



PUBLIC STATEMENT

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In November 2020, the State Auditor released a report ranking the fiscal health of many California cities and like last year, Compton is ranked with the highest risk. This rating however was not an assessment of our actual financial conditions, but rather a rating based on untimely filing of the City's audited financial statements.

To that end, the City of Compton continues to make strides towards improving our release of timely financial statements. Within the past twelve (12) months, the City has dedicated substantial resources to the City Controller's Office through hiring additional accounting staff, hired a new Interim City Controller and is preparing to publicly release its 2019 financial statements.

Compton is similar to most other local government agencies in that we are experiencing some fiscal challenges, due to the economic recession precipitated by the COVID-19 pandemic. However, these revenue shortfalls have not prevented the City from maintaining its financial obligations with respects to debt service obligations, operational activities and completion of significant public infrastructure improvement projects.

As part of the adoption of the fiscal year 2020-2021 budget, the City's new management team re-structured the City's entire organizational structure and implemented new cost saving measures, which in turn allowed greater management of the expenditures and created more efficiencies in services. Additionally, the City is actively exploring several revenue enhancing strategies to combat the economic recession; as well as, expand and strengthen the city existing tax base and fee structure.

For the 2020-2021 fiscal year, the General Fund Revenues experienced a decreased in revenues of approximately \$5 million dollars; however, overall the City's major tax revenue sources have maintained at a sufficient level to allow the City to continue providing essential services to the residents and business of our community. In addition, the City's Measure P sales (1%) tax initiative continues to provide the City's General Fund with a stable source of revenue in excess of \$10 million dollars annually. This revenue source allowed the City to strategically invest several millions of dollars into the City's vital infrastructure with the repair of more than 30 streets throughout the City since July 2019.

The City's special retirement tax that was approved in approximately 1947 generates approximately \$26 million dollars annually, which is enough revenue to cover the more than \$25 million dollars in annual retirement expenses. Within the next year, the City Manager and City Controller will present a funding plan to the City Council for consideration to address the City's Unfunded Pension Liability.

The City recognizes that timely financial statements are vital for accountability and transparency. The steps being taken to hire more staff and the creation of new policies and procedures around reporting will equip the City with the resources it needs to produce timely and accurate financial reports and statements. The Mayor and City Council members are dedicated to the continued improvement and growth of the City's financial health and fiscal sustainability for the betterment of the residents and businesses we serve.