



Local High-Risk Program

The State Auditor Is Removing the High-Risk Designation From Two Cities and Retaining the Designation for One Other

Background

Government Code section 8546.10(e) requires the California State Auditor to issue a report on high-risk local government entities every three years, unless we have removed them from the high-risk program. Our prior audits of the cities of Calexico, Compton, and Richmond identified areas of high risk related to the cities' financial conditions, financial stability, and administrative deficiencies, among other issues.

For this audit, we evaluated these three cities to determine the extent to which each city has addressed prior audit recommendations. We also assessed trends in each city's financial condition and determined whether we should continue to designate it as a high-risk local government agency.

Key Findings

- Overall, this audit concludes that the cities of Calexico and Richmond have taken satisfactory corrective action and addressed key deficiencies we identified in our prior report. Therefore, we are removing their high-risk designations.
- Although Compton has taken steps to improve its overall financial health, we are not removing the high-risk designation from that city at this time.
 - Non-competitive hiring rules, undefined responsibilities in human resources, and high turnover remain areas of concern for Compton.
 - Although the city has adopted a capital improvement plan, the city still needs to prioritize key infrastructure problems, such as poor road conditions, aging water infrastructure, and critical sewer maintenance projects.

Our Key Recommendations

- Compton should develop plans and dedicate the necessary funding to significantly improve its poor and very poor street conditions by 2029.
- Compton should continue working on water well operations and report its progress to the city council at least quarterly.
- Compton should address the recommendations from its Sewer System Management Plan and, in doing so, it should complete projects included in the 2016 settlement agreement.

City of Compton

RECOMMENDATIONS FROM OCTOBER 2022

Priority One Recommendations

1 Implement charter amendments to facilitate open and competitive hiring	Pending
2 Formalize specific responsibilities of the human resources department	Pending
3 Require regular reports about human resources department's progress	Pending
4 Fully staff the human resources department and city controller's office	Partially Addressed
5 Create and implement a fiscal sustainability plan	Partially Addressed
6 Create and implement a capital improvement plan	Fully Addressed

Priority Two Recommendations

7 Complete and implement a cost allocation plan	Partially Addressed
8 Adopt budgeting policies that incorporate best practices	Partially Addressed
9 Implement an ongoing training program for city council members	Partially Addressed

Priority Three Recommendations

10 Establish a centralized purchasing office with a procurement officer	Fully Addressed
11 Create a comprehensive, citywide purchasing manual	Pending
12 Develop and approve a master sewer study	Fully Addressed
13 Approve updates to charges for city services	Partially Addressed
14 Approve a realistic payment plan for money borrowed by the general fund	Fully Addressed
15 Issue all audited financial statements	Partially Addressed
16 Develop and implement a plan to fund pension and OPEB costs and liabilities	Pending
17 Resolve past audit findings	Partially Addressed
18 Develop a policy for fire department overtime use	Pending

STATE AUDITOR'S
CURRENT
ASSESSMENT
OF COMPTON'S
PROGRESS IN
ADDRESSING THE
RECOMMENDATION