



**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
Fiscal Year Ended June 30, 2023**



CITY OF COMPTON, CALIFORNIA

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Compton
Compton, California

Report on the Financial Statements

Opinions

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 of Compton, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 72-79 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.

Supplementary 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 funds financial statements, 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 funds 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, the combining and individual nonmajor fund and internal service funds financial statements are 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 12, 2025, 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 12, 2025

CITY OF COMPTON, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 222,789,770	\$ 47,863,268	\$ 270,653,038
Receivables, net	1,860,287	3,271,837	5,132,124
Due from other governments	9,488,778	-	9,488,778
Other assets	1,613,862	206,929	1,820,791
Noncurrent Assets			
Internal balances	(18,664,337)	17,851,960	(812,377)
Restricted investments	32,524,723	8,356,115	40,880,838
Loans receivable, net	240,005	-	240,005
Land held for resale	8,722,500	-	8,722,500
Capital assets:			
Nondepreciable	102,892,835	162,097	103,054,932
Depreciable, net	67,474,439	39,380,059	106,854,498
Total Assets	<u>428,942,862</u>	<u>117,092,265</u>	<u>546,035,127</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of bonds	141,014	-	141,014
Deferred outflow on pension and OPEB	67,062,633	4,496,695	71,559,328
Total Deferred Outflows of Resources	<u>67,203,647</u>	<u>4,496,695</u>	<u>71,700,342</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	10,203,328	3,976,889	14,180,217
Other liabilities	679,993	2,370,098	3,050,091
Unearned revenue	30,843,244	-	30,843,244
Compensated absences due within one year	1,068,187	107,187	1,175,374
Self-insurance claims due within one year	3,064,152	-	3,064,152
Subscription liabilities	157,437	-	157,437
Lease liabilities	33,746	-	33,746
Bonds and notes payable due within one year	3,040,000	2,325,000	5,365,000
Noncurrent Liabilities			
Compensated absences	2,931,276	311,751	3,243,027
Self-insurance claims	16,433,183	-	16,433,183
Subscription liabilities	459,007	-	459,007
Lease liabilities	148,096	-	148,096
Bonds and notes payable	66,570,704	46,807,728	113,378,432
Net pension liabilities	148,386,017	8,823,459	157,209,476
Other post-employment benefits payable (OPEB)	111,372,486	13,988,999	125,361,485
Total Liabilities	<u>395,390,856</u>	<u>78,711,111</u>	<u>474,101,967</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflow on leases	73,124	-	73,124
Deferred inflow of property taxes	11,369,539	-	11,369,539
Deferred inflow on pension and OPEB	47,636,926	5,456,231	53,093,157
Total Deferred Inflows of Resources	<u>59,079,589</u>	<u>5,456,231</u>	<u>64,535,820</u>
NET POSITION			
Net investment in capital assets	100,756,570	-	100,756,570
Restricted for:			
Debt service	31,684,338	5,676,669	37,361,007
Capital projects	8,722,500	2,679,446	11,401,946
Retirement	90,657,199	-	90,657,199
Housing	19,387,456	-	19,387,456
Grants	38,575,838	-	38,575,838
Unrestricted	(248,107,837)	29,065,503	(219,042,334)
Total Net Position	<u>\$ 41,676,064</u>	<u>\$ 37,421,618</u>	<u>\$ 79,097,682</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 23,596,752	\$ 11,565,175	\$ -	\$ -
Public safety	46,879,933	3,544,495	145,543	-
Public works	13,403,364	3,169,322	-	7,305,346
Management services	2,573,626	-	-	-
Environmental and human services	15,233,821	584,268	9,122,346	11,753
Interest on long-term debt	2,554,203	-	-	-
Total governmental activities	<u>104,241,699</u>	<u>18,863,260</u>	<u>9,267,889</u>	<u>7,317,099</u>
Business-type activities:				
Water	13,305,963	19,149,470	-	-
Rubbish	6,826,298	7,632,763	-	-
Sewer	2,291,606	2,691,013	-	-
Total business-type activities	<u>22,423,867</u>	<u>29,473,246</u>	<u>-</u>	<u>-</u>
Total	<u>126,665,566</u>	<u>48,336,506</u>	<u>9,267,889</u>	<u>7,317,099</u>

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

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

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

CITY OF COMPTON, CALIFORNIA
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

Net (Expense) Revenue And Change in Net Position			
Governmental Activities	Business-Type Activities	Total	Functions/Programs
\$ (12,031,577)	\$ -	\$ (12,031,577)	Governmental activities:
(43,189,895)	-	(43,189,895)	General government
(2,928,696)	-	(2,928,696)	Public safety
(2,573,626)	-	(2,573,626)	Public works
(5,515,454)	-	(5,515,454)	Management services
(2,554,203)	-	(2,554,203)	Environmental and human services
(68,793,451)	-	(68,793,451)	Interest on long-term debt
			Total governmental activities
-	5,843,507	5,843,507	Business-type activities:
-	806,465	806,465	Water
-	399,407	399,407	Rubbish
-	7,049,379	7,049,379	Sewer
(68,793,451)	7,049,379	(61,744,072)	Total business-type activities
			Total
60,300,165	-	60,300,165	General revenues:
28,022,981	-	28,022,981	Taxes:
15,263,176	-	15,263,176	Property taxes
3,398,797	-	3,398,797	Sales taxes
4,226,630	-	4,226,630	Utility user taxes
82,067	-	82,067	Franchise taxes
203,209	-	203,209	Special assessments
5,904,416	-	5,904,416	Transient occupancy taxes
3,988,167	324,650	4,312,817	Real property transfer taxes
305,710	-	305,710	Intergovernmental not restricted to specific programs
42,182	(42,182)	-	Investment earnings
121,737,500	282,468	122,019,968	Other income
52,944,049	7,331,847	60,275,896	Transfers
(11,267,985)	30,089,771	18,821,786	Total general revenues and transfer
\$ 41,676,064	\$ 37,421,618	\$ 79,097,682	Change in net position
			Net position at beginning of year
			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, 2023

		Special Revenue		Capital Projects	Debt Service		
	General	Federal Grants	Retirement	Compton Housing Successor	Public Finance Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 30,264,044	\$ 31,840,410	\$ 98,074,316	\$ 19,065,794	\$ 4,697	\$ 39,808,277	\$ 219,057,538
Receivables, net	676,943	66,469	281,618	134,259	-	700,998	1,860,287
Due from other funds	1,834,969	-	-	198,465	29,914	277,553	2,340,901
Due from other governments	6,533,982	904,983	1,026,877	-	-	1,022,936	9,488,778
Other assets	8,643	-	463,821	-	-	1,035,149	1,507,613
Advances to other funds	15,685,040	-	-	5,380,878	811,045	49,480	21,926,443
Restricted investments	-	-	-	-	32,524,723	-	32,524,723
Lease receivable	76,371	-	-	-	-	-	76,371
Loans receivable, net	-	240,005	-	-	-	-	240,005
Land held for resale	-	-	-	8,722,500	-	-	8,722,500
Total Assets	<u>\$ 55,079,992</u>	<u>\$ 33,051,867</u>	<u>\$ 99,846,632</u>	<u>\$ 33,501,896</u>	<u>\$ 33,370,379</u>	<u>\$ 42,894,393</u>	<u>\$ 297,745,159</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 8,020,858	\$ 93,369	\$ -	\$ 6,062	694,721	\$ 1,179,556	\$ 9,994,566
Other liabilities	119,905	-	-	5,000	-	-	124,905
Due to other funds	1,023,593	584,476	-	-	180,275	997,970	2,786,314
Due to fiduciary fund	-	-	-	-	-	-	-
Unearned revenue	-	28,185,100	-	-	-	2,658,144	30,843,244
Advances from other funds	23,902,368	-	-	-	-	-	23,902,368
Total Liabilities	<u>33,066,724</u>	<u>28,862,945</u>	<u>-</u>	<u>11,062</u>	<u>874,996</u>	<u>4,835,670</u>	<u>67,651,397</u>
DEFERRED INFLOW ON RESOURCES							
Deferred revenue	848,519	904,983	8,725,612	-	-	890,425	11,369,539
Deferred inflow on leases	73,124	-	-	-	-	-	73,124
Total Deferred Inflows of Resources	<u>921,643</u>	<u>904,983</u>	<u>8,725,612</u>	<u>-</u>	<u>-</u>	<u>890,425</u>	<u>11,442,663</u>
FUND BALANCES							
Nonspendable:							
Prepaid expenses	8,643	-	463,821	-	-	1,035,149	1,507,613
Loans receivable, net	-	240,005	-	-	-	-	240,005
Restricted for:							
Debt service	-	-	-	-	32,495,383	-	32,495,383
Capital projects	-	-	-	8,722,500	-	-	8,722,500
Retirement	-	-	90,657,199	-	-	-	90,657,199
Housing	-	-	-	24,768,334	-	-	24,768,334
Grants	-	3,043,934	-	-	-	35,581,384	38,625,318
Committed to:							
Development	-	-	-	-	-	551,765	551,765
Assigned	141,509	-	-	-	-	-	141,509
Unassigned	20,941,473	-	-	-	-	-	20,941,473
Total Fund Balances	<u>\$ 21,091,625</u>	<u>\$ 3,283,939</u>	<u>\$ 91,121,020</u>	<u>\$ 33,490,834</u>	<u>\$ 32,495,383</u>	<u>\$ 37,168,298</u>	<u>\$ 218,651,099</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, 2023

Fund balances of governmental funds \$ 218,651,099

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	102,703,851	
Capital assets, being depreciated	196,101,878	
Less: accumulated depreciation	<u>(131,092,930)</u>	167,712,799

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	65,787,944	
Deferred amount on refunding, net of amortization	<u>141,014</u>	65,928,958

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	(555,088)	
Compensated absences	(3,885,933)	
Subscription liabilities	(237,478)	
Lease liabilities	(181,842)	
Bonds and notes payable	<u>(69,610,704)</u>	(74,471,045)

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	(145,900,029)	
Other postemployment benefits obligation	(107,385,782)	
Deferred pension and other post-employment benefits inflows	<u>(46,082,628)</u>	(299,368,439)

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.

(36,777,308)

Net position of governmental activities in the Statement of Net Position

\$ 41,676,064

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, 2023

	Special Revenue		Capital Projects	Debt Service				Total
	General	Federal Grants	Retirement	Compton Housing Successor	Public Finance Authority	NonMajor Governmental Funds	Eliminations	Governmental Funds
Revenue:								
Taxes and special assessments	\$ 67,677,507	\$ -	\$ 39,592,887	\$ -	\$ -	\$ 4,226,630	\$ -	\$ 111,497,024
Licenses and permits	6,726,273	-	-	-	-	-	-	6,726,273
Intergovernmental revenues	863	675	-	-	-	22,563,006	-	22,564,544
Fines, forfeitures, and penalties	3,160,815	-	-	-	-	-	-	3,160,815
Use of money and property	638,042	17,415	734,282	1,146,819	1,148,252	181,433	-	3,866,243
Charges for services	3,653,021	-	-	-	-	55,062	(565,243)	3,142,840
Other	1,606,364	340,150	-	161,171	-	1,100,400	-	3,208,085
Total Revenue	83,462,885	358,240	40,327,169	1,307,990	1,148,252	28,126,531	(565,243)	154,165,824
Expenditures:								
Current:								
General government	6,022,940	675	748,932	210,451	-	1,049,619	-	8,032,617
Public safety	43,155,520	73,252	3,856,469	-	-	101,500	(3,532)	47,183,209
Public works	5,624,329	-	1,550,730	-	100,129	3,024,563	(378,682)	9,921,069
Management services	4,395,522	-	18,283,562	-	-	1,390,470	(466)	24,069,088
Environmental and human services	1,178,026	362,844	1,576,195	2,304,373	-	9,653,430	(182,563)	14,892,305
Debt service:								
Principal	38,941	-	-	-	2,910,000	-	-	2,948,941
Interest	-	-	-	-	2,801,313	-	-	2,801,313
Capital outlay	6,475,978	508	-	-	6,654,151	3,047,974	-	16,178,611
Total Expenditures	66,891,256	437,279	26,015,888	2,514,824	12,465,593	18,267,556	(565,243)	126,027,153
Excess (Deficiency) of Revenues Over Expenditures	16,571,629	(79,039)	14,311,281	(1,206,834)	(11,317,341)	9,858,975	-	28,138,671
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	5,718,287	271,812	-	5,990,099
Transfers out	(3,617,687)	-	-	-	(142,600)	(2,187,630)	-	(5,947,917)
Total Other Financing Sources (Uses)	(3,617,687)	-	-	-	5,575,687	(1,915,818)	-	42,182
Net Change in Fund Balance	12,953,942	(79,039)	14,311,281	(1,206,834)	(5,741,654)	7,943,157	-	28,180,853
Fund Balances, Beginning	8,137,683	3,362,978	76,809,739	34,697,668	38,237,037	29,225,141	-	190,470,246
Fund Balances, Ending	\$ 21,091,625	\$ 3,283,939	\$ 91,121,020	\$ 33,490,834	\$ 32,495,383	\$ 37,168,298	-	\$ 218,651,099

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 THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$ 28,180,853
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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	11,613,886
Depreciation	(7,790,233)

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	2,948,940
Change in accrued interest and amortization of bond premium/discount	247,110
Change in compensated absences	270,808
Change in pension liability	19,218,492
Change in other postemployment benefits obligation	1,936,284
Change in other liabilities	(15,200)

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.

(3,666,891)

Change in net position of governmental activities	\$ 52,944,049
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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, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Rubbish	Sewer	Total	
ASSETS					
Current assets					
Cash and investments	41,735,683	\$ 789,942	\$ 5,337,643	\$ 47,863,268	\$ 3,732,232
Receivables, net	1,958,448	1,089,638	223,751	3,271,837	-
Due from other funds	497,701	-	284,837	782,538	1,857
Other assets	206,929	-	-	206,929	29,878
Total current assets	44,398,761	1,879,580	5,846,231	52,124,572	3,763,967
Noncurrent Assets					
Advances to other funds	11,267,819	-	6,360,169	17,627,988	1,241,987
Restricted investments	3,574,693	-	4,781,422	8,356,115	-
Capital assets:					
Nondepreciable	162,097	-	-	162,097	188,984
Depreciable, net	33,638,699	-	5,741,360	39,380,059	2,465,491
Total noncurrent assets	48,643,308	-	16,882,951	65,526,259	3,896,462
Total Assets	93,042,069	1,879,580	22,729,182	117,650,831	7,660,429
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflow on pension and OPEB	3,947,146	286,332	263,217	4,496,695	1,274,689
Total Deferred Outflows of Resources	3,947,146	286,332	263,217	4,496,695	1,274,689
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	2,314,392	1,305,828	356,669	3,976,889	208,762
Other liabilities	1,800,598	569,500	-	2,370,098	-
Due to other funds	-	-	-	-	338,981
Compensated absences	100,872	6,109	206	107,187	32,168
Subscription liability	-	-	-	-	84,785
Self-insurance claims	-	-	-	-	3,064,152
Bonds and notes payable	1,225,000	-	1,100,000	2,325,000	-
Total current liabilities	5,440,862	1,881,437	1,456,875	8,779,174	3,728,848
Noncurrent Liabilities					
Compensated absences	291,440	19,681	630	311,751	81,362
Subscription liability	-	-	-	-	294,181
Advances from other funds	152,376	-	-	152,376	16,741,672
Self-insurance claims	-	-	-	-	16,433,183
Bonds and notes payable	32,875,319	-	13,932,409	46,807,728	-
Net pension liabilities	7,698,001	558,426	567,032	8,823,459	2,485,988
Other post-employment benefits payable	12,345,060	895,531	748,408	13,988,999	3,986,704
Total noncurrent liabilities	53,362,196	1,473,638	15,248,479	70,084,313	40,023,090
Total Liabilities	58,803,058	3,355,075	16,705,354	78,863,487	43,751,938
DEFERRED INFLOW OF RESOURCES					
Deferred inflow on pension and OPEB	4,812,970	349,141	294,120	5,456,231	1,554,298
Total Deferred Inflows of Resources	4,812,970	349,141	294,120	5,456,231	1,554,298
NET POSITION					
Net investment in capital assets	-	-	-	-	2,654,475
Restricted for:					
Debt service	3,568,930	-	2,107,739	5,676,669	-
Capital projects	5,763	-	2,673,683	2,679,446	-
Unrestricted (deficit)	29,798,494	(1,538,304)	1,211,503	29,471,693	(39,025,593)
Total Net Position (Deficit)	\$ 33,373,187	\$ (1,538,304)	\$ 5,992,925	\$ 37,827,808	\$ (36,371,118)

Adjustment to reflect the consolidation of internal service fund activities (406,190)

Net Position of Business-type Activities \$ 37,421,618

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, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Rubbish	Sewer	Total	
Operating revenues:					
Charges for services	\$ 19,148,360	\$ 7,512,844	\$ 922,333	\$ 27,583,537	\$ -
Charges to other funds	-	-	-	-	7,436,922
Sewer capital improvement charges	-	-	1,613,573	1,613,573	-
Other	1,110	119,919	155,107	276,136	3,258
Total operating revenues	19,149,470	7,632,763	2,691,013	29,473,246	7,440,180
Operating expenses:					
Salaries and wages	1,848,344	329,439	5,562	2,183,345	(147,723)
Contractual services	1,396,910	6,260,637	244,219	7,901,766	3,267,904
Materials and supplies	4,280,417	130,085	384,992	4,795,494	348,973
Repairs and maintenance	337,649	665	6,979	345,293	98,083
Utilities	659,653	-	-	659,653	-
Other expenses	176,068	25,126	9,362	210,556	305,943
Bad debt expense	84,238	54,442	-	138,680	-
Self-insurance services	-	-	-	-	6,084,953
Depreciation	2,139,861	-	580,274	2,720,135	786,478
Total operating expenses	10,923,140	6,800,394	1,231,388	18,954,922	10,744,611
Operating income (loss)	8,226,330	832,369	1,459,625	10,518,324	(3,304,431)
Nonoperating revenues (expenses):					
Investment income	159,818	1,678	163,155	324,651	-
Interest expense	(2,093,309)	-	(925,716)	(3,019,025)	-
Total nonoperating revenues (expenses)	(1,933,491)	1,678	(762,561)	(2,694,374)	-
Income (loss) before transfers	6,292,839	834,047	697,064	7,823,950	(3,304,431)
Transfers out	-	(36,582)	(5,601)	(42,183)	-
Change in net position	6,292,839	797,465	691,463	7,781,767	(3,304,431)
Net position, beginning	27,080,348	(2,335,769)	5,301,462		(33,066,687)
Net position, ending	\$ 33,373,187	\$ (1,538,304)	\$ 5,992,925		\$ (36,371,118)
Adjustment to reflect the consolidation of internal service fund activities				(449,920)	
Changes in Net Position of Business-type Activities	\$ 7,331,847				

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, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Rubbish	Sewer	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 19,994,145	\$ 8,023,305	\$ 2,818,173	\$ 30,835,623
Cash payments to suppliers for goods and services	(6,371,276)	(6,981,363)	(714,293)	(14,066,932)
Cash payment to employees for services	(2,759,842)	(166,077)	(160,901)	(3,086,820)
Net cash provided by (used in) operating activities	10,863,027	875,865	1,942,979	13,681,871
Cash flows from non-capital financing activities:				
Taxes and special assessments	-	(51,019)	13,575	(37,444)
Advances to other funds	161,477	-	179,586	341,063
Advances from other funds	152,376	-	-	152,376
Transfers out	-	(36,582)	(5,601)	(42,183)
Net cash provided by (used in) non-capital financing Activities	313,853	(87,601)	187,560	413,812
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	-	-	-
Interest paid on long-term debt	(2,087,005)	-	(930,488)	(3,017,493)
Principal paid on long-term debt	(1,160,000)	-	(1,040,000)	(2,200,000)
Net cash used in capital and related financing activities	(3,247,005)	-	(1,970,488)	(5,217,493)
Cash flows from investing activities:				
Decrease (increase) in restricted investment	(102,992)	-	(124,622)	(227,614)
Interest received on investments	159,818	1,678	163,155	324,651
Net cash provided by (used in) investing activities	56,826	1,678	38,533	97,037
Net increase (decrease) in cash and cash equivalents	7,986,701	789,942	198,584	8,975,227
Cash and cash equivalents, beginning	33,748,982	-	5,139,059	38,888,041
Cash and cash equivalents, ending	\$ 41,735,683	\$ 789,942	\$ 5,337,643	\$ 47,863,268

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, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	Water	Rubbish	Sewer	Total	Internal Service Funds
Reconciliation of operating income (loss) to net					
Cash provided by (used in) operating activities:					
Operating income (loss)	\$ 8,226,330	\$ 832,369	\$ 1,459,625	\$ 10,518,324	\$ (3,304,431)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,139,862	-	580,274	2,720,136	786,478
Changes in operating assets and liabilities:					
Decrease (increase) in accounts receivable	928,912	444,984	127,160	1,501,056	-
Decrease (increase) in due from other funds	-	-	-	-	1,087,942
Decrease (increase) in inventories, at cost	7,889	-	-	7,889	-
Decrease (increase) in other assets	-	-	-	-	15,716
Increase (decrease) in due to/from / advances	(26,182)	(1,159,987)	(9,381)	(1,195,550)	-
Increase (decrease) in accounts payable	273,795	392,786	(59,031)	607,550	(164,102)
Increase (decrease) in accrued liabilities	159,782	(2,649)	(329)	156,804	(848,129)
Increase (decrease) in due to other funds	-	-	-	-	(1)
Increase (decrease) in deposits payable	64,137	205,000	-	269,137	-
Increase (decrease) in OPEB payable	(541,128)	120,914	(95,228)	(515,442)	(599,555)
Increase (decrease) in retirement payable	(350,908)	40,790	(59,902)	(370,020)	(289,138)
Increase (decrease) in self-insurance claims	-	-	-	-	(472,983)
Increase (decrease) in compensated absences	(19,462)	1,658	(209)	(18,013)	(22,442)
Net cash provided by (used in) operating activities	<u>\$ 10,863,027</u>	<u>\$ 875,865</u>	<u>\$ 1,942,979</u>	<u>\$ 13,681,871</u>	<u>\$ (3,810,645)</u>

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

CITY OF COMPTON, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and investments	\$ 34,262,173	\$ 754,555
Restricted investments	82,505	-
Accounts receivable	125,466	-
Due from other governments	-	20,495
Land held for resale	11,166,689	-
Capital assets:		
Nondepreciable	1,296,179	-
Depreciable, net	11,422,516	-
Total Assets	<u>58,355,528</u>	<u>775,050</u>
Liabilities		
Accounts payable	7,999	14,084
Accrued liabilities	1,413,572	22,749
Other liabilities	371,672	510,072
Long-term liabilities:		
Due within one year	7,020,000	-
Due in more than one year	68,852,817	-
Total Liabilities	<u>77,666,060</u>	<u>546,905</u>
Net Position		
Restricted for:		
Individuals, organizations, and other governments	(19,310,532)	228,145
Total Net Position	<u>\$ (19,310,532)</u>	<u>\$ 228,145</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, 2023

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Additions:		
Taxes and special assessments	\$ 17,183,458	87,303
Use of money and property	2,542,842	741
Other additions	3,925	-
Total Additions	<u>19,730,225</u>	<u>88,044</u>
Deductions:		
Administrative costs	416,711	36,025
General government	-	28,746
Project improvement costs	913,154	-
Debt service - interest	3,544,522	-
Depreciation	437,647	-
Contributions to other City funds	56,549	-
Total deductions	<u>5,368,583</u>	<u>64,771</u>
Change in net position	14,361,642	23,273
Net position (deficit) - beginning	<u>(33,672,174)</u>	<u>204,872</u>
Net position (deficit) - ending	<u><u>\$ (19,310,532)</u></u>	<u><u>\$ 228,145</u></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, 2023

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, 2023

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, 2023

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 regard 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 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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

- Federal Grants Fund: This fund accounts for grants received from Federal agencies.
- 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.
- Public Finance Authority Debt Service Fund: This fund accounts for the accumulation of resources and payments of principal and interest of the City's general long-term debt.

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, 2023

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 non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating 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, 2023

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:

- Custodial Funds: Custodial 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 fiduciary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

The City's custodial 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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements

The following GASB pronouncements became effective in the fiscal year ended June 30, 2023.

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. 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). 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. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-of-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. With the implementation of this Statement, the City recognized intangible right-of-use subscription assets and corresponding subscription liabilities.

Statement No. 99, *Omnibus 2022*. Statement No. 99 requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Statement No. 99 clarified provisions related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, the determination of the PPP term and recognition and measurement of installment payments and the transfer of the underlying PPP asset, and the determination of SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

The GASB issued several pronouncements prior to June 30, 2023, 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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (Continued)

Statement No. 99, *Omnibus 2022*. Statement No. 99 requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Statement No. 100, *Accounting Changes and Error Corrections*. Statement 100 prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. Statement No. 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information. The requirements of this Statement are effective for periods beginning after June 15, 2023.

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 non-cash 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments (Continued)

Investments (Continued)

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.

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 recognizes 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Subscription-based Information Technology Arrangements (SBITA)

A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. To determine whether a contract conveys control of the right to use the underlying IT assets, the City assesses whether it has both of the following: a. The right to obtain the present service capacity from use of the underlying IT assets as specified in the contract, and b. The right to determine the nature and manner of use of the underlying IT assets as specified in the contract.

The City recognizes a subscription liability and an intangible right-to-use asset (subscription asset), except short-term SBITAs. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term.

The subscription asset is measured as the sum of the following:

- The amount of the initial measurement of the subscription liability,
- Payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, if applicable; and
- Capitalizable initial implementation costs less any SBITA vendor incentives.

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities.

This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Subscription Assets

	Subscription Asset Value	Accumulated Amortization	Subscription Asset Value, Net
<u>Governmental Activities</u>			
NeoGov	\$ 30,060	\$ (8,433)	\$ 21,627
Happy	181,853	(27,577)	154,276
Springbrook	29,338	(9,770)	19,568
Granicus	32,749	(1,823)	30,926
GovInvest	48,388	(24,161)	24,227
Forward	23,603	(12,651)	10,952
Ventiv	476,072	(50,840)	425,232
Total Subscription Assets	\$ 822,063	\$ (135,255)	\$ 686,808

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Subscription-based Information Technology Arrangements (SBITA) (Continued)

Subscription Liabilities

	Subscription Term	Interest Rate	Balance as of 7/1/2022	Additions	Reductions	Balance as of 6/30/2023
<u>Governmental Activities</u>						
NeoGov	43 months	4.02%	\$ -	\$ 30,060	\$ (9,628)	\$ 20,432
Happy	96 months	4.02%	-	181,853	(28,091)	153,762
Springbrook	36 months	4.02%	-	29,338	(8,898)	20,440
Granicus	35 months	4.02%	-	32,749	(14,948)	17,801
GovInvest	43 months	4.02%	-	48,388	(23,345)	25,043
Forward	24 month	4.02%	-	23,603	(23,603)	-
Ventiv	60 month	4.02%	-	476,072	(97,106)	378,966
Total Subscription Liabilities			<u>\$ -</u>	<u>\$ 822,063</u>	<u>\$ (205,619)</u>	<u>\$ 616,444</u>

J. 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 on June 30 from future resources rather than currently available expendable resources.

K. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. As a lessor, the City recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

As a lessee, the City recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. 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.

N. 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Deferred Outflows/Inflows of Resources (Continued)

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.

O. Fund Balances and Net Position

The accompanying financial statements report on 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 the 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances and Net Position (Continued)

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.

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.

P. 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.

Q. 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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.

S. 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.

T. 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 for the current year are carried forward and the next year's appropriations are likewise encumbered.

U. Subsequent Event

In preparation of these financial statements, the City considered subsequent events through May 12, 2025, 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, 2023

II. 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, 2023:

Cash on hand	\$ 2,500
Deposits with financial institutions	200,505,255
Investments	<u>146,125,354</u>
Total cash and investments	<u><u>\$ 346,633,109</u></u>

The City's deposits and investments are reflected in the accompanying basic financial statements as follows at June 30, 2023:

Statement of net position	
Cash and investments	\$ 270,653,038
Restricted cash and investments	40,880,838
Statement of fiduciary net position	
Cash and investments	35,016,728
Restricted cash and investments	<u>82,505</u>
Total cash and investments	<u><u>\$ 346,633,109</u></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, 2023

II. 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, 2023

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (Continued)

Interest Rate Risk

The 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.

Investment type	Amounts	Remaining maturity (in months) 12 months or less
Held by fiscal agent		
Money market funds	\$ 40,963,343	\$ 40,963,343
State investment pool (LAIF)	105,162,011	105,162,011
	<u>\$ 146,125,354</u>	<u>\$ 146,125,354</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.

Investment type	Amounts	Minimum legal rating	Not rated
Held by fiscal agent			
Money market funds	\$ 40,963,343	N/A	\$ 40,963,343
State investment pool (LAIF)	105,162,011	N/A	105,162,011
	<u>\$ 146,125,354</u>		<u>\$ 146,125,354</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. 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, 2023, 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, 2023, the City's deposits with financial institutions totaled \$202,371,412 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, 2023

II. 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 statutes.

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, 2023:

INVESTMENTS AT FAIR VALUE AS OF JUNE 30, 2023				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investment type				
Held by fiscal agent				
Money market funds	\$ 40,963,343	\$ -	\$ -	\$ 40,963,343
State investment pool (LAIF)	-	105,162,011	-	105,162,011
	<u>40,963,343</u>	<u>105,162,011</u>	<u>\$ -</u>	<u>146,125,354</u>

B. Receivables and Due from Other Governments

Receivables at June 30, 2023 included in the accompanying Statement of Net Position primarily consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 4,556,541	\$ 5,475,133	10,031,674
Property tax and special assessments	1,609,904	89,932	\$ 1,699,836
Sales tax	6,085,471	-	6,085,471
Grants	1,813,898	-	1,813,898
Interest and other	1,138,818	7,212	1,146,030
Allowance for doubtful accounts	(3,855,567)	(2,300,440)	(6,156,007)
Total	<u>\$ 11,349,065</u>	<u>\$ 3,271,837</u>	<u>\$ 14,620,902</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. 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, 2023, The Compton Housing Successor Capital Projects Fund had loans receivable of \$6,067,971 netted against an allowance for doubtful accounts of the same amount for a net loans receivable balance of \$-0- and the Federal Grants Special Revenue Fund had loans receivable of \$1,541,010 netted against an allowance for doubtful accounts of \$1,301,005 for a net loans receivable balance of \$240,005.

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 on 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 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 \$1,150,378 netted against an allowance for doubtful accounts of the same amount for a net loan receivable balance of \$-0-.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. 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 homebuyers, 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 \$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 \$-0- as of June 30, 2023.

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 homeowner from the property.

The Deferred Equity Loan is provided to low/moderate-income homeowners 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 pre-construction and interior improvements to a facility to be used for a restaurant. This loan bears an 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 an interest rate of 4.5% per annum and shall be amortized over a period of 15 years. As of June 30, 2023, the loans receivable balance was \$240,005, net of allowance of \$265,931.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. 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, 2023 is as follows:

	Balance July 1,			Balance June 30,
Governmental Activities	2022	Increases	Decreases	2023
Capital assets, not being depreciated				
Land	\$ 88,425,254	\$ -	\$ -	\$ 88,425,254
Construction in progress	13,459,889	10,384,041	(9,376,349)	14,467,581
Total capital assets, not being depreciated	101,885,143	10,384,041	(9,376,349)	102,892,835
Capital assets, being depreciated				
Building and structures	59,414,928	1,188,260	-	60,603,188
Equipment	21,282,909	251,304	-	21,534,213
Infrastructure	123,487,432	9,251,385	(2,027,857)	130,710,960
Right-of-use assets	-	1,009,401	-	1,009,401
Total capital assets, being depreciated	204,185,269	11,700,350	(2,027,857)	213,857,762
Less accumulated depreciation				
Building and structures	(30,310,408)	1,387,379	-	(31,697,787)
Equipment	(18,145,239)	785,974	-	(18,931,213)
Infrastructure	(91,378,821)	6,261,849	(2,027,857)	(95,612,813)
Right-of-use assets	-	141,510	-	(141,510)
Total accumulated depreciation	(139,834,468)	8,576,712	(2,027,857)	(146,383,323)
Total capital assets, being depreciated, net	64,350,801	3,123,638	-	67,474,439
Total capital assets, net	\$ 166,235,944	\$ 13,507,679	\$ (9,376,349)	\$ 170,367,274

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated				
Land	\$ 162,097	\$ -	\$ -	\$ 162,097
Total capital assets, not being depreciated	162,097	-	-	162,097
Capital assets, being depreciated				
Building and structures	3,836,275	-	-	3,836,275
Equipment	3,653,995	-	-	3,653,995
Infrastructure	70,284,801	-	-	70,284,801
Total capital assets, being depreciated	77,775,071	-	-	77,775,071
Less accumulated depreciation				
Building and structures	(1,872,354)	56,016	-	(1,928,370)
Equipment	(2,759,249)	234,271	-	(2,993,520)
Infrastructure	(31,043,270)	2,429,852	-	(33,473,122)
Total accumulated depreciation	(35,674,873)	2,720,139	-	(38,395,012)
Total capital assets, being depreciated, net	42,100,198	2,720,139	-	39,380,059
Total capital assets, net	\$ 42,262,295	\$ 2,720,139	\$ -	\$ 39,542,156

E. Interfund Receivables and Payables

The following table summarizes interfund receivables and payables at June 30, 2023:

Due from other funds	Due to other funds					Total	Eliminations	Total
	General Fund	Federal Grants Fund	Public Finance Authority	Non-major Governmental Funds	Internal Service Funds			
Governmental Funds								
General Fund	\$ 6,278	\$ 584,476	\$ -	\$ 905,233	\$ 338,981	\$ 1,834,968	\$ (1,022,591)	\$ 812,377
Compton Housing Successor	198,465	-	-	-	-	198,465	(198,465)	-
Public Finance Authority	29,914	-	-	-	-	29,914	(29,914)	-
Non-major Governmental Funds	4,541	-	180,275	92,737	-	277,553	(277,553)	-
Total Governmental Funds	239,198	584,476	180,275	997,970	338,981	2,340,900	(1,528,523)	812,377
Enterprise Funds								
Water Funds	497,701	-	-	-	-	497,701	(497,701)	-
Sewer Funds	284,837	-	-	-	-	284,837	(284,837)	-
Internal Service Funds	1,857	-	-	-	-	1,857	(1,857)	-
Total Enterprise Funds	784,395	-	-	-	-	784,395	(784,395)	-
Total	\$ 1,023,593	\$ 584,476	\$ 180,275	\$ 997,970	\$ 338,981	\$ 3,125,295	\$ (2,312,918)	\$ 812,377

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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS (Continued)
E. Interfund Receivables and Payables (Continued)

Long-term interfund receivables and payables at June 30, 2023 are as follows:

Advances from other funds						
Advances to other funds	General Fund	Water Fund	Internal Service Funds	Total	Eliminations	Total
Governmental Funds						
General Fund	\$ 143,368	\$ -	\$ 15,541,672	\$ 15,685,040	\$ (15,685,040)	\$ -
Compton Housing Successor	5,380,878	-	-	5,380,878	(5,380,878)	-
Public Finance Authority	811,045	-	-	811,045	(811,045)	-
Non-major Governmental Funds	49,480	-	-	49,480	(49,480)	-
Total Governmental Funds	<u>6,384,771</u>	<u>-</u>	<u>15,541,672</u>	<u>21,926,443</u>	<u>(21,926,443)</u>	<u>-</u>
Enterprise Funds						
Water Funds	11,115,441	152,376	-	11,267,817	(11,267,817)	-
Sewer Funds	6,360,169	-	-	6,360,169	(6,360,169)	-
Internal Service Funds	41,987	-	1,200,000	1,241,987	(1,241,987)	-
Total Enterprise Funds	<u>17,517,597</u>	<u>152,376</u>	<u>1,200,000</u>	<u>18,869,973</u>	<u>(18,869,973)</u>	<u>-</u>
Total	<u>\$ 23,902,368</u>	<u>\$ 152,376</u>	<u>\$ 16,741,672</u>	<u>\$ 40,796,416</u>	<u>\$ (40,796,416)</u>	<u>\$ -</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 first annual payment of \$500,000 was made during the year ended June 30, 2024. 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%. The following represents the remaining balance of the adopted repayment schedule:

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
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	1,500,000	44,853	1,544,853
2028	1,500,000	41,553	1,541,553
2029-2033	7,500,000	141,765	7,641,765
2034-2038	7,500,000	75,765	7,575,765
2039-2040	2,387,913	7,206	2,395,119
TOTALS	<u>\$ 24,887,913</u>	<u>\$ 465,501</u>	<u>\$ 25,353,414</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS (Continued)
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, 2023:

Transfers out	Transfers In				
	Public Finance Authority	NonMajor Governmental Funds	Total	Eliminations	Total
General Fund	\$ 3,617,687	\$ -	\$ 3,617,687	\$ (3,617,687)	\$ -
Public Finance Authority	-	142,600	142,600	(142,600)	-
Non-major Governmental Funds	2,100,600	87,029	2,187,629	(2,187,629)	-
Rubbish Fund	-	36,582	36,582	(36,582)	-
Sewer Fund	-	5,601	5,601	(5,601)	-
Total	\$ 5,718,287	\$ 271,812	\$ 5,990,099	\$ (5,990,099)	\$ -

G. Long-term Debt

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Amount due within one year
Governmental Activities					
Bonds payable					
Lease Revenue Refunding Bonds, Series 2008	\$ 8,130,000	\$ -	\$ (575,000)	\$ 7,555,000	\$ 605,000
Lease Revenue Refunding Bonds, Series 2016	22,910,000	-	(1,705,000)	21,205,000	1,775,000
Add: Premium on issue of Lease Revenue Refunding Bonds, Series 2016	698,659	-	(68,721)	629,938	-
Sales Tax Revenue Bonds, Series 2021	36,515,000	-	(630,000)	35,885,000	660,000
Add: Premium on issue Sales Tax Revenue Bonds, Series 2021	4,490,615	-	(154,849)	4,335,766	-
Total bonds payable	72,744,274	-	(3,133,570)	69,610,704	3,040,000
Installment Payment Agreement - Direct Borrowings					
Los Angeles County	38,941	-	(38,941)	-	-
Total governmental long-term debt	\$ 72,783,215	\$ -	\$ (3,172,511)	\$ 69,610,704	\$ 3,040,000
Business-type activities					
Bonds payable:					
1998 Sewer revenue refunding bonds	\$ 1,130,000	\$ -	\$ (550,000)	\$ 580,000	\$ 580,000
Water revenue bonds, series 2009	35,830,000	-	(1,160,000)	34,670,000	1,225,000
Less: Discount on issue of water revenue bonds, series 2009	(603,191)	-	33,510	(569,681)	-
Sewer revenue bonds, series 2009	15,185,000	-	(490,000)	14,695,000	520,000
Less: Discount on issue of sewer revenue bonds, series 2009	(256,861)	-	14,270	(242,591)	-
Total business-type activities long-term debt	\$ 51,284,948	\$ -	\$ (2,152,220)	\$ 49,132,728	\$ 2,325,000
Total Long-term Debt	\$ 124,068,163	\$ -	\$ (5,324,731)	\$ 118,743,432	\$ 5,365,000

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

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
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	2,408,243	5,708,243	2026	1,960,000	2,667,768	4,627,768
2027	3,440,000	2,265,481	5,705,481	2027	2,070,000	2,554,425	4,624,425
2028	3,585,000	2,116,550	5,701,550	2028	2,185,000	2,434,753	4,619,753
2029-2033	20,135,000	7,997,713	28,132,713	2029-2033	13,125,000	9,991,950	23,116,950
2034-2038	5,260,000	5,193,000	10,453,000	2034-2038	17,715,000	5,399,250	23,114,250
2039-2043	7,275,000	4,001,600	11,276,600	2039-2040	8,715,000	530,550	9,245,550
2044-2048	9,085,000	2,391,800	11,476,800		<u>\$ 49,945,000</u>	<u>\$ 29,245,243</u>	<u>\$ 79,190,243</u>
2049-2051	6,365,000	515,800	6,880,800				
TOTALS	\$ 64,645,000	\$ 32,111,381	\$ 96,756,381				

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, 2023, \$22.64 million of the bonds outstanding are considered defeased. The remaining balance on the Series 2008 bonds as of June 30, 2023 was \$7,555,000.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

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

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>
2024	\$ 605,000	\$ 370,231
2025	630,000	337,813
2026	665,000	303,818
2027	705,000	267,856
2028	740,000	229,925
2029-2033	4,210,000	539,750
Total	<u>\$ 7,555,000</u>	<u>\$ 2,049,393</u>

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 \$21,205,000 as of June 30, 2023.

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>
2024	\$ 1,775,000	\$ 870,625
2025	1,850,000	798,125
2026	1,925,000	722,625
2027	1,995,000	644,225
2028	2,075,000	562,825
2029-2033	11,585,000	1,327,163
Total	<u>\$ 21,205,000</u>	<u>\$ 4,925,588</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

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

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 \$35,885,000 as of June 30, 2023.

The annual requirements to amortize the bonds are as follows:

<u>Year ending June 30,</u>	Sales Tax Revenue Bonds, Series 2021	
	<u>Principal</u>	<u>Interest</u>
2024	660,000	1,435,400
2025	680,000	1,409,000
2026	710,000	1,381,800
2027	740,000	1,353,400
2028	770,000	1,323,800
2029-2033	4,340,000	6,130,800
2034-2038	5,260,000	5,193,000
2039-2043	7,275,000	4,001,600
2044-2048	9,085,000	2,391,800
2049-2051	6,365,000	515,800
Total	<u>\$ 35,885,000</u>	<u>\$ 25,136,400</u>

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 outstanding amount. The City finished payment on this loan during the fiscal year.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

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.

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, 2023, the outstanding bond balance is \$580,000, which is due within one year, along with \$15,588 interest.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

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

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, 2023, the pledged revenues exceeded 150% of debt service payments due and payable.

Total principal remaining on the bonds are \$34,670,000 as of June 30, 2023. The annual requirements to amortize the 2009 water revenue bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	Water revenue bonds, series 2009	
	<u>Principal</u>	<u>Interest</u>
2024	1,225,000	2,019,909
2025	1,300,000	1,948,894
2026	1,375,000	1,873,659
2027	1,455,000	1,794,066
2028	1,535,000	1,709,972
2029-2033	9,215,000	7,017,750
2034-2038	12,445,000	3,792,150
2039-2040	6,120,000	372,600
Total	<u>\$ 34,670,000</u>	<u>\$ 20,529,000</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. 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 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, 2023, the pledged revenues exceeded 110% of debt service payments due and payable.

Total principal remaining on the bonds are \$14,695,000 as of June 30, 2023. The annual requirements for amortizing 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>
2024	520,000	856,125
2025	550,000	826,031
2026	585,000	794,109
2027	615,000	760,359
2028	650,000	724,781
2029-2033	3,910,000	2,974,200
2034-2038	5,270,000	1,607,100
2039-2040	2,595,000	157,950
Total	<u>\$ 14,695,000</u>	<u>\$ 8,700,655</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

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

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 when 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, 2023.

Credit Rating

As of June 30, 2023, the City bond ratings have been suspended.

H. Other Long-Term Liabilities
Compensated Absences

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Amount due within one
Governmental Activities	\$ 4,292,713	\$ 682,783	\$ (976,033)	\$ 3,999,463	\$ 1,068,187
Business-type Activities	436,951	84,418	(102,431)	418,938	107,187
Total Compensated Absences	<u>\$ 4,729,664</u>	<u>\$ 767,201</u>	<u>\$ (1,078,464)</u>	<u>\$ 4,418,401</u>	<u>\$ 1,175,374</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

II. 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 \$19,497,335 recorded at June 30, 2023, 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 702 claims totaling \$385,785 per year (an average of \$550 per claim).

Within the City's self-insured program for workers' compensation, there has been an average of 44 claims filed per year for the past five years, with an average of approximately \$791,499 per year in total reported losses (an average of \$3,411 per claim).

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2023 were as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Claims liabilities, July 1, 2022	\$ 9,642,839	\$ 10,327,479	\$ 19,970,318
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	211,192	4,614,132	4,825,324
Adjust for probable legal liability not included in the loss run used for actuarial report	469,042	640,124	1,109,166
Payments on claims attributable to events of both the current and prior fiscal years	(1,137,667)	(5,850,706)	(6,988,373)
Claims liabilities, June 30, 2023	<u>\$ 9,185,406</u>	<u>\$ 9,731,029</u>	<u>\$ 18,916,435</u>
Amount due within one year	<u>\$ 1,507,165</u>	<u>\$ 1,556,987</u>	<u>\$ 3,064,152</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. 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, 2023:

	Deficit
Proprietary Funds	
Rubbish	\$ (1,538,304)
Internal Service Funds	
Central Duplication	\$ (551,266)
Self-Insurance	\$ (40,500,399)

III. DEFINED BENEFIT PENSION PLANS

California Public Employees' Retirement System

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, 2023

III. 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, 2023, the City's total contributions (excluding amounts paid on behalf of members) were \$8,458,176 for the Miscellaneous and \$7,590,730 for the Safety Plans.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

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

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	PEPRA
Hire date		
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	1.00% to 2.50%
Required employee contribution rates	7.710%	7.000%
Required employer contribution rates	11.210%	11.210%

	Safety – Fire	
	Prior to January 1, 2013	PEPRA
Hire date		
Benefit formula	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+
Monthly benefits, as a % of eligible compensation	3.00%	2.00% to 2.70%
Required employee contribution rates	8.99%	13.75%
Required employer contribution rates	25.640%	13.660%

	Safety – Police	
	Prior to January 1, 2013	
Hire date		
Benefit formula	2.0% at 50	
Benefit vesting schedule	5 years of service	
Benefit payments	monthly for life	
Retirement age	50 - 55+	
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	
Required employee contribution rates	0.00%	
Required employer contribution rates	0.00%	

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

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

At June 30, 2022 (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	55	-
Transferred members	142	24	10
Terminated members	193	19	2
Retired members	514	138	255
TOTALS	1,096	236	267

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

The total pension liability for the June 30, 2022 measurement period was determined in a June 30, 2021 actuarial valuation, with update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following actuarial assumptions and methods.

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022
Reporting date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method

Actuarial Assumptions

Discount Rate	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

III. 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⁾⁽²⁾
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
	<u>100.00%</u>	

⁽¹⁾ An expected inflation of 2.30% used for this period

⁽²⁾ Figures are based on the 2021-22 Asset Liability Management study.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

III. DEFINED BENEFIT PENSION PLANS (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 6.9%. 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, 2022, 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, 2021, rolled forward to June 30, 2022, 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, 2021 (Valuation Date)	\$ 229,313,513	\$ 174,552,231	\$ 54,761,282
Changes Recognized for the Measurement Period		-	
Service cost	\$ 2,655,198	-	\$ 2,655,198
Interest on the total pension liability	15,531,107	-	15,531,107
Changes of assumptions	5,425,105	-	5,425,105
Differences between expected and actual experience	(4,104,055)	-	(4,104,055)
Employer contributions	-	8,039,208	(8,039,208)
Employee contributions (paid by employer)	-	1,018,318	(1,018,318)
Net investment income	-	(12,956,214)	12,956,214
Benefit payments, included refunds of employee contributions	(13,747,269)	(13,747,269)	-
Administrative expense	-	(108,736)	108,736
Net changes	\$ 5,760,086	\$ (17,754,693)	\$ 23,514,779
Balance at June 30, 2022 (Measurement Date)	\$ 235,073,599	\$ 156,797,538	\$ 78,276,061

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

III. 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, 2021 (Valuation Date)	\$ 209,454,755	\$ 158,383,917	\$ 51,070,838	1.45522%
Net changes during 2021-2022	1,567,845	(26,294,732)	27,862,577	1.14869%
Balance at June 30, 2022 (Measurement Date)	\$ 211,022,600	\$ 132,089,185	\$ 78,933,415	-0.30653%

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, 2021 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, 2021 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, 2022, 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, 2023

III. 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, 2023, the City recognized pension expense of \$5,943,220 and pension credit of \$9,667,091 for the Miscellaneous and Safety plans, respectively. At June 30, 2023, 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	\$ -	\$ (1,824,024)
Net difference between projected and actual earnings on pension plan investments	7,793,742	-
Changes of Assumptions	2,411,158	-
Pension contributions subsequent to the measurement date	8,458,176	-
	<u>\$ 18,663,076</u>	<u>\$ (1,824,024)</u>

Safety - Fire & Police

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 7,958,878	\$ -
Differences between expected and actual experience	3,266,767	(857,155)
Net difference between projected and actual earnings on pension plan investments	12,464,690	-
Differences between employer's contributions and proportionate share of contributions	-	(2,596,584)
Changes in employer's proportion	101,977	(762,289)
Pension contributions subsequent to the measurement date	7,590,730	-
	<u>\$ 31,383,042</u>	<u>\$ (4,216,028)</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

III. DEFINED BENEFIT PENSION PLANS (Continued)

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

The deferred outflows of resources related to contributions subsequent to the measurement date of \$16,048,908 are recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Miscellaneous</u>	
Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 1,827,540
2024	1,090,387
2025	505,316
2026	4,957,633
2027	-
Thereafter	-
	<u>\$ 8,380,876</u>

<u>Safety - Fire & Police</u>	
Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 5,250,299
2024	4,229,804
2025	2,492,561
2026	7,603,620
2027	-
Thereafter	-
	<u>\$ 19,576,284</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

III. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2022, calculated using the discount rate of 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
<u>Net Pension Liability (Asset)</u>			
Miscellaneous	\$ 106,422,205	\$ 78,276,061	\$ 54,797,400
Safety – Fire	108,075,307	78,933,416	55,116,503
TOTALS	\$ 214,497,512	\$ 157,209,477	\$ 109,913,903

IV. 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 \$1,962.06 for 2023. 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

IV. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

C. Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

	Covered
Retirees electing coverage	426
Retirees entitled to but not yet receiving benefits	-
Active employees	275
	<u>701</u>

D. Total OPEB Liability

The City’s total OPEB liability of \$125,361,485 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 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	3.69%
Inflation	2.30%
Payroll growth	2.80% wage inflation plus seniority, merit, and promotion salary increases
Healthcare cost trend rates	Based on 2021 Getzen model that reflects actual premium increases through 2023, followed by 5.50% (non-Medicare) / 5.30% (Medicare) in 2023, decreasing gradually to an ultimate rate of 4.04%

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

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

IV. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2022	<u>\$ 160,603,186</u>	<u>\$ -</u>	<u>\$ 160,603,186</u>
Changes for the year:			
Service cost	5,135,083	-	5,135,083
Interest	3,133,609	-	3,133,609
Differences between expected and actual experience	(2,739,681)	-	(2,739,681)
Changes of assumptions	(35,687,653)	-	(35,687,653)
Employer contributions	-	5,083,057	(5,083,057)
Net investment income	-	-	-
Benefit payments	(5,083,057)	(5,083,057)	-
Net changes	<u>(35,241,699)</u>	<u>-</u>	<u>(35,241,699)</u>
Balances at June 30, 2023	<u>\$ 125,361,487</u>	<u>\$ -</u>	<u>\$ 125,361,487</u>

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 or 1 percentage point higher than the current discount rate (3.69 percent):

	Discount Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
Net OPEB liability	<u>\$ 143,811,163</u>	<u>\$ 125,361,487</u>	<u>\$ 110,387,898</u>

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 or 1 percentage point higher than the current healthcare cost trend rate (5.50 percent non-Medicare/5.30 percent Medicare):

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB liability	<u>\$ 108,199,459</u>	<u>\$ 125,361,487</u>	<u>\$ 146,816,349</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

IV. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,061,990. On June 30, 2023, 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	\$ 5,113,269	\$ -
Differences between expected and actual experience	107,368	(20,287,371)
Changes of assumptions or other inputs	16,223,649	(26,765,740)
	<u>\$ 21,444,286</u>	<u>\$ (47,053,111)</u>

The deferred outflows of resources related to OPEB contributions subsequent to the measurement date of \$5,113,269 will be recognized as a reduction of the total net OPEB liability for the fiscal year ending June 30, 2024. 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
2024	\$ (8,709,211)
2025	(12,406,048)
2026	(9,606,835)
2027	-
2028	-
Thereafter	-
	<u>\$ (30,722,094)</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

V. 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.

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 recorded actuarially determined reserves in the internal services funds to adequately cover estimated potential material adverse losses as of June 30, 2023.

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.

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, 2023, the City's General Fund reported a positive fund balance of \$21.1 million. However, the combined fund balance deficits in other funds was \$42.6 million. The City has increased efforts to collect receivables to remove the deficits in the Rubbish Fund. The City has also implemented a new cost allocation plan to appropriately allocate internal service charges and fund the deficits in internal service funds over time.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

V. OTHER INFORMATION (Continued)

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 is a separate public entity from the City, and its actions are 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).

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, 2023 was 11,166,689.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

V. OTHER INFORMATION (Continued)

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

c. Capital Assets – Successor Agency

<u>Successor Agency</u>	<u>Balance July 1,</u> <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30,</u> <u>2023</u>
Capital assets, not being depreciated				
Land	\$ 1,296,179	\$ -	\$ -	\$ 1,296,179
Total capital assets, not being depreciated	<u>1,296,179</u>	<u>-</u>	<u>-</u>	<u>1,296,179</u>
Capital assets, being depreciated				
Building and structures	14,707,869	-	-	14,707,869
Equipment	2,672,810	-	-	2,672,810
Infrastructure	135,625	-	-	135,625
Total capital assets, being depreciated	<u>17,516,304</u>	<u>-</u>	<u>-</u>	<u>17,516,304</u>
Less accumulated depreciation				
Building and structures	(3,441,490)	(287,863)	-	(3,729,353)
Equipment	(133,644)	(1,981)	-	(135,625)
Infrastructure	<u>(2,081,008)</u>	<u>(147,802)</u>	<u>-</u>	<u>(2,228,810)</u>
Total accumulated depreciation	<u>(5,656,142)</u>	<u>(437,646)</u>	<u>-</u>	<u>(6,093,788)</u>
Total capital assets, being depreciated, net	<u>11,860,162</u>	<u>(437,646)</u>	<u>-</u>	<u>11,422,516</u>
Total capital assets, net	<u>\$ 13,156,341</u>	<u>\$ (437,646)</u>	<u>\$ -</u>	<u>\$ 12,718,695</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, 2023:

	<u>Balance at</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>June 30, 2023</u>	<u>Amount due</u> <u>within one year</u>
Debt long-term liabilities:					
Bonds payable:					
2022 Series "A" refunding tax allocation bonds	\$ 59,200,000	\$ -	\$ (235,000)	\$ 58,965,000	\$ 1,555,000
Add: Premium on issue	6,425,463	-	(305,974)	6,119,489	-
Less: Deferred on refunding	(395,963)	-	197,982	(197,981)	-
2022 Series "B:" refunding tax allocation bonds	16,620,000	-	(5,505,000)	11,115,000	5,465,000
Less: Deferred on refunding	(257,383)	-	128,692	(128,691)	-
Total Successor Agency long-term liabilities	<u>\$ 81,592,117</u>	<u>\$ -</u>	<u>\$ (5,719,300)</u>	<u>\$ 75,872,817</u>	<u>\$ 7,020,000</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

V. 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

Compton Redevelopment Project Second Lien Tax Allocation Refunding Bonds, Series 2022A and Compton Redevelopment Project Second Lien Tax Allocation Refunding Bonds (Taxable), Series 2022B

On June 1, 2022, the Successor Agency issued \$59,200,000 Compton Redevelopment Project Second Lien Tax Allocation Refunding Bonds, Series 2022A (with a premium of \$6,433,857) and \$16,620,000 Compton Redevelopment Project Second Lien Tax Allocation Refunding Bonds (Taxable), Series 2022B to defease the Series 1995C bonds and refund the Series 2010A, 2010B and 2010C bonds.

The bonds interest rates are between 5.00% and 5.25% for Series A, and 3.00% for Series B. The Series 2022 Bonds are special obligations of the Successor Agency and are payable exclusively from the pledged tax revenues and certain other funds and the Successor Agency is not obligated to pay the Series 2022 Bonds except from the pledged tax revenues and such other funds as provided in the Indenture.

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

Year ending June 30,	2022 A		Year ending June 30,	2022 B	
	Principal	Interest		Principal	Interest
2024	\$ 1,555,000	\$ 2,945,238	2024	\$ 5,465,000	\$ 294,243
2025	1,625,000	2,865,738	2025	5,650,000	101,926
2026	8,185,000	2,620,488	Total	<u>\$ 11,115,000</u>	<u>\$ 396,169</u>
2027	8,595,000	2,200,988			
2028	3,345,000	1,902,488			
2029-2033	17,855,000	6,766,181			
2034-2038	9,190,000	3,092,250			
2039-2043	8,615,000	1,118,875			
Total	<u>\$ 58,965,000</u>	<u>\$ 23,512,246</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	2023	2022	2021	2020	2019	2018	2017	2016	2015
	June 30, 2022	June 30, 2021	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	\$ 2,655,198	\$ 2,862,616	\$ 3,106,474	\$ 3,013,736	\$ 3,126,034	\$ 3,033,911	\$ 2,482,225	\$ 2,281,155	\$ 2,409,694
Interest	15,531,107	15,659,595	15,475,328	15,057,036	14,531,962	14,306,576	13,997,684	13,735,892	13,355,044
Changes in assumptions	5,425,105	-	-	-	(1,243,371)	11,024,331	-	(3,099,369)	-
Difference between expected and actual experience	(4,104,055)	(2,340,465)	619,298	1,629,844	(1,529,639)	595,677	(1,765,310)	(361,954)	-
Benefit payments, including refunds of member contributions:	(13,747,269)	(13,585,390)	(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	5,760,086	2,596,356	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	229,313,513	226,717,157	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	235,073,599	229,313,513	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	1,018,318	1,078,412	1,305,581	1,663,411	1,175,086	1,357,942	1,344,793	1,160,045	1,093,771
Contributions - employer	8,039,208	7,648,070	7,373,216	6,626,128	5,754,105	5,782,821	5,311,369	4,214,549	3,064,604
Net investment income	(12,956,214)	32,538,798	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	(13,747,269)	(13,585,390)	(13,499,135)	(12,273,236)	(11,502,752)	(11,419,854)	(11,100,215)	(10,760,128)	(10,744,399)
Administrative expenses	(108,736)	(146,863)	(204,208)	(99,831)	(208,716)	(183,979)	(78,305)	(144,665)	-
Other miscellaneous income/(expense) ²	-	-	-	323	(396,355)	-	-	-	-
Net change in plan fiduciary net position	(17,754,693)	27,533,027	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 ³	174,552,231	147,019,204	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	156,797,538	174,552,231	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	78,276,061	54,761,282	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	66.70%	76.12%	64.85%	65.54%	65.50%	63.72%	64.68%	67.96%	70.03%
Covered payroll ⁴	13,236,282	15,634,167	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	591.37%	350.27%	476.68%	478.84%	449.94%	463.66%	472.58%	467.52%	421.23%

1 GASB 68 requires historical information only for the 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 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).

3 Includes any beginning of year adjustment.

4 Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

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

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the 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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

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⁾

	2023	2022	2021	2020	2019	2018	2017	2016	2015
MEASUREMENT DATE	June 30, 2022	June 30, 2021	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	0.68336%	0.94431%	0.64965%	0.64307%	0.64023%	0.63484%	0.66255%	0.69644%	0.40840%
Employer's proportionate share of the net pension liability	\$ 78,933,416	\$ 51,070,839	\$ 70,684,876	\$ 65,895,794	\$ 61,694,097	\$ 62,958,433	\$ 57,330,655	\$ 47,803,079	\$ 44,540,591
Employer's covered-employee payroll ⁽²⁾	\$ 5,995,602	\$ 6,049,855	\$ 5,948,203	\$ 6,944,403	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708	\$ 5,819,708	\$ 5,819,708
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1316.52%	844.17%	1188.34%	948.91%	1145.31%	1121.18%	985.11%	821.40%	765.34%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	62.59%	75.62%	66.15%	68.27%	70.18%	69.89%	70.64%	75.25%	77.48%

⁽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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution ²	8,458,176	8,039,208	7,648,070	\$ 7,373,216	\$ 6,626,128	\$ 5,754,105	\$ 5,782,821	\$ 5,311,369	\$ 4,214,549	\$ 3,064,604
Contributions in relation to the										
actuarially determined contribution ²	(8,458,176)	(8,039,208)	(7,648,070)	(7,373,216)	(6,626,128)	(5,754,105)	(5,782,821)	(5,311,369)	(4,214,549)	(3,064,604)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll ³	16,505,869	13,236,282	15,634,167	\$ 16,719,449	\$ 15,905,298	\$ 16,378,677	\$ 16,448,419	\$ 14,400,561	\$ 12,954,483	\$ 13,321,325
Contributions as a percentage of employee payroll	51.24%	60.74%	48.92%	44.10%	41.66%	35.13%	35.16%	36.88%	32.53%	23.01%

SAFETY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution ²	7,590,730	7,012,242	\$ 8,461,722	\$ 7,150,755	\$ 6,218,576	\$ 6,125,603	\$ 5,042,071	\$ 4,765,571	\$ 4,943,839	\$ 4,339,618
Contributions in relation to the										
actuarially determined contribution ²	(7,590,730)	(7,012,242)	(8,461,722)	(7,150,755)	(6,218,576)	(6,125,603)	(5,042,071)	(4,765,571)	(4,943,839)	(4,339,618)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll ³	\$ 5,800,796	\$ 5,995,602	\$ 6,049,855	\$ 5,948,203	\$ 6,944,403	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708	\$ 5,819,708	\$ 5,819,708
Contributions as a percentage of employee payroll	130.86%	116.96%	139.87%	120.22%	89.55%	113.72%	89.79%	81.89%	84.95%	74.57%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should be presented as of the employer's most recent fiscal year-end.

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

³ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% 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 were derived from the June 30, 2020 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report.
Asset valuation method	Fair Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.5%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 (CalPERS 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⁾					
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability						
Service cost	\$ 5,135,083	\$ 5,636,782	\$ 4,575,441	\$ 3,785,637	\$ 3,731,074	\$ 4,163,800
Interest	3,133,609	4,226,872	4,744,124	4,858,489	4,730,536	4,156,698
Differences between expected and actual experience	(2,739,681)	(36,390,352)	(135,090)	2,970,500	-	-
Changes of assumptions	(35,687,653)	22,913,092	15,907,862	9,929,633	(2,374,728)	(12,626,584)
Benefit payments	(5,083,057)	(5,311,479)	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Net change in total OPEB liability	(35,241,699)	(8,925,085)	19,976,198	16,706,366	1,306,220	(8,992,686)
Total OPEB Liability - beginning of year	160,603,184	169,528,269	149,552,071	132,845,705	131,539,485	140,532,171
Total OPEB Liability - end of year	\$ 125,361,485	\$ 160,603,184	\$ 169,528,269	\$ 149,552,071	\$ 132,845,705	\$ 131,539,485
Plan Fiduciary Net Position (FNP, assets)						
Employer contributions	\$ 5,083,057	\$ 5,311,479	\$ 5,116,139	\$ 4,837,893	\$ 4,780,662	\$ 4,686,600
Benefit payments	(5,083,057)	(5,311,479)	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
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	\$ 125,361,485	\$ 160,603,184	\$ 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%	0.0%	0.0%
OPEB-eligible payroll for the measurement period	\$ 17,961,304	\$ 19,259,800	\$ 27,932,602	\$ 24,225,987	\$ 21,348,829	\$ 21,284,889
Net OPEB Liability as a % of eligible payroll	698.0%	833.9%	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.

The following assumptions have been updated since the prior valuation:

1. The Single Equivalent Discount Rate (SEDR) has been increased from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022 based on updated municipal bond index, which caused a decrease in the liability.
2. Payroll growth, mortality, disability, termination, and retirement rates assumptions have been based on the most recent study published in November 2021. The net impact of these changes is a slight decrease in the liability.
3. Health care trend rates have been updated from an initial rate of 5.75% (non-Medicare) / 5.40% (Medicare) that decreases gradually to an ultimate rate of 4.04% to 5.50% (non-Medicare) / 5.30% (Medicare) in 2023, decreasing gradually to an ultimate rate of 4.04%. The net impact of this change is a decrease in the liability.

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

FISCAL YEAR	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of employee payroll	N/A	N/A	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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
Revenue:				
Taxes and special assessments	\$ 58,359,573	\$ 58,939,256	\$ 67,677,507	\$ 8,738,251
Licenses and permits	5,021,366	5,021,366	6,726,273	1,704,907
Intergovernmental revenues	-	-	863	863
Fines, forfeitures, and penalties	2,221,752	2,221,752	3,160,815	939,063
Use of money and property	213,355	213,355	638,042	424,687
Charges for services	7,182,982	7,182,982	3,653,021	(3,529,961)
Other	8,700	8,700	1,606,364	1,597,664
Total Revenue	73,007,728	73,587,411	83,462,885	9,875,474
Expenditures:				
General government	9,061,394	9,489,425	6,022,940	3,466,485
Public safety	41,614,029	41,691,480	43,155,520	(1,464,040)
Public works	3,369,473	3,533,858	5,624,329	(2,090,471)
Management services	4,984,295	4,994,918	4,395,522	599,396
Environmental and human services	2,069,136	2,646,208	1,178,026	1,468,182
Debt service:				
Principal	125,000	33,210	38,941	(5,731)
Interest	157,377	157,377	-	157,377
Capital Outlay	6,122,708	9,821,726	6,475,978	3,345,748
Total Expenditures	67,503,412	72,368,202	66,891,256	5,476,946
Excess (deficiency) of revenues over (under) expenditures	5,504,316	1,219,209	16,571,629	15,352,420
Other financing sources (uses):				
Transfers out	(12,721,109)	(12,721,108)	(3,617,687)	9,103,421
Total Other Financing Sources (Uses)	(12,721,109)	(12,721,108)	(3,617,687)	9,103,421
Net Change in Fund Balance	(7,216,793)	(11,501,899)	12,953,942	24,455,841
Fund balances (deficit), Beginning			8,137,683	
Fund Balances, Ending			\$ 21,091,625	

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 - FEDERAL GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental revenues	\$ 22,355,061	\$ 33,351,121	\$ 675	\$ (33,350,446)
Use of money and property	1,545	1,545	17,415	15,870
Other	61,030	61,030	340,150	279,120
Total Revenue	<u>22,417,636</u>	<u>33,413,696</u>	<u>358,240</u>	<u>(33,055,456)</u>
Expenditures:				
Current:				
General government	-	2,044,805	675	2,044,130
Public safety	60,835	135,243	73,252	61,991
Environmental and human services	4,399,787	6,387,434	362,844	6,024,590
Capital Outlay	2,193,661	8,582,861	508	8,582,353
Total expenditures	<u>6,654,283</u>	<u>17,150,343</u>	<u>437,279</u>	<u>16,713,064</u>
Net Change in Fund Balance	<u>\$ 15,763,353</u>	<u>\$ 16,263,353</u>	(79,039)	<u>\$ (16,342,392)</u>
Fund balances, beginning			3,362,978	
Fund Balances, ending			<u>\$ 3,283,939</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).

CITY OF COMPTON, CALIFORNIA
BUDGETARY COMPARISON – MAJOR SPECIAL REVENUE FUND – RETIREMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
Revenue:				
Taxes and special assessments	\$ 32,912,830	\$ 32,912,830	\$ 39,592,887	\$ 6,680,057
Use of money and property	123,432	123,432	734,282	610,850
Total Revenue	33,036,262	33,036,262	40,327,169	7,290,907
Expenditures:				
Current:				
General government	1,306,474	1,306,474	748,932	557,542
Public safety	4,981,165	4,981,165	3,856,469	1,124,696
Public works	2,218,233	2,218,233	1,550,730	667,503
Management services	13,148,484	13,148,484	18,283,562	(5,135,078)
Environmental and human services	3,083,680	3,083,680	1,576,195	1,507,485
Total expenditures	24,738,036	24,738,036	26,015,888	(1,277,852)
Excess (Deficiency) of Revenues				
Over Expenditures	8,298,226	8,298,226	14,311,281	6,013,055
Net Change in Fund Balance	8,298,226	8,298,226	14,311,281	6,013,055
Fund balances, beginning			76,809,739	
Fund Balances, ending			\$ 91,121,020	

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

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CITY OF COMPTON, CALIFORNIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds		
	Local Housing Authority	State and County Grants	Gasoline Tax
ASSETS			
Cash and investments	\$ 375,337	\$ 5,552,097	\$ 11,669,018
Receivables, net	(19)	-	639,972
Due from other funds	-	4,542	-
Due from other governments	10,822	693,072	-
Other assets	787,752	-	-
Advances to other funds	-	49,480	-
Total Assets	<u>1,173,892</u>	<u>6,299,191</u>	<u>12,308,990</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 41,407	\$ 86,854	\$ 88,346
Due to other funds	-	707,880	-
Unearned revenue	66,664	2,539,347	-
Total Liabilities	<u>108,071</u>	<u>3,334,081</u>	<u>88,346</u>
DEFERRED INFLOW ON RESOURCES			
Deferred revenue	-	693,072	-
Total Liabilities	<u>-</u>	<u>693,072</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Other assets	787,752	-	-
Restricted for:			
Grants	278,069	2,272,038	12,220,644
Committed to:			
Development	-	-	-
Total Fund Balances	<u>\$ 1,065,821</u>	<u>\$ 2,272,038</u>	<u>\$ 12,220,644</u>

Special Revenue Funds

MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Total	
				ASSETS
\$ 20,677,045	\$ 978,695	\$ 556,085	\$ 39,808,277	Cash and investments
61,045	-	-	700,998	Receivables, net
273,011	-	-	277,553	Due from other funds
205,021	114,021	-	1,022,936	Due from other governments
-	247,397	-	1,035,149	Other assets
-	-	-	49,480	Advances to other funds
<u>21,216,122</u>	<u>1,340,113</u>	<u>556,085</u>	<u>42,894,393</u>	Total Assets
				LIABILITIES
\$ 750,563	\$ 212,386	\$ -	\$ 1,179,556	Accounts payable and accrued liabilities
290,090	-	-	997,970	Due to other funds
52,133	-	-	2,658,144	Unearned revenue
<u>1,092,786</u>	<u>212,386</u>	<u>-</u>	<u>4,835,670</u>	Total Liabilities
				DEFERRED INFLOW ON RESOURCES
197,353	-	-	890,425	Deferred revenue
<u>197,353</u>	<u>-</u>	<u>-</u>	<u>890,425</u>	Total Liabilities
				FUND BALANCES
-	247,397	-	1,035,149	Nonspendable:
				Other assets
19,925,983	880,330	4,320	35,581,384	Restricted for:
				Grants
-	-	551,765	551,765	Committed to:
				Development
<u>\$ 19,925,983</u>	<u>\$ 1,127,727</u>	<u>\$ 556,085</u>	<u>\$ 37,168,298</u>	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, 2023

	Special Revenue Funds		
	Local Housing Authority	State and County Grants	Gasoline Tax
Revenues:			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental revenues	8,919,092	819,548	4,553,891
Use of money and property	429	3,245	10,260
Charges for services	-	-	-
Other	787,946	-	-
Total revenues	<u>9,707,467</u>	<u>822,793</u>	<u>4,564,151</u>
Expenditures:			
Current:			
General government	198,268	4,884	-
Public safety	-	101,500	-
Public works	-	419,121	882,863
Management services	-	10,766	-
Environmental and human services	9,333,635	238,686	-
Capital outlay	4,443	-	-
Total expenditures	<u>9,536,346</u>	<u>774,957</u>	<u>882,863</u>
Excess (deficiency) of revenue over expenditures	171,121	47,836	3,681,288
Other financing sources (uses):			
Transfers in	-	42,182	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>42,182</u>	<u>-</u>
Net change in fund balance	<u>171,121</u>	<u>90,018</u>	<u>3,681,288</u>
Fund balances (deficit), beginning	894,700	2,182,020	8,539,356
Fund balances (deficit), ending	<u>\$ 1,065,821</u>	<u>\$ 2,272,038</u>	<u>\$ 12,220,644</u>

Special Revenue Funds

MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Total	
\$ -	\$ 4,226,630	\$ -	\$ 4,226,630	Revenues:
8,270,475	-	-	22,563,006	Taxes and special assessments
164,741	2,263	495	181,433	Intergovernmental revenues
-	-	55,062	55,062	Use of money and property
32,105	280,349	-	1,100,400	Charges for services
8,467,321	4,509,242	55,557	28,126,531	Other
				Total revenues
				Expenditures:
				Current:
-	846,467	-	1,049,619	General government
-	-	-	101,500	Public safety
1,215,240	507,339	-	3,024,563	Public works
-	1,379,704	-	1,390,470	Management services
81,109	-	-	9,653,430	Environmental and human services
2,233,253	810,278	-	3,047,974	Capital outlay
3,529,602	3,543,788	-	18,267,556	Total expenditures
				Excess (deficiency) of revenue
4,937,719	965,454	55,557	9,858,975	over expenditures
				Other financing sources (uses):
229,630	-	-	271,812	Transfers in
(2,187,630)	-	-	(2,187,630)	Transfers out
(1,958,000)	-	-	(1,915,818)	Total Other Financing Sources (Uses)
2,979,719	965,454	55,557	7,943,157	Net change in fund balance
16,946,264	162,273	500,528	29,225,141	Fund balances (deficit), beginning
\$ 19,925,983	\$ 1,127,727	\$ 556,085	\$ 37,168,298	Fund balances (deficit), ending

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
JUNE 30, 2023

	Equipment Rental	Central Duplication	Self-Insurance	Total
ASSETS				
Current assets				
Cash and investments	\$ 3,629,065	\$ 2,055	\$ 101,112	\$ 3,732,232
Due from other funds	-	-	1,857	1,857
Other assets	29,878	-	-	29,878
Total current assets	<u>3,658,943</u>	<u>2,055</u>	<u>102,969</u>	<u>3,763,967</u>
Noncurrent Assets:				
Advances to other funds	1,200,000	-	41,987	1,241,987
Capital assets:				
Nondepreciable	188,984	-	-	188,984
Depreciable, net	2,027,078	13,181	425,232	2,465,491
Total noncurrent assets	<u>3,416,062</u>	<u>13,181</u>	<u>467,219</u>	<u>3,896,462</u>
Total Assets	<u>7,075,005</u>	<u>15,236</u>	<u>570,188</u>	<u>7,660,429</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow on pension and OPEB	413,297	82,238	779,154	1,274,689
Total Deferred Outflows of Resources	<u>413,297</u>	<u>82,238</u>	<u>779,154</u>	<u>1,274,689</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	167,869	15,001	25,892	208,762
Due to other funds	-	21,458	317,523	338,981
Compensated absences	10,156	2,932	19,080	32,168
Subscription liability	-	-	84,785	84,785
Self-insurance claims	-	-	3,064,152	3,064,152
Total current liabilities	<u>178,025</u>	<u>39,391</u>	<u>3,511,432</u>	<u>3,728,848</u>
Noncurrent Liabilities				
Compensated absences	27,113	4,352	49,897	81,362
Lease liability	-	-	294,181	294,181
Advances from other funds	-	87,122	16,654,550	16,741,672
Self-insurance claims	-	-	16,433,183	16,433,183
Net pension liabilities	806,040	160,388	1,519,560	2,485,988
Other post-employment benefits payable	1,292,622	257,209	2,436,873	3,986,704
Total noncurrent liabilities	<u>2,125,775</u>	<u>509,071</u>	<u>37,388,244</u>	<u>40,023,090</u>
Total Liabilities	<u>2,303,800</u>	<u>548,462</u>	<u>40,899,676</u>	<u>43,751,938</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow on pension and OPEB	503,955	100,278	950,065	1,554,298
Total Deferred Inflows of Resources	<u>503,955</u>	<u>100,278</u>	<u>950,065</u>	<u>1,554,298</u>
NET POSITION				
Net investment in capital assets	2,216,062	13,181	425,232	2,654,475
Unrestricted (deficit)	2,464,485	(564,447)	(40,925,631)	(39,025,593)
Total Net Position (Deficit)	<u>\$ 4,680,547</u>	<u>\$ (551,266)</u>	<u>\$ (40,500,399)</u>	<u>\$ (36,371,118)</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Equipment Rental	Central Duplication	Self-Insurance	Total
Operating revenues:				
Charges to other funds	\$ 693,407	\$ 210,206	\$ 6,533,309	\$ 7,436,922
Investment income	2,987	96	175	3,258
Total operating revenues	<u>696,394</u>	<u>210,302</u>	<u>6,533,484</u>	<u>7,440,180</u>
Operating expenses:				
Salaries and wages	(57,323)	(230,320)	139,920	(147,723)
Contractual services	2,239	1,742	3,263,923	3,267,904
Materials and supplies	348,973	-	-	348,973
Repairs and maintenance	74,328	23,755	-	98,083
Depreciation expense	727,957	7,681	50,840	786,478
Other expenses	2,756	48,275	254,912	305,943
Self-insurance services	-	-	6,084,953	6,084,953
Total operating expenses	<u>1,098,930</u>	<u>(148,867)</u>	<u>9,794,548</u>	<u>10,744,611</u>
Change in net position	<u>(402,536)</u>	<u>359,169</u>	<u>(3,261,064)</u>	<u>(3,304,431)</u>
Net position, beginning	5,083,083	(910,435)	(37,239,335)	(33,066,687)
Net position, ending	<u>\$ 4,680,547</u>	<u>\$ (551,266)</u>	<u>\$ (40,500,399)</u>	<u>\$ (36,371,118)</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Equipment Rental	Central Duplication	Self- Insurance	Total
Cash flows from operating activities:				
Cash received from customers	\$ 696,394	\$ 210,302	\$ 6,533,484	7,440,180
Cash payments to suppliers for goods and services	167,257	(72,608)	(10,592,971)	(10,498,322)
Cash payment to employees for services	(259,901)	(48,053)	(444,549)	(752,503)
Net cash provided by (used in) operating activities	<u>603,750</u>	<u>89,641</u>	<u>(4,504,036)</u>	<u>(3,810,645)</u>
Cash flows from non-capital financing activities:				
Advances to other funds	-	-	1,229	1,229
Advances from other funds	-	(87,586)	2,406,031	2,318,445
Net cash provided by (used in) non-capital financing Activities	<u>-</u>	<u>(87,586)</u>	<u>2,407,260</u>	<u>2,319,674</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(230,961)	-	(97,106)	(328,067)
Net cash used in capital and related financing activities	<u>(230,961)</u>	<u>-</u>	<u>(97,106)</u>	<u>(328,067)</u>
Net increase (decrease) in cash and cash equivalents	372,789	2,055	(2,193,882)	(1,819,038)
Cash and cash equivalents, beginning	3,256,276	-	2,294,994	5,551,270
Cash and cash equivalents, ending	<u>\$ 3,629,065</u>	<u>\$ 2,055</u>	<u>\$ 101,112</u>	<u>3,732,232</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	<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)	\$ (402,536)	\$ 359,169	\$ (3,261,064)	\$ (3,304,431)
Adjustments to reconcile operating income (loss) to				
net cash provided by (used in) operating activities:				
Depreciation and amortization	727,957	7,681	50,840	786,478
Changes in operating assets and liabilities:				
Decrease (increase) in due from other funds	1,088,045	-	(103)	1,087,942
Decrease (increase) in other assets	15,716	-	-	15,716
Increase (decrease) in accounts payable	(71,585)	1,164	(93,681)	(164,102)
Increase (decrease) in accrued liabilities	(429,963)	2,614	(420,780)	(848,129)
Increase (decrease) in due to other funds	-	(1)	-	(1)
Increase (decrease) in OPEB payable	(213,993)	(193,097)	(192,465)	(599,555)
Increase (decrease) in retirement payable	(102,301)	(82,355)	(104,482)	(289,138)
Increase (decrease) in self-insurance claims	-	-	(472,983)	(472,983)
Increase (decrease) in compensated absences	(7,590)	(5,534)	(9,318)	(22,442)
Net cash provided by (used in) operating activities	<u>\$ 603,750</u>	<u>\$ 89,641</u>	<u>\$ (4,504,036)</u>	<u>\$ (3,810,645)</u>