

**CITY OF COMPTON  
MEMORANDUM**

Date: September 15, 2019  
To: Mayor and City Council  
From: Rafaela T. King, City Controller  
Subject: **MONTHLY REPORT: AUGUST 1 - 31, 2019**

**CONTROLLER'S OFFICE**

Below is a brief summary of the Audits for the City of Compton.

**Audit Updates**

- **Audits Completed During FY 2019-2020 - August**
  - None...all ongoing
  
- **Audits In-Progress**
  - Financial Audit Fiscal Year 2017-2018
  - Single Audit Fiscal Year 2017-2018
  - Financial Audit Fiscal Year 2018-2019
  - Single Audit Fiscal Year 2018-2019
  - HUD (NSP) Audit – Grants Division
  -
  
- **Upcoming Audits**
  - HUD Housing Audit – Housing Division
  - AB2611 (AQMD) Audit
  - PERS Audit
  - Annual Street Audit
  - MTA Audit FY 2018-2019

**Business License Division**

Below is a summary of the Business License Activity for the current month.

**Business License Division**

- |                                       |          |
|---------------------------------------|----------|
| ● Counter Customers                   | 570      |
| ● Inspections Conducted               | 481      |
| ● Notice of Violations Issued         | 59       |
| ● Cease & Desist Notices Issued       | 0        |
| ● Administrative Citations Issued     | 14       |
| ● Total Administrative Citation Fines | \$29,250 |
| ● Film Permits Issued                 | 2        |
| ● Licenses Within City                | 12,295   |

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- Licenses Outside City 13,276
- Closed Businesses 3
- Renewals Mailed 249
- Renewals Processed 332
- New Applications Processed 156
- Online Applications 54
- Waived Fees \$0

Summary of Fees Collected

**July 2019 - June 2020**

Account Type	July '19	Aug '19	Sept '19	Totals
<b>Business License</b>	\$293,543.15	\$251,737.86		<b>\$545,281.01</b>
<b>Property Rental</b>	\$12,006.00	\$15,079.00		<b>\$27,085.00</b>
<b>Tobacco Permits</b>	\$6,000.00	\$3,500.00		<b>\$9,500.00</b>
<b>Total BL Revenue</b>	\$311,549.15	\$270,316.86		<b>\$581,866.01</b>
<b>Fire Permit Fee</b>	\$40,416.00	\$37,681.00		<b>\$78,097.00</b>
<b>SB1186 State Fee</b>	\$2,294.68	\$2,049.00		<b>\$4,343.68</b>
<b>Totals</b>	<b>\$354,259.83</b>	<b>\$310,046.86</b>		<b>\$664,306.69</b>

**Corrective Action Plan Updates**

During the process of the audits, the external auditors identified 263 audit findings combined from their audit work as well previous audits where left unaddressed. These included financial statement findings and single audit findings related to compliance and internal control over compliance. For the 2017 fiscal year, the corrective action plan was created and included a plan to address and resolve those findings. The plan included resolving 57 by June 30, 2019, another 81 by June 30, 2020 and the remaining 90 by June 30, 2021.

In order to resolve the findings, there are at least three different stages that need to be addressed in order to call them completed and remove them from the list. In some cases, the finding is very specific and needs to have a single issue corrected. In other cases, the internal controls need to be evaluated and updated for best practices, the city staff needs to be trained on the policy and the policy is then implemented. Once the findings have been addressed in this manner, during the next audit, the external auditors will test that the new policies have indeed been implemented and followed.

The findings have been categorized into three sections as follows:

Material weaknesses	129
Significant deficiencies	67
Non-compliance	52
Best practices	15

The City’s internal auditor has been tasked to concentrate exclusively on resolving the findings issues. Between the Controller’s Office and other offices working on the corrections as it relates to their specific areas, as of the end of June 2019, 54 audit findings had been addressed. As of the end of July an additional 10 findings have been addressed.

Individual corrections were made, policies were written or updated. The updated policies are in the review and implementation stage. We expect those procedures already put into practice will be tested during the audits for the 2017-18 and 2018-19 fiscal years for clearance.

## **GENERAL LEDGER ACCOUNTING DIVISION**

### **Ongoing**

Finance continues to maintain the daily operations of the Finance Department including accounts payable, revenues, internal controls, reporting and budgeting.

### **Single Audit for FY 2017-2018**

The Single Audit which specifically reports on Federally funded grants is in progress. The expected completion date is December 2019.

### **Single Audit for FY 2018-2019**

The Single Audit which specifically reports on Federally funded grants is in progress. The expected completion date is March 31, 2020.

### **Monthly Report FY 2018-2019 Budget vs. Actual**

Finance is now preparing for the mid-year budget review.

### **Miscellaneous**

None

**Bank Reconciliations**

Please note the following list of City Bank Accounts and Bond Accounts and the last completion date of each bank reconciliation.

	<b>Account Name</b>	<b>Last Month Completed</b>
1	COC General Account	June 30, 2018
2	COC Merchant Account Parking Violations	June 30, 2018
3	COC Merchant Account Utility Billings	June 30, 2018
4	COC Payroll Account	June 30, 2018
5	COC LHA Port-In	June 30, 2019
6	COC LHA Admin-Fees	June 30, 2019
7	COC Measure R Fund	June 30, 2019
8	COC Prop A Fund	June 30, 2019
9	COC Successor Agency General Account	June 30, 2019
10	COC Successor Agency Low Cost	June 30, 2019
11	COC Successor Agency Redev Oblig Ret Fund	June 30, 2019
12	COC PERS Account	June 30, 2019
13	COC CSCDA Delinquent Tax	June 30, 2019
14	COC Low & Moderate Income Housing Asset Fund	June 30, 2019
15	COC Building and Safety Department Business License	June 30, 2019
16	COC Finance Authority	June 30, 2019
17	COC Block Grant	June 30, 2019
18	COC General Reserve Regional Park	June 30, 2019
19	COC Family Self Sufficiency Program	July 31, 2019
20	COC Careerlink	June 30, 2019
21	COC Home Loan	July 31, 2019
22	COC (General City) Section 108 HUD Fund	June 30, 2019
23	COC Air Quality Improvement Trust	Zero balance, verifying 09/11/2019
24	COC Police Drug Property Forfeiture	June 30, 2019
25	COC Bond Sewer Construction Fund	June 30, 2019
26	COC Liability	July 31, 2019
27	COC (Change Fund)	July 31, 2019

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28	COC (Prop C Fund)	June 30, 2019
29	COC Workers Comp Account	July 31, 2019
30	COC Local Housing Authority	June 30, 2019
31	COC Emergency Medical Service Account	July 31, 2019
32	COC Cops Grants Weed and Seed	June 30, 2019
33	COC Creek Master Plan	Closed
34	COC Residential Rehabilitation	June 30, 2019
35	COC Demonstration Rental	June 30, 2019
36	COC Formal Assurance Program	June 30, 2019
37	COC Neighborhood Improvement	June 30, 2019
38	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
39	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
40	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
41	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
42	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
43	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
44	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
45	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
46	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
47	Bond 1995C & 2006 A-Fund 3002	June 30, 2019
48	Bond 2008-Fund 3030	June 30, 2019
49	Bond 2008-Fund 3030	June 30, 2019
50	Bond 2008-Fund 3030	June 30, 2019
51	Bond 2008-Fund 3030	June 30, 2019
52	Bond 2008-Fund 3030	June 30, 2019
53	Bond 2008-Fund 3030	June 30, 2019
54	Bond 2008-Fund 3030	June 30, 2019
55	Bond 2016-Fund 3030	June 30, 2019
56	Bond 2016-Fund 3030	June 30, 2019
57	Bond 2016-Fund 3030	June 30, 2019
58	Bond 2016-Fund 3030	June 30, 2019
59	Project Tax Series 2010 A	June 30, 2019
60	Project Tax Series 2010 A	June 30, 2019

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61	Project Tax Series 2010 A	June 30, 2019
62	Project Tax Series 2010 A	June 30, 2019
63	Project Tax Series 2010 A	June 30, 2019
64	Project Tax Series 2010 A	June 30, 2019
65	Project Tax Series 2010 A	June 30, 2019
66	Project Tax Series 2010 B	June 30, 2019
67	Project Tax Series 2010 B	June 30, 2019
68	Project Tax Series 2010 B	June 30, 2019
69	Project Tax Series 2010 B	June 30, 2019
70	Project Tax Series 2010 B	June 30, 2019
71	Project Tax Series 2010 B	June 30, 2019
72	Project Tax Series 2010 C	June 30, 2019
73	Project Tax Series 2010 C	June 30, 2019
74	Project Tax Series 2010 C	June 30, 2019
75	Project Tax Series 2010 C	June 30, 2019
76	Project Tax Series 2010 C	June 30, 2019
77	Project Tax Series 2010 C	June 30, 2019
78	Water Revenue Series 2009	June 30, 2019
79	Water Revenue Series 2009	June 30, 2019
80	Water Revenue Series 2009	June 30, 2019
81	Water Revenue Series 2009	June 30, 2019
82	Water Revenue Series 2009	June 30, 2019
83	Water Revenue Series 2009	June 30, 2019
84	Solid Waste Bond Fund 5100	June 30, 2019
85	Solid Waste Bond Fund 5100	June 30, 2019
86	Solid Waste Bond Fund 5100	June 30, 2019
87	Solid Waste Bond Fund 5100	June 30, 2019
88	Solid Waste Bond Fund 5100	June 30, 2019
89	Solid Waste Bond Fund 5100	June 30, 2019
90	Solid Waste Bond Fund 5100	June 30, 2019
91	Solid Waste Bond Fund 5100	June 30, 2019
92	Solid Waste Bond Fund 5100	June 30, 2019

93	Sewer Construction Bond Fund 5116	June 30, 2019
94	Sewer Construction Bond Fund 5116	June 30, 2019
95	Sewer Construction Bond Fund 5116	June 30, 2019
96	Sewer Construction Bond Fund 5116	June 30, 2019
97	Sewer Revenue Series 2009	June 30, 2019
98	Sewer Revenue Series 2009	June 30, 2019
99	Sewer Revenue Series 2009	June 30, 2019
100	Sewer Revenue Series 2009	June 30, 2019
101	Sewer Revenue Series 2009	June 30, 2019
102	Sewer Revenue Series 2009	June 30, 2019

**Balance Sheet Audit – Fiscal Year 2017-2018**

The Controller’s Office staff is in the process of finalizing the close of the books for the 2018 fiscal year. Staff has received the Prepared by Client (PBC) list from our external auditors and is working on compiling all audit schedules and other requested information. The auditors have received approximately 75% of requested items.

**Comprehensive Annual Financial Report (CAFR) – Fiscal Year 2018-2019**

The Controller’s Office staff is in the process of closing the books for the 2019 fiscal year. Staff has received the Prepared by Client (PBC) list from our external auditors and is working on compiling all audit schedules and other requested information.

**Contracts Under \$25,000**

During the month of July 2019, the following contracts were entered into utilizing the City Manager’s \$25,000 spending authority by Resolution number 25,001:

City of Compton				
Contracts Under 25K For FY 2019-2020				
Under City Manager Authority per Resolution No. 25,001				
Date	Purchase Order Number	Requesting Department	Vendor	Encumbrance
5/29/2019	19FY1346	Human Resources	Cooperative Organization for the Development of Employee Selection Procedures (CODESP)	\$ 2,600
6/27/2019	19FY1537	Human Resources	Liebert Cassidy Whitmore	\$ 3,855
7/30/2019	56R01634	Human Resources	Liebert Cassidy Whitmore	pending
9/3/2019	20FY0226	City Attorney	Liebert Cassidy Whitmore	\$ 2,478
9/17/2019	20FY0347	Human Resources	Liebert Cassidy Whitmore	\$ 13,000
			<b>Sub-Total</b>	<b>\$ 19,333</b>
9/19/2019	19FY1425	City Manager	Ecamsecure	\$ 7,313
9/24/2019	20FY0358	City Manager	Screamin Eagle Services Inc.	\$ 25,000
9/24/2019	20FY0345	City Manager	DCA Civil Engineering Group Inc	\$ 11,900
9/24/2019	20FY0341	Public Works	Elliott Auto Supply Co Inc dba Factory Motor Parts	\$ 25,000
9/26/2019	20FY0377	City Manager	Duncan Hauling	\$ 25,000

**PAYROLL DIVISION**

During the month of August 2019, the Payroll division processed 757 regular payroll checks. There were twenty-two (22) Retroactive checks processed totaling to \$17,824.86. Paid Administrative Leave checks amounted to \$11,338.16. There were no settlement checks processed thru payroll. There were four severance checks processed amounting to \$64,043.42. There were twelve vacation buy-out checks processed amounting to \$27,895.88.

Total payroll for the month of August was \$3,349,364.00.

**UNFUNDED LIABILITY**

The annual Unfunded Accrued Liability is calculated by CalPERS each year for the preceding years. The amount of monthly payments due based on the balance as of June 30, 2017 is payable during the 2019-2020 fiscal year. The total amount due during this fiscal year is \$9,948,516.00

The amount paid to California Public Employees’ Retirement System (CalPERS) for the Unfunded Accrued Liability for the month of August was \$828,881.92

- Miscellaneous Plan \$461,082.00
- Safety Fire \$182,888.81

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- PEPR Safety Fire \$0.00
- Safety Police Plan \$184,911.11

The City Funded payment has averaged between 65% and 70% paid. As of June 30, 2017, the Unfunded Liability combined balance was One Hundred Thirty-One Million, Six Hundred Eighty-Five Thousand, Two Hundred Thirty-Nine Dollars (\$131,685,239). The 2018 updated report should be received from CalPERS by late September.

Plan	June 30, 2015	Funded Ratio	June 30, 2016	Funded Ratio	June 30, 2017	Funded Ratio
Miscellaneous Plan	62,124,900	67.4%	74,879,923	62.4%	71,976,767	65.0%
Safety Fire Plan	28,234,248	73.2%	33,636,940	69.5%	32,309,185	71.5%
PEPRA Safety Fire Plan	3,236	94.8%	25,205	91.6%	27,064	95.2%
Safety Police Plan	21,656,139	74.5%	26,917,485	68.0%	27,372,223	67.0%
<b>Total City-Wide Unfunded Accrued Liability</b>	<b>\$ 112,018,523</b>	<b>70.6%</b>	<b>\$ 135,459,553</b>	<b>65.6%</b>	<b>\$ 131,685,239</b>	<b>67.3%</b>

## PURCHASING DIVISION

### Purchasing Manager

Interviews for the Purchasing Manager position are scheduled for September 4, 2019.

### Staffing Updates

- Interviews conducted for Accountant position. Job offered extended with an effective start date of September 23, 2019, assuming background is passed.
- Updated job specifications for Business License Supervisor approved at Personnel Board
- Updated job specifications on target to go to City Council for approval at next available council meeting.
- Purchasing Manager interviews scheduled for September 4, 2019