuation of Capital Assets, as well as on the City's reporting of Housing Authority Equity balances. During Fiscal Year 2020-2021 City staff performed the necessary research to rectify the valuations and reporting of these assets and liabilities. This follows the research done during the prior Fiscal Year 2019-2020 which saw the removal of two "qualified" audit opinions regarding the City's recorded balances of Unearned Revenue and Loan Receivable. As of the Fiscal Year ended June 30, 2021 only one "qualified" opinion has remained for which research has begun for an anticipated rectification within the next audit report.
- Property Taxes increased by approximately \$12.0 Million, 24.6%, primarily as a result of an increase in assessed valuation from new non-residential construction (a 7.54% increase as shown in the Proposition 111 Analysis of the Office of the Assessor of Los Angeles County).
- Sales Taxes increased by approximately \$7.1 Million or 33%, as a result of increased spending volume.
- Utility User Taxes increased by approximately \$1.1 million, 10.2%, as a result of increased residential utility usage incurred from shut down orders in Los Angeles County during the Covid-19 pandemic.
- Casino Tax Revenue significantly declined by approximately \$548,000 or 36%, as a result of shut-down orders in Los Angeles County during the Covid-19 pandemic.

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2021

B) OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (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) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, environmental and human services and debt service. The business-type activities of the City include operations of its Water, Sewer and Solid Waste utilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also activities of three legally separate component units: the Successor Agency of the City of Compton, the Compton Public Finance Authority, and the Compton Housing Authority. Because the City Council acts as (or appoints) the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 141 individual 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

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
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General Fund, the Retirement Fund, and the Compton Housing Successor Capital Projects Fund, each of which are considered to be major funds. Data from the other 138 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Additional Financial Information section of this report.

The City adopts an annual appropriated budget for its General Fund, each of its special revenue funds, its debt service fund, and its capital projects fund. A budgetary comparison statement is provided for each of the City's major governmental funds or groups of funds to demonstrate compliance with this budget. The budgetary comparison statement for the General Fund and the Retirement Fund is located in the basic financial statements; the budgetary comparison statements for the Compton Housing Successor Capital Projects Fund and the non-major governmental funds are presented in the Additional Financial Information section of this report.

The basic governmental fund financial statements can be found on pages 8-11 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 governmentwide financial statements. The City uses Enterprise Funds to account for its Water, Sewer and Solid Waste utilities. 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 the following activities:

- Equipment Usage and Rental
- Central Duplication, and
- Self-Insurance

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmentwide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Solid Waste, each of which is considered a major fund 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 in the Additional Financial Information section of this report. The basic proprietary fund financial statements can be found starting at page 12 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 18 - 72 of this report.

Other Information

In addition to the basic financial statements and 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. Required supplementary information can be found on page 73 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, together with information on the Retirement Fund budget comparison, are presented immediately following the required supplementary information on pensions and other postemployment benefits.

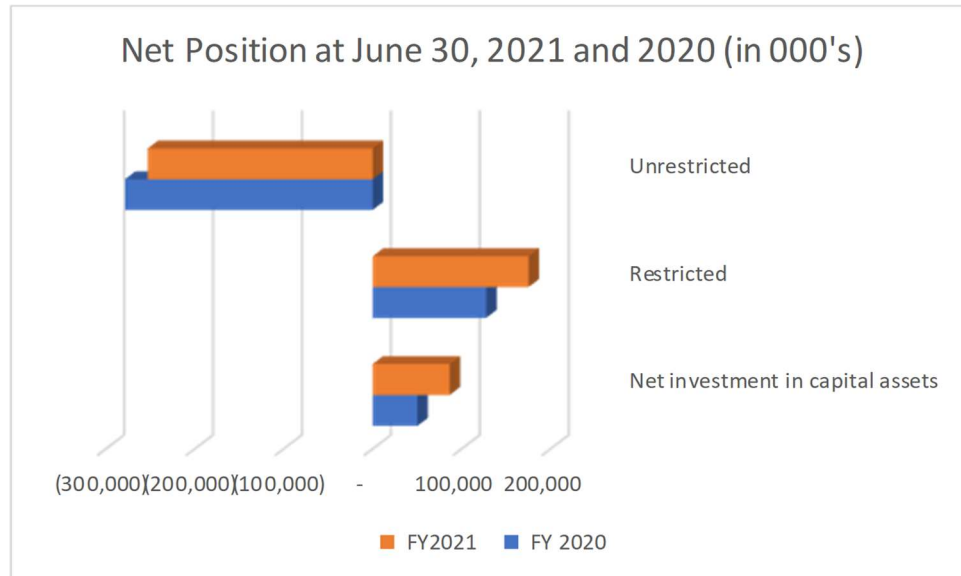
C) GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$5.1 million at the close of Fiscal Year 2020-2021.

A large portion of the City's net position, \$86.7 million reflects its net investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently,

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2021

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.



Another large portion of the City's net position, \$175.3 million is restricted and, as noted earlier, is restricted to meet the City's ongoing obligations to creditors, grantors, and special-levy tax payers. A negative portion of the City's net position, (\$257.0 million) represents a deficit in resources that need to be set aside to cover long term liabilities. At the end of the fiscal year, due to the City's financial position and despite the impacts of the COVID-19 pandemic on the City's revenues, the City is able to report improvements in balances in net position for both its governmental activities as well as its business activities.

City of Compton, California (000's)							
As of June 30, 2021 and 2020							
	Governmental Activities		Business-type Activities		Total		
	2021	2020	2021	2020	2021	2020	
ASSETS							
Current assets	\$ 167,418	124,620	34,544	29,369	201,962	153,990	
Noncurrent Assets	31,538	(9,002)	29,776	30,220	61,314	21,218	
Capital assets	164,048	90,093	44,703	34,911	208,751	125,004	
Total assets	363,004	205,711	109,024	94,500	472,028	300,211	
Deferred outflows of resources	43,703	34,678	3,335	1,703	47,038	36,381	
LIABILITIES							
Current liabilities	35,504	20,392	8,294	7,082	43,798	27,474	
Long-term liabilities, net of current portion	388,533	327,212	77,710	71,757	466,244	398,969	
Total liabilities	424,037	347,604	86,004	78,839	510,041	426,443	
Deferred inflows of resources	3,693	9,705	233	484	3,926	10,188	
NET POSITION							
Net investment in capital assets	86,719	50,582	-	-	86,719	50,582	
Restricted	162,198	117,334	13,146	10,412	175,344	127,746	
Unrestricted	(269,939)	(284,835)	12,976	6,468	(256,963)	(278,367)	
Total net position	\$ (21,021)	(116,919)	26,121	16,880	5,100	(100,039)	

The City's governmental current assets increased by \$42.8 million (primarily due to an increase in tax revenues as well as from the City's receipt of grant proceeds from the American Rescue Plan) to \$167.4 million, while current assets for business-type activities increased by \$5.2 million to \$34.5 million. Net capital assets overall grew to \$208.8

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2021

million at June 30, 2021. Growth in capital assets in governmental activities was due to a capital assets valuation that the City performed as well as from increases in buildings, infrastructure, and machinery and equipment, while growth in business-type activities was primarily due to the performance of the capital assets valuation which included the recording of past asset acquisitions. Long-term liabilities increased by \$67.3 million to \$466.2 million primarily as a result of the 2021 Sales Tax Revenue bonds issued in March of 2021 for \$41 million, as well as a result of the increase to the total of Pension and OPEB liabilities of approximately \$8.3 million and \$20.0 million, respectively.

City of Compton, Change in Net Position (000's)						
For the Years Ended June 30, 2021 and 2020						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues						
Charges for services	\$ 14,399	15,317	28,437	29,485	42,835	44,801
Op. grants & cont.	15,579	11,139	-	-	15,579	11,139
Cap. Grants & cont.	8,035	10,258	-	-	8,035	10,258
General Revenues						
Taxes						
Property	60,769	48,768	-	-	60,769	48,768
Sales	28,829	21,755	-	-	28,829	21,755
Utility user taxes	12,273	11,140	-	-	12,273	11,140
Franchise Taxes	2,737	2,565	-	-	2,737	2,565
Special Assessments	4,250	4,241	-	-	4,250	4,241
Transient occupancy taxes	68	105	-	-	68	105
Real property transfer taxes	237	242	-	-	237	242
Intergovernmental not restricted to specific programs	815	-	-	-	815	-
Investment earnings	1,334	1,558	50	124	1,385	1,682
Other Income	774	3,184	-	-	774	3,184
Transfer in from fiduciary fund	1,748	-	-	-	1,748	-
Total Revenues	<u>113,834</u>	<u>130,272</u>	<u>28,487</u>	<u>29,608</u>	<u>180,335</u>	<u>159,880</u>
Expenses						
General government	22,026	19,586	-	-	22,026	19,586
Public Safety	45,336	47,886	-	-	45,336	47,886
Public Works	13,504	9,551	-	-	13,504	9,551
Management Services	18,543	26,366	-	-	18,543	26,366
Environmental and Human Services	15,842	15,284	-	-	15,842	15,284
Interest on long-term debt	1,835	1,578	-	-	1,835	1,578
Water	-	-	18,682	9,510	18,682	9,510
Rubbish	-	-	6,161	9,005	6,161	9,005
Sewer	-	-	2,241	1,934	2,241	1,934
Total Expenses	<u>117,086</u>	<u>120,250</u>	<u>27,084</u>	<u>20,448</u>	<u>144,170</u>	<u>140,698</u>
Prior Year Adjustment	55,461	(5,900)	13,513	13,404	68,974	7,505
Transfers	5,675	5,651	(5,675)	(5,651)	-	-
Change in Net Position	40,437	15,673	(4,272)	3,510	36,165	19,182
Net Position, July 1 (as restated)	(61,458)	(132,592)	30,393	13,371	(31,065)	(119,221)
Net position, June 30	\$ <u>(21,022)</u>	<u>(116,919)</u>	<u>26,121</u>	<u>16,880</u>	<u>5,100</u>	<u>(100,039)</u>

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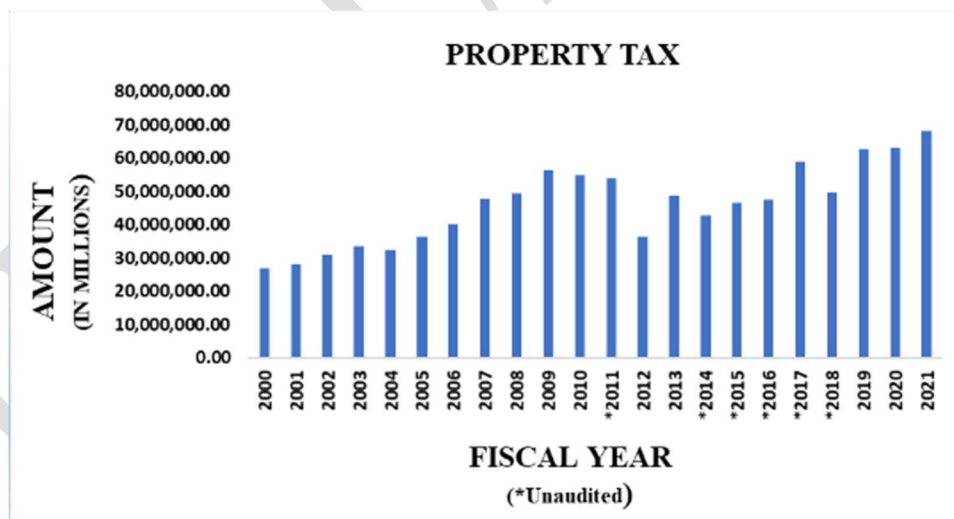
Total revenues increased from \$159.9 million in Fiscal Year 2019-2020 to \$180.3 million in Fiscal Year 2020-2021 or, an increase of \$20.5 million or 12.8%. The City experienced an increase of 22.9% in tax revenues or \$20.3 million. While Franchise Tax, and Special Assessment Taxes saw slight increases of \$181 thousand (6.7% from \$2.6 million to \$2.7 million), and \$10 thousand (0.2% from \$4.24 million to \$4.25 million) respectively, certain tax revenues were less affected by the Covid-19 pandemic. Sales Tax due to an increase in spending trends, recorded a \$12.0 million increase (32.5% from \$21.7 million to \$28.8 million). Similarly, Property Tax increased due to appreciation in assessed property values by \$20.3 million (24.6% from \$48.8 million to \$60.7 million). The City also experienced a decrease of \$2.0 million or 4.4% in revenue from charges for services provided due to reduced demand in services offered during the pandemic closures. Total expenses increased by \$3.5 million from \$140.7 million in fiscal year 2019-2020 to \$144.2 million in fiscal year 2020-2021 or 2.0%.

Governmental Activities

The total growth in net position for the City was \$105.1 million for the fiscal year ended June 30, 2021 compared to \$13.2 million in fiscal year ended June 30, 2020, a \$91.9 million increase. This was mainly due to the performance of the City-wide capital asset valuation and increases in tax revenue. Total general revenues and transfers increased \$20.5 million compared to the prior year primarily due to the increase in tax revenue. The City of Compton has three major tax sources, sales, property, and utility users tax. While these sources generally provide for a diversified and stable tax base, which reduces reliance on any one source, this year the City did see significant increases in both sales tax and property tax, further described below.

Property Tax

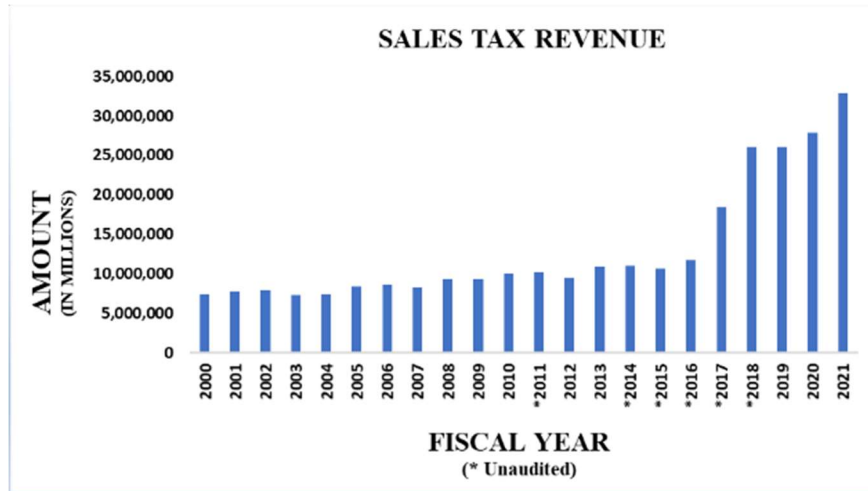
Property taxes are levied based on assessed values, which grew 7.54% (as shown in the Proposition 111 Analysis of the Office of the Assessor of Los Angeles County for new non-residential growth) this past year. This reflects a real estate market in the City of Compton that continues to gain strength resulting in a \$12.0 million or 24.6% increase in property tax revenues to a total of \$60.8 million.



Sales Tax

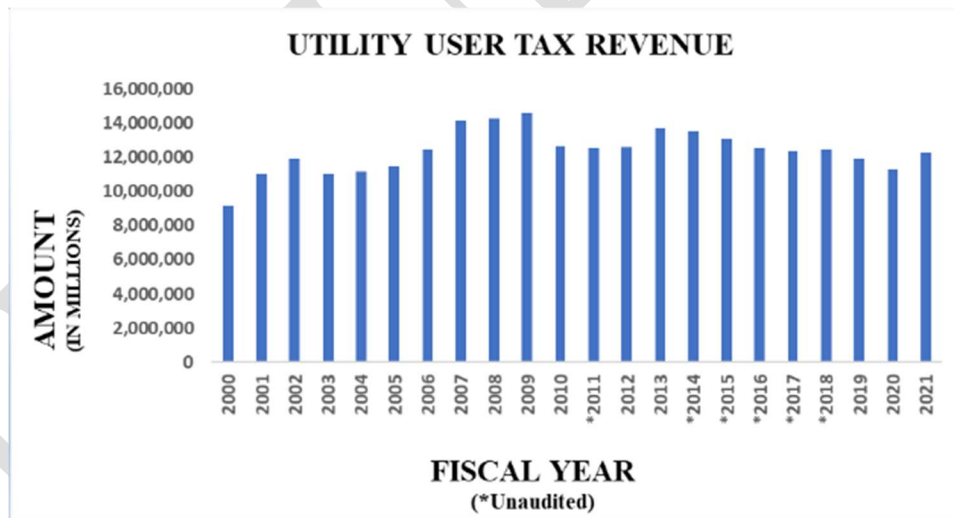
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Sales tax revenue increased by approximately \$7.1 million or 32.5% to \$28.8 million in fiscal year 2020-2021 compared to fiscal year 2019-2020, primarily due to increased spending volume.



Utility User Taxes

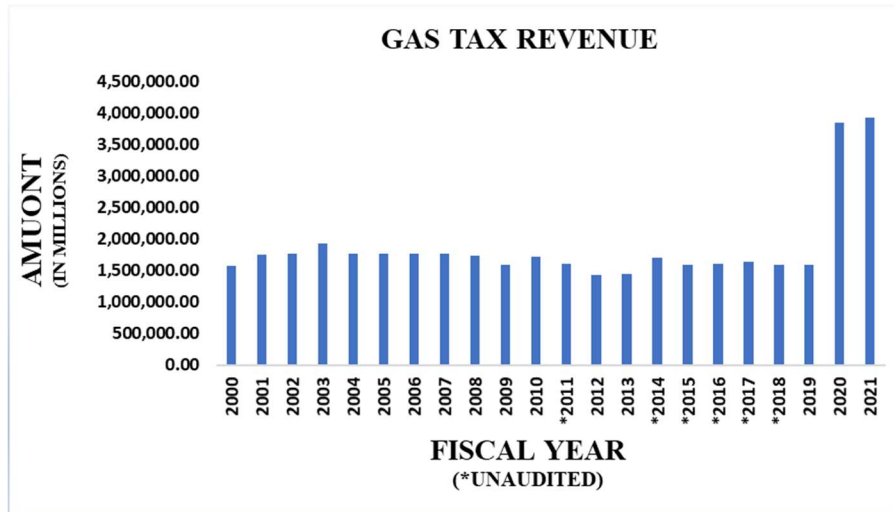
Utility User tax revenue also increased in fiscal year 2020-2021 to \$12.3 million, increasing \$1.1 million or 10.2% from \$11.1 million in prior fiscal year. For commercial, retail and certain other categories of utility user tax, the utility user tax is computed on units of utility usage. As a result, the increase in residential activities attributable to pandemic periods contributed to the increase of this revenue.



Gas Taxes

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Gas tax revenues for fiscal year 2020-2021 decreased by \$16 thousand or 0.4% for a total of \$3.94 million versus prior year actual receipts of \$3.95 million. The decrease in revenue is primarily driven by temporary shut-down orders in Los Angeles County due to the Covid-19 pandemic.



Franchise Taxes

Franchise tax revenues for fiscal year 2020-2021 increased by approximately \$172 thousand or 6.7% for a total of \$2.74 million versus prior year actual receipts of \$2.57 million. The increase in revenue is primarily driven by temporary increased usage of utilities due to Covid-19 shut downs.

Charges for services

Charges for Services slightly declined by approximately \$918 thousand or 6.0% to approximately \$14.4 million in Fiscal Year 2020-2021 due to the effect that the Covid-19 pandemic shut downs had on the demand for City services.

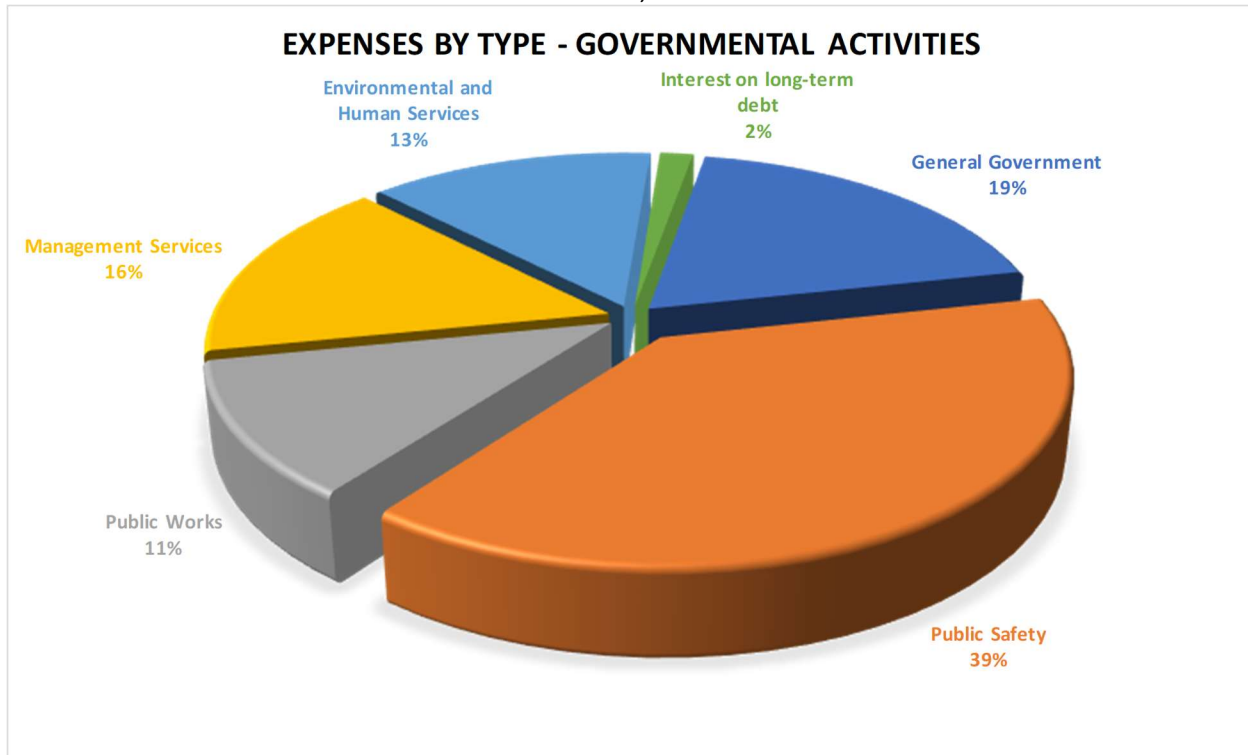
Investment revenues

Investment revenues also decreased by \$297 thousand or 17.7% due to a decrease in interest rates and investment returns.

Expenses of Governmental Activities

The City continued its efforts to maintain effective cost controls. Governmental activities expenses during fiscal year 2020-2021 were allocated as shown in the following chart:

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Public safety expenses

Public Safety expenses decreased 5.3% to \$45.3 million primarily due to a decrease in Pension expenses of approximately \$2.0 million due to change in projected earnings on Pension plan investments and recognized changes in assumptions. Additionally, there were decreases in Public Safety expenditures for salaries and crossing guard costs, approximately \$1.0 million. These decreases were primarily off-set by an increase of approximately \$1.2 million in the City's contract with the Los Angeles County Sheriff.

Public works expenses

Public works expenses increased 41.4% to \$13.5 million primarily due increase in depreciation expenses attributed to increases in public works capital assets being valued in the capital asset valuation study implemented in Fiscal Year 2020-2021.

Management services expenses

Management Services Expenses decreased 29.7% to \$18.5 million, primarily due to a \$6.3 million decrease in OPEB and pension costs due to change in projected earnings on Pension plan investments and recognized changes in OPEB and Pension assumptions. Additionally, expenses for the General Services department decreased by \$1.0 million, as those expenses were budgeted under the category of Public Works during FY2020-2021, instead of in Management Services as they were budgeted in FY 2019-2020. There was additionally, an approximate \$500 thousand decrease in utility costs of water and electricity used by the City.

General government expenses

General government expenses increased 12.5% from \$19.5 million to \$22.0 million mainly due an increase in general liability claims incurrence during FY 2020-2021.

Environmental and human services expenses

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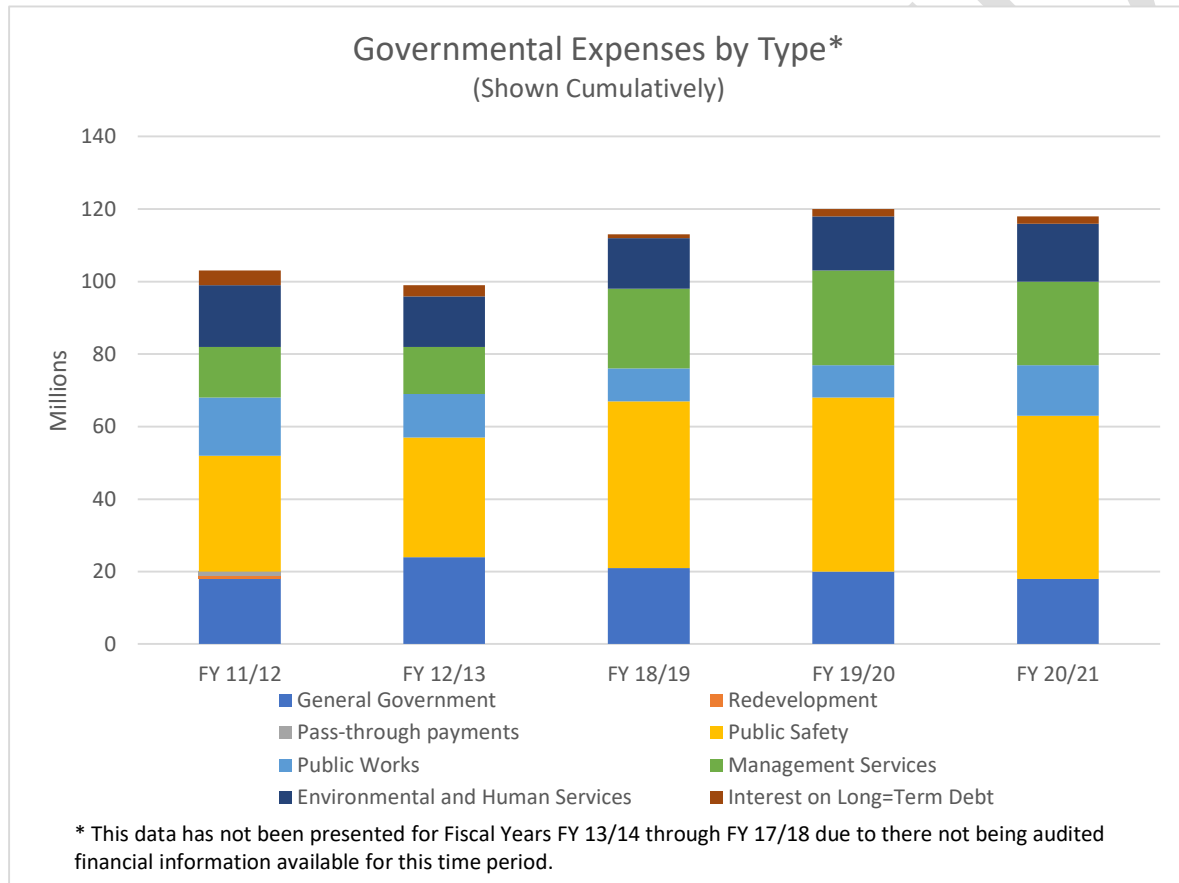
Environmental and human services expenses increased 3.7% from \$15.3 million to \$15.8 million primarily due a contribution to other agencies valued at \$2.9 million that was made from the Compton Housing Successor fund, primarily offset by \$2.1 million decrease in Recreation expenditures.

Interest on long-term debt

Interest on long-term debt increased 16.3% to \$1.8 million, with debt service payments of \$2.1 million, as a result of debt-service structures.

The following chart examines the City's governmental (i.e. non-business type) expenses over the past several years:

Governmental Expenses by Type



Business-type Activities

Business-type activities increased the City's net position by \$ 9.2 million in Fiscal Year 2020-2021 to \$26.1 million.

Key factors related to business-type activities include:

Total revenues for business-type activities were \$1.1 million lower than the previous year primarily due to \$1.8 million reduction in charges for services for the Rubbish Enterprise Fund as a result of lower demand due to the pandemic.

Total expenses in the business-type activities increased \$6.6 million compared to the prior fiscal year due primarily to a \$5.4 million increase in the Water Enterprise Fund from additions to OPEB cost.

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D) 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 and outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the 2020-2021 fiscal year, the City's governmental funds report combined ending fund balances of \$169.6 million, an increase of \$59.1 million over the prior year. Increases in tax and special assessment revenue for the current year provided a \$10.9 million or 12.4% increase in revenues to \$99.8 million. A \$5.2 million or 4.7% increase in expenditures to \$115.5 million was mostly due to an increase in capital outlay expenditures of \$9.1 million with a combining offset primarily from an approximate \$3.7 million decrease in Governmental fund expenditures due to decreases in General Government, Public Safety, Public Works, Management Services, and Environmental and Human Services (this included a wide variety of cost reduction measures that were undertaken as a result of the pandemic, such as reductions to materials, supplies, and contractual services, deferral of labor cost increases from labor negotiations, reduction of certain City services, slow hiring, position eliminations, and layoffs). The increase in capital outlay expenditures were primarily related to street and pavement projects, as well as a transfer of land in the Housing Successor Capital Projects Fund.

Fund Balance

The components of fund balance include the following line items:

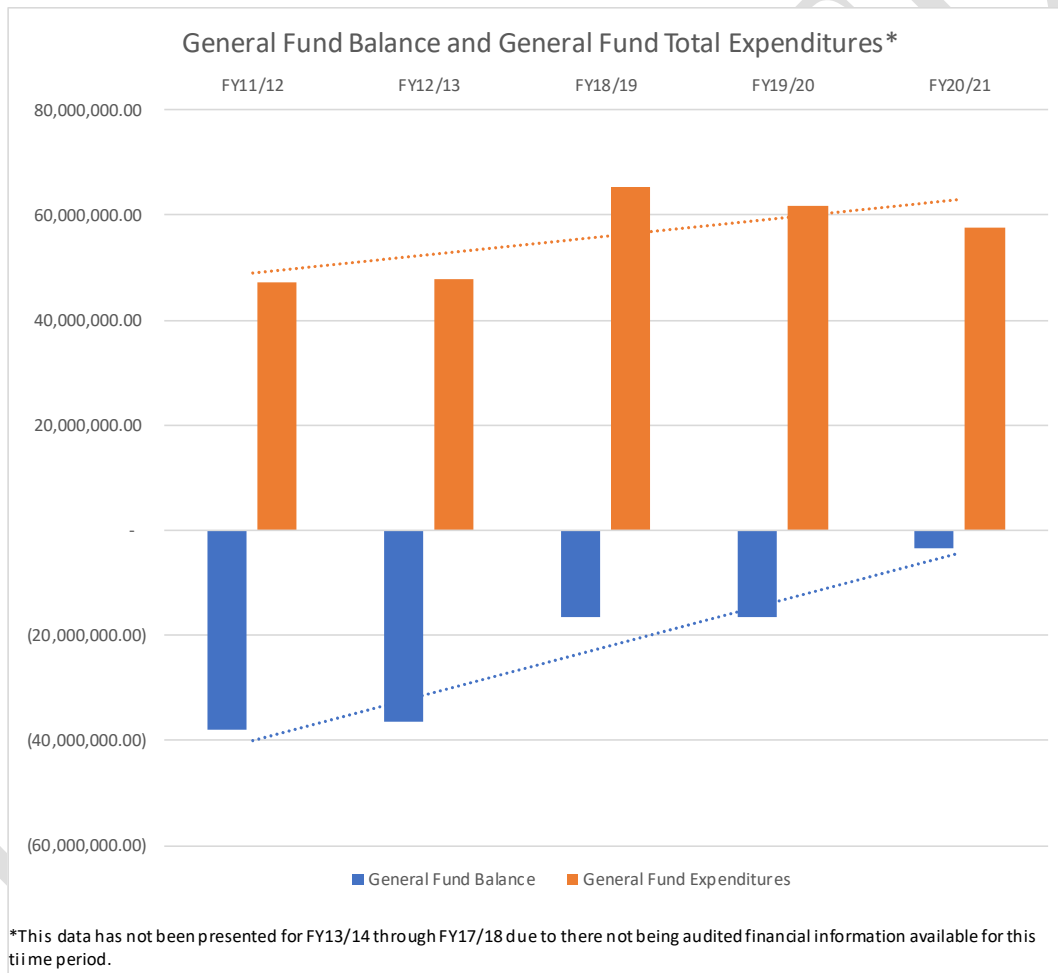
- a) **Nonspendable fund balance** - \$10.5 million (inherently nonspendable) include the portion of net resources that cannot be spent because of their form, such as long-term receivables, and the portion of net resources that cannot be spent because they must be maintained intact.
- b) **Restricted fund balance** - \$162.2 million (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other government
- c) **Committed fund balance** - \$3.4 million (self-imposed limitation set in place prior to the end of the period) Limitation imposed at the highest level of decision making that requires formal action at the same level to remove.
- d) **Assigned fund balance** - \$141 thousand (limitation resulting from intended use) consists of amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Based on the City Charter, the City Manager is the designated official.
- e) **Unassigned fund balance** - (\$6.7 million) (residual net resources) is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

The fund balance of the City's General Fund increased by \$13.0 million during the current fiscal year. Revenues exceeded expenditures by approximately \$15.7 million in Fiscal Year 2020-2021. Expenditures in the General Fund decreased by \$4.4 million (which included a wide variety of cost reduction measures that were undertaken as a result of the pandemic, such as reductions to materials, supplies, and contractual services, deferral of labor cost increases from labor negotiations, reduction of certain City services, slow hiring, position eliminations, and layoffs). Additionally, Transfers In for charges for internal services exceeded Transfers Out (which were primarily for debt service payment funding of \$3.4 million) by approximately \$859 thousand.

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The fund balance of the City's Housing Successor Capital Projects Fund increased by \$859 thousand, primarily due to a reimbursement from the former CRA and current Compton Successor Agency related to a purchase of a property at Lot 14 from Prism Realty with APN #: 7318-003-077.

Perhaps the best measure of the City's effectiveness in weathering an economic downturn and building sustained growth for the future is its ability to catch up on building fund reserves. As a rule of thumb, a city should maintain sufficient reserves to weather the worst potential emergency scenarios. In the accompanying chart, the changes in the fund balance of the City's General Fund and the changes in total expenditures (excluding transfers out) is presented. As this chart demonstrates, the actions taken by the City have effectively improved revenues, controlled expenditures and allowed the City to increase its reserves for future needs. As shown in the chart below, in fiscal year 2011-2012 the fund balance was approximately negative \$38 million while total General Fund expenditures were \$48 million. By the end of fiscal year 2020-2021, on the other hand, the General Fund fund balance was approximately negative \$3.5 million while total expenditures were \$57.5 million.



Enterprise Funds

The City's enterprise funds account for financial transactions of the City's business-type function that primarily serve external customers. Total net position of the enterprise funds totaled \$26.1 million, an increase of \$9.2 million or 54.7%. The increase to total net position is the result of effective rate setting and managing available resources.

Other factors concerning the finances of these funds are as follows:

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Operating revenues for the Water Enterprise increased by approximately 3.5% to \$19.5 million. Residential, Commercial, Industrial, and Multi-family consumption all increased in a comparable manner compared to the consumption of the prior year. Operating expenses increased by \$9.2 million, or 130.1% during Fiscal Year 2020-2021 primarily due to an accrual of OPEB costs of \$5.4 million, as well as \$2.8 million recorded in Depreciation expenses which had not been determined in the prior year due to the City-wide valuation of capital assets occurring for Fiscal Year 2020-2021. Further, Materials and Supplies increased by approximately \$600 thousand in the Water Enterprise Fund due to the rising cost of wholesale water purchases. After factoring in non-operating items, net position in the Water Enterprise increased by \$7.8 million to \$22.9 million.

Operating revenues for the Sewer Enterprise increased slightly by approximately \$8 thousand or 0.3%. Operating expenses increased by 43.1% or by \$704 thousand primarily due to \$567 thousand recorded for Depreciation expenses which had not been determined in the prior year due to the City-wide valuation of capital assets occurring for Fiscal Year 2020-2021. These resulted in an overall, net position increase of approximately \$2.0 million to \$4.8 million.

Operating revenues for the Solid Waste Enterprise decreased \$1.7 million (21.6%) from \$7.9 million in prior fiscal year to \$6.2 million in current fiscal year. This decrease is due to an outsourcing of residential collection services that occurred during FY2019-2020. Operating expenses mirrored the trend and decreased \$(2.8) million to \$6.1 million due to reduced third party servicing company billing. Overall, the net position in the Solid Waste Enterprise Fund decreased \$(65) thousand to \$(1.5 million).

Internal Service Funds

The City's 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 its Equipment Rental, Central Duplication, and Self-Insurance Services provided. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Factors concerning the finances of the internal service funds have already been addressed in the discussion of the City's governmental activities.

E) BUDGETARY HIGHLIGHTS

The City adopts annual appropriated operating budgets for its governmental funds (General Fund, special revenue funds, debt service fund, and Housing Successor capital projects fund), and reports the results of operations on a budgetary comparison basis. The City also uses annual financial plans as a management tool for its enterprise and internal service funds, although the City does not report the results of these funds on a budgetary comparison basis.

When preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs. During the course of the year, the City Council can amend the originally adopted budget to re-appropriate prior year approved projects and expenditures, increase legal and professional services, move up the timing of expenditures for capital projects, and provide additional funding for community support.

General Fund

The General Fund reflected a positive net budget variance of \$16.5 million when comparing actual amounts to the final budget for the 2020-2021 fiscal year. This budget variance reflects actual revenues exceeding the final budget by \$4.6 million and total actual expenditures of \$11.9 million less than the final budget.

F) CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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The City performed a City-wide valuation of its capital assets which was effective for Fiscal Year 2020-2021. Due to this valuation, the City recognized that prior capital asset balances needed to be adjusted and these adjustments are reflected in the various City funds that house capital assets.

The City's investment in capital assets and CIP for its governmental and business-type activities amounts to approximately \$209 million net of accumulated depreciation and construction in progress as of June 30, 2021, which is a net increase of \$10.3 million (5.2%) over the restated amount of the prior year total of \$198.4 million.

Capital assets, net of accumulated depreciation, for governmental activities, increased from \$151.0 million at June 30, 2020 to \$164.0 million at June 30, 2021; a net increase of \$13.0 million or 8.6%. Capital asset additions totaled \$15.5 million, and depreciation expense totaled \$7.8 million. Significant additions include capital projects for streets and pavement (\$14.5 million), and for Gonzales Park solar arrays (\$637.5 thousand).

As of June 30, 2021 and 2020						
City of Compton's Capital Assets, Net of Accumulated Depreciation (000's)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020 *	2021	2020 *	2021	2020 *
Land	88,425	88,425	162	162	88,587	88,587
Buildings	59,405	58,751	3,836	3,836	63,241	62,587
Infrastructure	123,917	109,429	70,285	70,285	194,202	179,714
Machinery and Equipment	20,001	19,607	3,379	3,379	23,380	22,986
Construction in Progress	6,305	1,016	-	-	6,305	1,016
Accumulated Depreciation	(134,005)	(126,229)	(32,959)	(30,213)	(166,964)	(156,443)
Total capital assets, net	164,048	150,999	44,703	47,449	208,751	198,448

* restated capital asset amount as of 7/1/2020

Capital assets, net of accumulated depreciation, for business-type activities, decreased from \$47.4 million at June 30, 2020 to \$44.7 million at June 30, 2021; a net decrease of \$2.7 million or 5.8%. Depreciation expense totaled \$2.7 million. Additional information on the City's capital assets can be found in Note D to the basic financial statements on pages 41 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total long-term bonded debt outstanding of \$130.0 million, up by \$92.5 million from the prior year. The increase comprises a combination of bond repayments (\$6.1 million) and a new debt issuance, the 2021 Sales Tax Revenue Bonds (\$41 million) transacted on March 11, 2021. The new debt was issued in connection with financing certain improvements to the City's roadways. No rating was issued on the new debt.

Other long-term obligations include pension obligations of \$150.3 million, other post-employment benefits \$169.5 million (\$20.0 million increase is due to interest rate fluctuations), employee-compensated absences of \$5.0 million, and outstanding claims of \$21.9 million.

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G) PRIOR PERIOD ADJUSTMENTS

City of Compton's Capital Assets, Net of Accumulated Depreciation As of June 30, 2021 and 2020						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds Payable	\$ 75,757,844.00	36,156,102	54,230,000	56,330,000	129,987,844	\$ 92,486,102.00
Mortgage Loan Payable	427,211	815,574	-	-	427,211	815,574
Notes Payable	-	500,000	-	-	-	500,000
Installment Payment Agreement	1,038,941	2,038,941	-	-	1,038,941	2,038,941
Compensated Absences	4,600,316	4,337,658	418,856	376,391	5,019,172	4,714,049
Claims Payable	17,883,006	18,551,000	-	-	17,883,006	18,551,000
Net Pension Liability	142,655,587	130,813,290	7,727,242	11,243,821	150,382,829	142,057,111
Total other postemployment benefits	153,091,386	140,363,905	16,436,883	9,188,166	169,528,269	149,552,071
Total debt	\$ 395,454,291.19	333,576,470	78,812,981	77,138,378	474,267,272	\$ 410,714,848.00

At the end of Fiscal Year 2020-2021, the City had prior period adjustments totaling \$68,973,728, an increase of \$74.9 million, from negative \$5,933,849 in prior period adjustments during Fiscal Year 2019-2020. The prior period adjustments during FY 2020-2021 were primarily due to the effects of the City's capital assets valuation that was performed with effective date of FY 2020-2021. The capital assets valuation identified assets net of their related accumulated depreciation which had not been recorded in prior periods totaled \$77.7 million across both Governmental Activities (\$64.8 million) and Business-type activities (\$12.9 million). These prior period adjustments were off-set primarily by an adjustment of negative \$6.9 million in the Retirement Fund to correct for proper revenue recognition in a prior period.

H) ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

While the adopted General Fund budget for Fiscal Year 2021-22 reflected projected revenues meeting operating expenditures, the overall result was an excess of revenues over expenditures of \$15.7 million when factoring in interfund transfers in and out. Transfers included a \$3.4 million transfer out to the Debt Service Fund to make bond repayments for the 2008 and 2016 Lease Revenue Bonds and a \$1.4 million transfer to the General Liability fund to finance ongoing claims and expenses. To address the unknowns regarding the possible economic decline related to the COVID-19 pandemic, Fiscal Year 2021-22 total revenues were forecasted conservatively at depressed amounts relative to pre-pandemic levels and additional strategies were executed for reducing the City's expenses, such as deferral of labor cost increases during labor negotiations, reductions of City services, and salary savings from existing vacancies. The City's cost cutting measures yielded an estimated total savings of \$803 thousand in personnel costs for fiscal year 2021- 22. Despite the contraction in staffing and other cost cutting measures, the adopted Fiscal Year 2021-22 budget provided for continuity of the robust services to the community for which Compton strives to achieve annually.

I) REQUESTS 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 of the information provided in this report or requests for additional financial information should be addressed to Sharon Rahban Navizadeh, City Controller, City of Compton, 205 S. Willowbrook Avenue, City Controller's Office, Compton, California 90220. Additional information, including the prior year's audited financial statements and prior and current year budgets are available on the City's website at <https://www.comptoncity.org/departments/city-manager/budget-information>.