

# PUBLIC STATEMENT



**FOR IMMEDIATE RELEASE:  
October 11, 2022**

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## **Financial Update Statement for the City of Compton**

Today, the State Auditor released their annual rankings of the fiscal health of local California governments, and Compton has retained the ranking of the city with the highest risk. Compton's City Controller has made strides over her past two years in the position. While we still have a long way to go, we have made dramatic improvements in recent years that have helped move our city forward after a long history of deficiencies in resources and staff, accounting errors, and other problems.

"While we are disappointed that Compton has again been named the city with the highest risk, I have seen the strides that our City Controller has made in taking the necessary steps to improving our systems" said Compton City Manager Thomas Thomas, "I am confident that we are on track to achieving financial stability in the upcoming years."

In 2018, The State Controller had put forward recommendations to improve the financial practices and accountability of our City. Out of about 300 recommendations, approximately one-third have been completed. This includes staff training, correcting past accounting errors, and tightening of controls over processes like payroll manual checks, electronic payments and the successor agency check process. In addition to this, the City Controller's office has:

- Created Compton's first-ever Fiscal Sustainability framework for Council adoption
- Provided cost saving techniques accumulated from survey of other cities
- Implemented Finance Committee and Audit Committee meetings
- Increased budget monitoring procedures throughout FY2021 and FY2022
- Researched enhanced software capabilities to increase efficiency and effectiveness in the Controller's office and citywide
- Completed a bank reconciliation of the general checking account, which had not been reconciled to the dollar for at least ten years

We continue to work to enhance all of our financial processes and procedures and to clean up previous years' financial records which affect our current audited financial statements. We know that with the work we have on track, our City will continue to see major improvements and timely filing of audited financial statements.

The City is dedicated to the continued improvement and growth of the City's financial health and fiscal sustainability for the betterment of the residents and businesses we serve.

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## List of Recent City Controller Accomplishments

- Staff Training
- Investigating and Correcting numerous past accounting errors spanning a 20 year period
- Correction of State Controller Findings regarding Gas Tax Fund
- Tightening of controls over processes like payroll manual checks, electronic payments and the Successor Agency check process
- Created Compton's first-ever Fiscal Sustainability framework for Council adoption
- Provided cost saving techniques accumulated from survey of other cities
- Implemented Finance Committee and Audit Committee meetings
- Increased budget monitoring procedures throughout FY2021 and FY2022
- Completed a bank reconciliation of the general checking account, which had not been reconciled to the dollar for at least ten years
- Removed two of four qualified opinions for the FY20 audit
- In progress on the final two out of four qualified opinions, including allocation of cash between funds and valuation of fixed assets
- Researched other City fiscal sustainability improvement measures including advertising/billboard program
- Investigated impact of investing Pension Levy funds in an irrevocable trust
- Forecasted Financing need for Rubbish Enterprise Fund due to Covid customer non-payments
- Gathered and provided Transient Occupancy Tax Ordinances (TOT) and Taxing procedures to City Manager's department from other cities to review and investigate into sufficiency of the City's own TOT Ordinance
- Reviewed Hundreds of pages of bond documents for reasonableness for the MTA and Successor Agency bonds
- Chart of accounts redesign & mapping completed and ready for software upgrade
- Report programming for efficient state controller report preparation & staff training provided
- Prepared bond document financial tables showing five-year trend in income statements and balance sheets for water, sewer, and successor agency
- Performed revenue forecasting for FY21 last two quarters, for FY22, and for FY23 with no shortfalls experienced
- Recommendations provided to budget officer for proper budget book presentation and other budget support
- Researched enhanced software capabilities to increase efficiency and effectiveness in the Controller's office and Citywide, including performance management software, capital budgeting software, bridge building software, debt management software, and new/upgraded ERP software
- Performed budget preparation support
- Prepared and brought to Council for their acceptance and filing new financial policies for general accounting, fixed assets, donations acceptance, budgeting, and grants management
- Represented the City and defended against various audits such as CalPERS, IRS, MTA, AQMD, HUD, and more