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**COMPTON CITY COUNCIL
AGENDA
07/02/2024**

**CITY ATTORNEY'S CLOSED SESSION – 3:30 PM
CITY MANAGER'S CLOSED SESSION – 4:30 PM
PUBLIC MEETING – 5:30 PM**

CLOSED SESSION

CITY ATTORNEY'S CLOSED SESSION
PENDING LITIGATION

Kareemah Bradford v. City of Compton – Case No. TC026769 & 18 STCV 01367
Pursuant to California Gov. Code Section 54956.9(a).

CITY MANAGER'S CLOSED SESSION
CONFERENCE WITH LEGAL COUNCIL - Anticipated Litigation (One (1) Potential Case)
Pursuant To California Gov Code 54956.9

OPENING

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC COMMENTS ON CLOSED SESSION ITEMS ONLY

PUBLIC MEETING – 5:30 PM

REPORT ON CLOSED SESSION ITEMS

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

CONSENT AGENDA

Consent items are routine and expected to be non-controversial. They will be acted upon by the Council at one time without discussion unless a Council Member requests an item be removed or discussed..

APPROVAL OF MINUTES

1. December 5, 2023

**CITY MANAGER/CITY ATTORNEY/CITY CONTROLLER/CITY TREASURER
REPORTS**

2. RE-ISSUED FISCAL YEAR 2021 AUDITED FINANCIAL STATEMENTS AND SINGLE AUDIT (RECEIVE AND FILE) - City Controller

CITY CLERK

3. AFSCME LOCAL 2325 LTR. - CHARTER CHANGE OPPOSITION RECRUITMENT PROCESS (RECEIVE AND FILE)

REGULAR AGENDA

UNFINISHED BUSINESS

4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH CHANDLER ASSET MANAGEMENT, INC. TO PROVIDE INVESTMENT ADVISORY SERVICES (\$100,500)

NEW BUSINESS

5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALLIED MANAGED CARE, INC. FOR THE SELF-INSURED WORKERS' COMPENSATION PROGRAM

6. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A DONATION AGREEMENT, IN PARTNERSHIP WITH DIOR SUNSET FOUNDATION, ACCEPTING A GRANT FROM KABOOM!, INC. FOR THE PARTS AND INSTALLATION OF A NEW PLAYSPACE WORTH AN ESTIMATED VALUE OF EIGHTY THOUSAND DOLLARS (\$80,000) AT LUEDERS PARK.
7. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE (3) YEAR AGREEMENT FOR THE RENEWAL OF COMPUTER SOFTWARE MAINTENANCE AND SUPPORT AND AGENDA MEDIA SERVICES AND ESTABLISH A PURCHASE ORDER WITH HYLAND SOFTWARE, INC FOR AGENDA DOCUMENT MANAGEMENT AND PUBLIC MEETING MANAGEMENT FOR DOLLAR AMOUNT OF NINETY-EIGHT THOUSAND, SIX HUNDRED THIRTY-FOUR DOLLARS AND TWENTY SEVEN CENTS. (\$98,634.27).
8. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON APPROVING A MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT WITH LOS ANGELES COUNTY FOR FISCAL YEARS 2024-2025 THROUGH 2028-2029

COUNCIL COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: 7/9/2024 5:30 PM

Visit our website at <http://www.comptoncity.org>

DECEMBER 5, 2023

The Compton City Council meeting was called to order at 5:35 p.m. by Mayor Emma Sharif in the Council Chambers of City Hall. The Moment of Silence Ceremony and the Pledge of Allegiance was also led by Mayor Emma Sharif.

ROLL CALL

Council Members Present: D. Duhart, A. Spicer, J. Bowers, L. Darden, Mayor E. Sharif
Council Members Absent: None

Other Officials Present: E. Perrodin, V. McDaniel, B. Mims, J. Groomes

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

Sinetta Farley petitioned the City Manager to repair Atlantic Avenue and San Vicente Street. She stated that she lives nearby and has concerns that the potholes may damage her car. She referenced an email sent to Councilperson Spicer regarding street take-overs and claimed that someone may eventually get hurt.

Lorena Salsido thanked the Sheriff's Department for helping her look for her son. She also requested an increase in the number of law enforcement officers in the area because another child went missing.

Vanessa Cain asked the City Clerk to clarify the process of pulling papers for candidates running for office. She requested the deadline for pulling papers and questioned why appointments are necessary. She further articulated her concerns for corruption becoming a tradition in the City of Compton.

Maria Ramos advocated for Lorena Salsido and the search for her son. She petitioned the City Council to address the disposition of the people immediately - in response to the number of missing people at this time. She also asked the City Council to work diligently within their districts to enforce the laws that keep the youth and residents safe.

Mayor Sharif referred Ms. Ramos to her secretary.

Missy Barbara asked Councilperson Duhart to address the status of the project located on the corner of Rosecrans and Kemp Street. She asked Mayor Sharif to address the claim that she distributed \$17M to unclassified employees. She insisted that the City obtain a municipal attorney as City Attorney and asked the City Manager to address her pending work orders.

City Manager Groomes invited Missy Barbara to contact him regarding her pending work orders. Mr. Groomes also clarified that members of the City Council did not act illegally regarding the acceptance of funds from the American Rescue Plan Act (ARPA).

Councilperson Duhart informed Missy Barbara that the property located on Rosecrans and Kemp is privately owned and the project was approved in 2021.

Alonzo Williams commended Councilperson Darden and the City Council for their support of the "Eazy-E Street Naming" event held two weeks ago. He recognized several members of City staff for their assistance and the community organizations that made the event a family affair.

Luis Hernandez, Compton Fire Department Battalion Chief, expressed a concern for the process used to interview candidates for the Deputy Chief position. He explained how the interview process took place via Zoom and was riddled with connection problems that affected his ability to answer questions to his satisfaction. He argued that the panel lacked diversity and asked for another opportunity to interview for the position.

Anthony Lewis referred to Item Number Three and inquired about the fire truck for Compton College. He asked the public to remember that this City Council is only in the second year of their first term. He recognized everyone on the dais and asked the residents to consider them for a second term to allow them the opportunity to fix the issues that have been inherited over time.

City Clerk McDaniel informed the residents that the final filing date for the March 5, 2024 Primary Election is Friday, December 8, 2024. The City Clerk's Office will be open from 7:00am to 5:00pm. Appointments will be required to access City Hall.

PUBLIC HEARING(S)

PUBLIC HEARING – CONTINUED FROM 11/28/23 – FOR THE SALE BY THE CITY OF THE PROPERTY 1434 W. COMPTON BLVD. TO LANDSPIRE GROUP, LLC @ 6:00PM (CECIL FLOURNOY)

City Clerk McDaniel presented staff's request to continue the public hearing to December 12, 2023.

On motion by Duhart, seconded by Spicer, to continue the public hearing to December 12, 2023 at 5:35 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

CONSENT AGENDA

On motion by Spicer, seconded by Duhart, the Consent Agenda was approved by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

APPROVAL OF MINUTES

1. March 31, 2023 - (Approved)
June 13, 2023 - (Approved)
June 20, 2023 - (Approved)
June 27, 2023 - (Approved)
June 28, 2023 - (Approved)
July 11, 2023 - (Approved)

REGULAR AGENDA

NEW BUSINESS

2. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON TO RECEIVE AND FILE THE FISCAL YEAR 2022-2023 UNAUDITED RENTS AND CONCESSIONS REVENUE REPORT (\$54,000.00)

On motion by Spicer, seconded by Duhart, **Resolution Number 25,945** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON TO RECEIVE AND FILE THE FISCAL YEAR 2022-2023 UNAUDITED RENTS AND CONCESSIONS REVENUE REPORT (\$54,000.00)**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

3. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON DECLARING THE LISTED VEHICLES AND EQUIPMENT AS SURPLUS CITY PROPERTY AND AUTHORIZING THE CITY MANAGER TO SELL, DONATE OR DISPOSE OF SUCH PROPERTY AND APPROVING LIQUIDITY SERVICES OPERATIONS, LLC DBA GOVDEALS TO AUCTION AND/OR DISPOSE OF SURPLUS PROPERTY

Councilperson Spicer asked the City Manager if the revenue received from the sale of this property will go towards the Public Works yard.

City Manager Groomes answered that staff has yet to program any monies, however they are proposing to allocate \$3.5M towards the yard in the amended budget.

Mayor Sharif requested the process for donating vehicles and equipment not sold at auction.

City Manager Groomes maintained that they intend to dispose of property not sold at auction so anyone interested should contact the City Manager's office.

On motion by Duhart, seconded by Darden, **Resolution Number 25,946** entitled "**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON DECLARING THE LISTED VEHICLES AND EQUIPMENT AS SURPLUS CITY PROPERTY AND AUTHORIZING THE CITY MANAGER TO SELL, DONATE OR DISPOSE OF SUCH PROPERTY AND APPROVING LIQUIDITY SERVICES OPERATIONS, LLC DBA GOVDEALS TO AUCTION AND/OR DISPOSE OF SURPLUS PROPERTY**" was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A REIMBURSEMENT AGREEMENT WITH AND ESTABLISH A PURCHASE ORDER FOR UNION PACIFIC RAILROAD COMPANY FOR PRELIMINARY ENGINEERING SERVICES FOR THE COMPTON BOULEVARD CORRIDOR IMPROVEMENT PROJECT, CIP# 18-03 IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS (\$25,000)

Councilperson Bowers requested the status of the design phase for the Compton Boulevard Corridor Improvement Project.

John Strickland, Public Works, answered that staff is currently at ninety percent of the design phase and anticipating construction to begin in the year 2025-2026.

On motion by Duhart, seconded by Spicer, **Resolution Number 25,947** entitled "**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A REIMBURSEMENT AGREEMENT WITH AND ESTABLISH A PURCHASE ORDER FOR UNION PACIFIC RAILROAD COMPANY FOR PRELIMINARY ENGINEERING SERVICES FOR THE COMPTON BOULEVARD CORRIDOR IMPROVEMENT PROJECT, CIP# 18-03 IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS (\$25,000)**" was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A TEMPORARY LICENSE AGREEMENT WITH BIG BEN ENGINEERING FOR USE OF CERTAIN REAL PROPERTY LOCATED AT 700 NORTH BULLIS ROAD IN THE AMOUNT OF FOUR THOUSAND DOLLARS PER MONTH (\$4,000) NOT TO EXCEED ONE HUNDRED AND EIGHTY (180) WORKING DAYS

On motion by Duhart, seconded by Darden, **Resolution Number 25,948** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A TEMPORARY LICENSE AGREEMENT WITH BIG BEN ENGINEERING FOR USE OF CERTAIN REAL PROPERTY LOCATED AT 700 NORTH BULLIS ROAD IN THE AMOUNT OF FOUR THOUSAND DOLLARS PER MONTH (\$4,000) NOT TO EXCEED ONE HUNDRED AND EIGHTY (180) WORKING DAYS**” was adopted by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif

NOES: Council Members – None

ABSENT: Council Members – None

COUNCIL COMMENTS

Councilmember Duhart offered the following communications/announcements:

- Announced that Santa Claus will be in the City of Compton from December 7 to December 22. For more information call (310) 605-5510.
- Invited the residents to attend the “68th Annual Compton Christmas Parade” scheduled to be held on Saturday, December 9 beginning on Bullis Road and Compton Boulevard.
- Encouraged the residents to participate in the “City Council Toy Giveaway” scheduled to be held on Saturday, December 16 in the Gateway Town Center from 1:00pm to 4:00pm. Toys and activities will be provided for all youth.
- Recognized NHS and Allina Medical Imaging for their impactful partnership in providing free mammograms to 45 women. The next set of screenings are scheduled to be held on Saturday, February 3, 2024.
- Invited the youth to participate in the “Dior Sunset Foundation Winter Camp” scheduled to be held from December 27 to January 5 at Lueders Park from 9:00am to 2:00pm.

Councilmember Spicer offered the following communications/announcements:

- Encouraged the residents to participate in the “Bulk Day Community Clean-Up” event scheduled to be held on Saturday, December 16 between the hours of 9:00am and 12:00pm. The event is sponsored by Los Angeles County Board Supervisor Holly Mitchell, Senator Steve Bradford, Cal Trans, Compton Initiative and Republic. Bins will be placed at Lueders Park, Wilson Park and Cesar Chavez Park. Public Works staff will be working in conjunction with all District Two block clubs.

Councilmember Bowers offered the following communications/announcements:

- Encouraged the community to attend the “Meet & Greet for Public Safety Commissioners & Swearing-In Ceremony” scheduled to be held on Saturday, December 9 at the Compton Library starting at 2:30pm.

Councilmember Darden offered the following communications/announcements:

- Commented on the success of the Afro-Unicorn Girls Empowerment Program held at Dollarhide.

- Invited the community to attend the Emmanuel Baptist Church “Free Family Portrait Day” event scheduled to be held on Saturday, December 9 from 10:00am to 2:00pm.
- Invited the seniors to attend the “Earring & T-Shirt Preparation Workshop” scheduled to be held on Monday, December 11 at Dollarhide starting at 12:00pm.
- Asked the City Manager to review the maintenance schedule for Compton Boulevard to ensure its cleanliness at all times.
- Announced the ground-breaking for the Children’s Institute Early Head Start & Head Start Center located at 804 South Long Beach Boulevard. The school will consist of six modular classrooms for infants, toddlers and 3–4-year-old students.
- Announced that she would be sponsoring a luncheon for Saint Timothy Tower residents on Wednesday, December 6 at Crystal Crab House.
- Requested the meeting be adjourned in memory of Maxine Martin.

Mayor Sharif offered the following communications/announcements:

- Commented on the success of the Compton Multi-Family Project Partnering Session attended with Councilperson Duhart; Light of the World Holiday Reception hosted by the Los Angeles Communication Council; and the Townhall Meeting hosted by Congresswoman Maxine Waters.
- Recognized Doctor Parham for always inviting the alumni to the Holiday Gathering held at California State University Dominguez Hills.
- Requested the meeting be adjourned in memory of Sheila Turnipseed.

City Manager Groomes announced that staff will be presenting a proposed amended budget for fiscal year 2023-2024 on Tuesday, December 19. Copies of the proposed budget will be made available.

ADJOURNMENT

On motion by Duhart, seconded by Darden, the meeting was adjourned in memory of **Maxine Martin** and **Sheila Turnipseed** at 6:29 p.m. by the following vote on roll call:

AYES: Council Members – Duhart, Spicer, Bowers, Darden, Sharif
NOES: Council Members – None
ABSENT: Council Members – None

CITY CLERK OF THE CITY OF COMPTON

MAYOR OF THE CITY OF COMPTON



**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
Fiscal Year Ended June 30, 2021**



CITY OF COMPTON, CALIFORNIA

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JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Compton
Compton, California

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Basis for Qualified Opinions

The allocation of cash to the various funds has not been properly reconciled. We were unable to obtain sufficient appropriate audit evidence about the allocation of cash between funds. We were unable to determine whether any adjustments to these amounts were necessary. All opinion units are affected by this qualification.

Qualified Opinions

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinions", the financial statements referred to above 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, 2021, 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.

Emphasis of Matters

Fund Balances

As discussed in Note III.I. to the financial statements, the City has an approximate total governmental activities negative net position of \$21.0 million, deficit fund balance in its general fund of approximately \$3.5 million, and deficit fund balances in other funds totaling approximately \$39.3 million. See Note VI. B for the City's comments regarding its financial condition. Our opinion is not modified with respect to this matter.

Other Matters

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 74-80 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.

Other 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 fund financial statements on pages 82-89 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 fund 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, except for the effect on the combining and individual nonmajor fund and internal service fund financial statements of the matters described in the "Basis for Qualified Opinions", the information is 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 8, 2024, 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 8, 2024

CITY OF COMPTON, CALIFORNIA STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS		
Current Assets		
Cash and investments	\$ 138,927,274	\$ 30,129,528
Receivables, net	1,562,083	4,118,139
Due from fiduciary fund	14,055,319	-
Due from other governments	11,389,586	70,550
Other assets	1,484,462	226,241
Noncurrent Assets		
Internal balances	(21,648,754)	21,648,754
Restricted investments	44,113,698	8,127,360
Loans receivable, net	399,758	-
Land held for resale	8,672,980	-
Capital assets:		
Nondepreciable	94,729,975	162,097
Depreciable, net	69,318,043	44,541,301
Total Assets	363,004,424	109,023,970
		472,028,394
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of bonds	130,167	-
Deferred outflow on pension and OPEB	43,573,245	3,335,017
Total Deferred Outflows of Resources	43,703,412	3,335,017
		47,038,429
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	5,196,133	3,161,138
Other liabilities	737,651	1,951,912
Unearned revenue	20,355,544	-
Compensated absences due within one year	1,057,635	95,611
Self-insurance claims	3,939,719	-
Bonds and notes payable	4,217,212	3,085,000
Noncurrent Liabilities		
Compensated absences	3,542,679	322,559
Self-insurance claims	17,918,287	-
Bonds and notes payable	73,111,717	51,437,168
Net pension liabilities	141,927,491	8,455,339
Other post-employment benefits payable (OPEB)	152,032,854	17,495,414
Total Liabilities	424,036,922	86,004,141
		510,041,063
DEFERRED INFLOW ON RESOURCES		
Deferred inflow on pension and OPEB	3,692,722	233,390
Total Deferred Inflows of Resources	3,692,722	233,390
		3,926,112
NET POSITION		
Net investment in capital assets	86,719,089	-
Restricted for:		
Debt service	45,584,750	10,536,980
Capital projects	-	2,608,791
Retirement	64,573,481	-
Housing	28,403,579	-
Grants	4,915,755	-
Transit systems	18,443,041	-
Public works	273,036	-
Law enforcement	4,320	-
Unrestricted	(269,938,859)	12,975,685
Total Net Position	(21,021,808)	\$ 26,121,456
		\$ 5,099,648
		(256,963,174)

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

CITY OF COMPTON, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 22,025,609	\$ 6,794,597	\$ 61,939	\$ -
Public safety	45,336,110	2,989,634	369,856	-
Public works	13,503,884	3,896,725	971,740	8,034,643
Management services	18,542,893	-	-	-
Environmental and human services	15,842,088	717,655	14,175,739	-
Interest on long-term debt	1,835,197	-	-	-
Total governmental activities	117,085,781	14,398,611	15,579,274	8,034,643
Business-type activities:				
Water	18,682,467	19,514,756	-	-
Rubbish	6,161,073	6,160,881	-	-
Sewer	2,240,594	2,761,212	-	-
Total business-type activities	27,084,134	28,436,849	-	-
Total	144,169,915	42,835,460	15,579,274	8,034,643

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

Transfer in from fiduciary fund

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as previously stated

Prior-period adjustments

Net position at beginning of year, as restated

Net position at end of year

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

Net (Expense) Revenue
And Change in Net Position

Governmental Activities	Business-Type Activities	Total	Functions/Programs
			Governmental activities:
\$ (15,169,073)	\$ -	\$ (15,169,073)	General government
(41,976,620)	-	(41,976,620)	Public safety
(600,776)	-	(600,776)	Public works
(18,542,893)	-	(18,542,893)	Management services
(948,694)	-	(948,694)	Environmental and human services
(1,835,197)	-	(1,835,197)	Interest on long-term debt
(79,073,253)	-	(79,073,253)	Total governmental activities
			Business-type activities:
-	832,289	832,289	Water
-	(192)	(192)	Rubbish
-	520,618	520,618	Sewer
-	1,352,715	1,352,715	Total business-type activities
(79,073,253)	1,352,715	(77,720,538)	Total
			General revenues:
			Taxes:
60,768,875	-	60,768,875	Property taxes
28,829,119	-	28,829,119	Sales taxes
12,273,487	-	12,273,487	Utility user taxes
2,737,021	-	2,737,021	Franchise taxes
4,250,343	-	4,250,343	Special assessments
67,925	-	67,925	Transient occupancy taxes
237,088	-	237,088	Real property transfer taxes
814,618	-	814,618	Intergovernmental not restricted to specific programs
1,334,276	50,343	1,384,619	Investment earnings
774,238	-	774,238	Other income
1,748,006	-	1,748,006	Transfer in from fiduciary fund
5,674,762	(5,674,762)	-	Transfers
119,509,758	(5,624,419)	113,885,339	Total general revenues and transfers
40,436,505	(4,271,704)	36,164,801	Change in net position
(116,919,152)	16,880,271	(100,038,881)	Net position at beginning of year, as previously stated
55,460,839	13,512,889	68,973,728	Prior-period adjustments
(61,458,313)	30,393,160	(31,065,153)	Net position at beginning of year, as restated
\$ (21,021,808)	\$ 26,121,456	\$ 5,099,648	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, 2021

	Special Revenue	Capital Projects	Compton Housing Successor	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 8,367,603	\$ 72,063,955	\$ 8,626,124	\$ 46,377,123	\$ 135,434,805
Receivables, net	339,095	22,751	4,922	1,195,315	1,562,083
Due from other funds	1,155,566	-	173,997	74,025	1,403,588
Due from fiduciary fund	-	-	14,055,319	-	14,055,319
Due from other governments	9,442,315	533,582	-	1,413,689	11,389,586
Other assets	30,332	702,204	-	679,351	1,411,887
Advances to other funds	9,536,722	-	5,380,878	869,535	15,787,135
Restricted investments	-	-	-	44,113,698	44,113,698
Loans receivable, net	-	-	-	399,758	399,758
Land held for resale	-	-	8,672,980	-	8,672,980
Total Assets	\$ 28,871,633	\$ 73,322,492	\$ 36,914,220	\$ 95,122,494	\$ 234,230,839
LIABILITIES					
Accounts payable and accrued liabilities	\$ 3,941,249	\$ 157,078	\$ 8,852	\$ 836,920	\$ 4,944,099
Other liabilities	119,905	-	-	-	119,905
Due to other funds	905,494	-	-	1,128,366	2,033,860
Unearned revenue	-	-	-	20,355,544	20,355,544
Advances from other funds	27,402,368	-	-	-	27,402,368
Total Liabilities	32,369,016	157,078	8,852	22,320,830	54,855,776
DEFERRED INFLOW ON RESOURCES					
Deferred revenue	-	7,889,729	-	1,899,198	9,788,927
Total Deferred Inflows of Resources	-	7,889,729	-	1,899,198	9,788,927
FUND BALANCES (DEFICITS)					
Nonspendable:					
Other assets	30,332	702,204	-	679,351	1,411,887
Loans receivable, net	-	-	-	399,758	399,758
Land held for resale	-	-	8,672,980	-	8,672,980
Restricted for:					
Debt service	-	-	-	45,584,750	45,584,750
Retirement	-	64,573,481	-	-	64,573,481
Housing	-	-	28,232,388	171,191	28,403,579
Grants	-	-	-	4,915,755	4,915,755
Transit systems	-	-	-	18,443,041	18,443,041
Public works	-	-	-	273,036	273,036
Law enforcement	-	-	-	4,320	4,320
Committed to:					
Purchase orders	2,999,770	-	-	-	2,999,770
Development	-	-	-	431,264	431,264
Assigned	140,727	-	-	-	140,727
Unassigned	(6,668,212)	-	-	-	(6,668,212)
Total Fund Balances	\$ (3,497,383)	\$ 65,275,685	\$ 36,905,368	\$ 70,902,466	\$ 169,586,136

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, 2021

Fund balances of governmental funds	\$ 169,586,136
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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	94,685,866	
Capital assets, being depreciated	186,793,738	
Less: accumulated depreciation	<u>(119,932,124)</u>	161,547,480

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	42,441,105	
Deferred amount on refunding, net of amortization	<u>130,167</u>	42,571,272

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	(617,746)	
Compensated absences	(4,456,581)	
Bonds and notes payable	(76,289,990)	
Liabilities resulting from redevelopment agency dissolution	<u>(1,038,941)</u>	(82,403,258)

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	(139,196,887)	
Other postemployment benefits obligation	(146,224,493)	
Deferred pension and other post-employment benefits inflows	<u>(3,639,831)</u>	(289,061,211)

Certain revenues do not provide current financial resources and therefor are unavailable at the fund level.	9,788,927
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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.

(33,051,154)

Net position of governmental activities in the Statement of Net Position	<u>\$ (21,021,808)</u>
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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, 2021**

	Capital Projects	Compton Housing Successor	NonMajor Governmental Funds	Total Governmental Funds
Special Revenue				
Retirement				
General				
\$ 61,342,888	\$ 34,123,170	\$ 82,351	\$ 4,250,343	\$ 99,798,752
5,239,844	-	-	-	5,239,844
Intergovernmental revenues	-	-	23,510,504	23,510,504
Fines, forfeitures, and penalties	2,257,023	-	-	2,257,023
Use of money and property	41,226	1,217,117	52,430	1,334,161
Charges for services	3,256,972	-	65,073	3,322,045
Other	191,299	206,996	1,156,343	1,554,638
Total Revenue	72,329,252	1,506,464	29,034,693	137,016,967
Expenditures:				
Current:				
General government	5,504,699	1,259,877	1,764,445	9,446,360
Public safety	38,167,329	-	128,970	41,663,562
Public works	2,461,727	-	2,658,931	6,809,933
Management services	3,002,230	-	1,182,655	19,954,309
Environmental and human services	548,156	3,088,859	9,954,872	15,050,163
Debt service:				
Principal	1,490,241	-	2,595,000	4,085,241
Interest	30,200	-	1,212,476	1,242,676
Capital outlay	6,299,162	151,352	10,621,197	17,071,711
Total Expenditures	57,503,744	4,500,088	30,118,546	115,523,955
Excess (Deficiency) of Revenues	14,825,508	(2,993,624)	(1,083,853)	21,493,012
Other Financing Sources (Uses):				
Bond issuance	-	-	41,809,785	41,809,785
Transfer (to) from fiduciary fund	(2,994)	1,751,000	-	1,748,006
Transfers in	5,777,376	-	4,109,596	9,886,972
Transfers out	(4,915,400)	-	(2,045,025)	(6,960,425)
Total Other Financing Sources (Uses)	858,982	1,751,000	43,874,356	46,484,338
Net Change in Fund Balance	15,684,490	(1,242,624)	42,790,503	67,977,350
Fund Balances, Beginning	(19,181,873)	54,530,704	28,111,963	101,608,786
Prior Period Adjustment	(2,654,247)	(6,915,290)	(1,376,770)	(8,844,532)
Fund Balances, Ending	\$ (3,497,383)	\$ 65,275,685	\$ 36,905,368	\$ 169,586,136

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 STATEMENT OF ACTIVITIES

JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 67,977,350

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	14,488,075
Depreciation	(7,176,724)

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	4,085,241
Bond issuance	(41,809,785)
Change in accrued interest and amortization of bond premium/discount	(592,521)
Change in compensated absences	(341,820)
Change in pension liability	(2,407,700)
Change in other postemployment benefits obligation	2,057,265

Deferred Inflows

Deferred revenues	9,788,927
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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.

(5,631,803)

Change in net position of governmental activities	\$ 40,436,505
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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, 2021

ASSETS		Business-Type Activities - Enterprise Funds				Internal Service Funds	
Current assets		Water	Rubbish	Sewer	Total		
Cash and investments	\$ 25,165,800	\$ 734,882	\$ 4,228,846	\$ 30,129,528	\$ 3,492,469		
Receivables, net	2,623,338	1,228,713	266,088	4,118,139	-		
Due from other funds	441,261	-	252,541	693,802	1,636		
Due from other governments	1,923	41,861	26,766	70,550	-		
Other assets	226,241	-	-	226,241	72,575		
Total current assets	28,458,563	2,005,456	4,774,241	35,238,260	3,566,680		
Noncurrent Assets							
Advances to other funds	13,312,417	-	7,617,271	20,929,688	1,250,591		
Restricted investments	3,470,876	-	4,656,484	8,127,360	-		
Capital assets:							
Nondepreciable	162,097	-	-	162,097	44,109		
Depreciable, net	37,639,390	-	6,901,911	44,541,301	2,456,431		
Total noncurrent assets	54,584,780	-	19,175,666	73,760,446	3,751,131		
Total Assets	83,043,343	2,005,456	23,949,907	108,998,706	7,317,811		
DEFERRED OUTFLOW OF RESOURCES							
Deferred outflow on pension and OPEB	3,031,559	172,242	131,216	3,335,017	1,132,140		
Total Deferred Outflows of Resources	3,031,559	172,242	131,216	3,335,017	1,132,140		
LIABILITIES							
Current Liabilities							
Accounts payable and accrued liabilities	1,794,641	973,830	392,667	3,161,138	252,034		
Other liabilities	1,727,412	224,500	-	1,951,912	65,166		
Due to other funds	-	-	-	-	33,046		
Compensated absences	91,333	4,170	108	95,611	3,939,719		
Self-insurance claims	-	-	-	-	-		
Bonds and notes payable	1,095,000	1,000,000	990,000	3,085,000	-		
Total current liabilities	4,708,386	2,202,500	1,382,775	8,293,661	4,289,965		
Noncurrent Liabilities							
Compensated absences	305,931	16,264	364	322,559	110,687		
Advances from other funds	-	-	-	-	10,565,046		
Self-insurance claims	-	-	-	-	17,918,287		
Bonds and notes payable	35,193,299	200,000	16,043,869	51,437,168	-		
Net pension liabilities	7,311,802	415,432	728,105	8,455,339	2,730,604		
Other post-employment benefits payable	15,553,187	883,681	1,058,546	17,495,414	5,808,361		
Total noncurrent liabilities	58,364,219	1,515,377	17,830,884	77,710,480	37,132,985		
Total Liabilities	63,072,605	3,717,877	19,213,659	86,004,141	41,422,950		
DEFERRED INFLOW OF RESOURCES							
Deferred inflow on pension and OPEB	141,628	8,046	83,716	233,390	52,891		
Total Deferred Inflows of Resources	141,628	8,046	83,716	233,390	52,891		
NET POSITION							
Net investment in capital assets	1,513,188	-	-	1,513,188	2,500,540		
Restricted for:							
Debt service	3,465,275	-	-	7,071,705	10,536,980		
Capital projects	5,601	-	-	2,603,190	2,608,791		
Unrestricted (deficit)	17,876,605	(1,548,225)	(4,891,147)	11,437,233	(35,526,430)		
Total Net Position (Deficit)	\$ 22,860,669	\$ (1,548,225)	\$ 4,783,748	\$ 26,096,192	\$ (33,025,890)		
Adjustment to reflect the consolidation of internal service fund activities					25,264		
Net Position of Business-Type Activities	\$ 26,121,456						

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, 2021

Governmental Activities	Internal Service Funds	Business-Type Activities - Enterprise Funds				Operating revenues:		Operating expenses:	
		Water	Rubbish	Sewer	Total	Funds		Funds	
		\$ 19,513,818	\$ 6,041,380	\$ -	\$ 25,555,198	\$ -	Charges for services	\$ -	Charges for services
		-	-	-	-	3,203,509	Charges to other funds	-	Charges to other funds
		938	119,501	-	120,439	90,000	Sewer capital improvement charges	-	Sewer capital improvement charges
		19,514,756	6,160,881	2,761,212	28,436,849	3,293,509	Other	-	Other
							Total operating revenues		Total operating revenues
		8,394,086	922,053	2,579	9,318,718	4,687,027	Salaries and wages		Salaries and wages
		351,456	4,624	402,602	758,682	2,335,674	Contractual services		Contractual services
		3,388,196	-	1,200	3,389,396	244,601	Materials and supplies		Materials and supplies
		777,309	5,211,599	74,500	6,063,408	61,181	Repairs and maintenance		Repairs and maintenance
		296,309	-	3,503	296,309	-	Utilities		Utilities
		161,993	-	2,655	165,496	45,210	Other expenses		Other expenses
		64,855	(9,159)	-	58,351	-	Bad debt expense		Bad debt expense
		2,764,132	-	-	-	4,149,259	Self-insurance services		Self-insurance services
		16,198,336	6,129,117	566,575	23,381,067	598,813	Depreciation		Depreciation
		3,316,420	31,764	1,707,598	5,055,782	(8,828,256)	Total operating expenses		Total operating expenses
		31,445	2	18,896	50,343	115	Operating income (loss)		Operating income (loss)
		(2,218,833)	(498)	(1,035,613)	(3,254,944)	-	Investment income		Investment income
		Interest expense					Total nonoperating revenues		Total nonoperating revenues
		(2,187,388)	(496)	(1,016,717)	(3,204,601)	115	(expenses)		(expenses)
		1,129,032	31,268	690,881	1,851,181	(8,828,141)	Income (loss) before transfers		Income (loss) before transfers
		23,798	1,441	-	25,239	3,048,805	Transfers in		Transfers in
		(5,600,000)	(100,000)	-	(5,700,000)	(300,591)	Transfers out		Transfers out
		(5,576,202)	(98,559)	-	(5,674,761)	2,748,214	Net transfers in/(out)		Net transfers in/(out)
		(4,447,170)	(67,291)	690,881	(3,823,580)	(6,079,927)	Change in net position		Change in net position
		15,069,694	(1,479,912)	2,817,101	(27,816,234)		Net position, beginning, as previously stated		Net position, beginning, as previously stated
		12,238,145	(1,022)	1,275,766	870,271		Prior period adjustment		Prior period adjustment
		27,307,839	(1,480,934)	4,092,867	(26,945,963)		Net position, beginning		Net position, beginning
		\$ 22,860,669	\$ (1,548,225)	\$ 4,783,748	\$ (33,025,890)		Net position, ending		Net position, ending
							Adjustment to reflect the consolidation of internal service fund activities		Adjustment to reflect the consolidation of internal service fund activities
					(448,124)		Changes in Net Position of Business-type Activities		Changes in Net Position of Business-type Activities

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, 2021

Governmental Activities	Internal Service Funds	Business-Type Activities - Enterprise Funds								
		Water	Rubbish	Sewer	Total					
Cash flows from operating activities:										
Cash received from customers	\$	19,155,642	\$	5,990,659	\$	2,713,171	\$	27,859,472	\$	3,293,509
Cash payments to suppliers for goods and services		(5,177,147)	(5,103,282)	(566,822)	(10,847,251)	(4,751,732)				
Cash payment to employees for services		(2,087,891)	(114,603)	(2,559)	(2,205,053)	(725,924)				
Net cash provided by (used in) operating activities		11,890,604	772,774	2,143,790	14,807,168	(2,184,147)				
Cash flows from non-capital financing activities:										
Taxes and special assessments		-	(14,327)	(9,321)	(23,648)	-				
Advances to other funds		336,624	-	192,614	529,238	(1,200,000)				
Advances from other funds		-	-	-	-	4,400,000				
Transfers in		23,798	1,441	-	25,239	3,048,805				
Transfers out		(5,600,000)	(100,000)	-	(5,700,000)	(300,591)				
Net cash provided by (used in) non-capital financing Activities		(5,239,578)	(112,886)	183,293	(5,169,171)	5,948,214				
Cash flows from capital and related financing activities:										
Acquisition and construction of capital assets		-	(1,022)	(17,696)	(18,718)	(387,728)				
Disposals of capital assets		155,601	-	-	155,601	-				
Interest paid on long-term debt		(2,205,906)	(2,998)	(1,037,178)	(3,246,082)	-				
Principal paid on long-term debt		(1,040,000)	(125,000)	(935,000)	(2,100,000)	-				
Net cash used in capital and related financing activities		(3,090,305)	(129,020)	(1,989,874)	(5,209,199)	(387,728)				
Cash flows from investing activities:										
Decrease (increase) in restricted investment		4,813	128,365	27,552	160,730	-				
Interest received on investments		31,445	2	18,896	50,343	115				
Net cash provided by (used in) investing activities		36,258	128,367	46,448	211,073	115				
Net increase (decrease) in cash and cash equivalents		3,596,979	659,235	383,657	4,639,871	3,376,454				
Cash and cash equivalents, beginning		21,568,821	75,647	3,845,189	25,489,657	116,015				
Cash and cash equivalents, ending		\$ 25,165,800	\$ 734,882	\$ 4,228,846	\$ 30,129,528	\$ 3,492,469				

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, 2021

	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)	\$ 3,316,420	\$ 31,764	\$ 1,707,598	\$ 5,055,782	\$ (8,828,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,764,132	-	566,575	3,330,707	598,813
Changes in operating assets and liabilities:					
Decrease (increase) in accounts receivable	(294,259)	(179,381)	(45,386)	(519,026)	-
Decrease (increase) in due from other funds	-	-	-	-	3,898,364
Decrease (increase) in inventories, at cost	7,293	-	-	7,293	-
Decrease (increase) in other assets	-	-	-	-	(49,676)
Increase (decrease) in due to/from / advances	(441,261)	-	-	(441,261)	-
Increase (decrease) in accounts payable	23,486	(40,265)	347	(16,432)	53,859
Increase (decrease) in accrued liabilities	263,221	33,706	(85,364)	211,563	26,897
Increase (decrease) in due to other funds	-	-	-	-	(4,134,833)
Increase (decrease) in deposits payable	(54,623)	119,500	-	64,877	-
Increase (decrease) in OPEB payable	4,927,101	767,297	12	5,694,410	3,948,354
Increase (decrease) in retirement payable	1,336,819	40,650	7	1,377,476	69,755
Increase (decrease) in self-insurance claims	-	-	-	-	2,311,739
Increase (decrease) in compensated absences	42,275	(497)	1	41,779	(79,163)
Net cash provided by (used in) operating activities	<u>\$11,890,604</u>	<u>\$ 772,774</u>	<u>\$ 2,143,790</u>	<u>\$14,807,168</u>	<u>\$ (2,184,147)</u>

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

CITY OF COMPTON, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and investments	\$ 35,574,272	\$ 722,295
Restricted investments	18,360,431	-
Accounts receivable	25,474	-
Due from other governments	-	23,423
Land held for resale	10,949,246	-
Capital assets:		
Nondepreciable	1,296,179	-
Depreciable, net	12,264,324	-
Total Assets	<u>78,469,926</u>	<u>745,718</u>
Liabilities		
Accounts payable	105,447	14,785
Accrued liabilities	2,735,612	23,231
Due to City funds	14,055,319	-
Other liabilities	371,672	527,822
Long-term liabilities:		
Due within one year	8,467,052	-
Due in more than one year	91,913,063	-
Total Liabilities	<u>117,648,165</u>	<u>565,838</u>
Net Position		
Restricted for:		
Individuals, organizations, and other governments	(39,178,239)	179,880
Total Net Position	<u>\$ (39,178,239)</u>	<u>\$ 179,880</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, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Additions:		
Taxes and special assessments	\$ 16,774,761	\$ 93,483
Use of money and property	184,818	-
Total Additions	<u>16,959,579</u>	<u>93,483</u>
Deductions:		
Administrative costs	502,094	52,389
Project improvement costs	175,528	-
Debt service - interest	5,470,214	-
Land held for sale adjustment	3,362,101	-
Depreciation	561,468	-
Contributions to other City funds	1,748,006	-
Total deductions	<u>11,819,411</u>	<u>52,389</u>
Change in net position	5,140,168	41,094
Net position (deficit) - beginning, as previously stated	(14,002,802)	139,764
Prior period adjustment	(30,315,605)	(978)
Net position (deficit) - beginning	<u>(44,318,407)</u>	<u>138,786</u>
Net position (deficit) - ending	<u>\$ (39,178,239)</u>	<u>\$ 179,880</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, 2021

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, 2021

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, 2021

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 regards 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 the 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, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

- 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.

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, 2021

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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating 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, 2021

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:

- Agency Funds: Agency 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 Trust Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. However, the agency funds do utilize the accrual basis of accounting. The City's agency 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, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements

The following GASB pronouncements became effective in the fiscal year ended June 30, 2021.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations, legally enforceable liabilities associated with the retirement of a tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The provisions of this Statement are effective for fiscal years beginning after June 15, 2019.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Major Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The GASB issued several pronouncements prior to June 30, 2021, 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, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (continued)

Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City is implementing Statement No. 87 in fiscal year 2022.

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. 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). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. 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 (governments). The City is implementing Statement No. 96 in fiscal year 2023.

This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (Continued)

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 noncash 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.

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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognize 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.

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 by the Agency 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

I. 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 at June 30 from future resources rather than currently available expendable resources.

J. 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. 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.

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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances and Net Position

The accompanying financial statements report 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 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.

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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
M. Fund Balances and Net Position (continued)

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.

N. 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.

O. 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.

P. 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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. 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 of the current year are carried forward and the next year's appropriations are likewise encumbered.

S. Subsequent Event

In preparation of these financial statements, the City considered subsequent events through May 8, 2024, 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, 2021

II. PRIOR PERIOD ADJUSTMENT

Effective July 1, 2020, the City made restatements to the fund balances and net position as follows:

Governmental Funds	General Fund	Retirement Fund	Compton Housing Successor	NonMajor Governmental Funds
Fund balance, as previously stated	\$ (16,527,626)	\$ 61,445,994	\$ 36,046,217	\$ 29,488,733
<u>Corrections of errors</u>				
To accrue wages	(648,847)	-	-	(52,833)
To correct Section 8 fund balance	553,732	-	-	(1,541,220)
To record prior year revenue to correct fund	106,704	-	-	103,695
To record adjustment to interest expense	(156,037)	-	-	-
To adjust prior year revenue	(1,002,390)	(6,886,508)	-	-
To adjust interest income	(870,788)	-	1,001,783	-
To record debt service cash transfers	(195,644)	-	-	-
To record transfers to Successor Agency	(367,642)	-	-	-
To reclassify payments on loans	-	-	855,000	(855,000)
To record loans receivable	-	-	248,786	272,796
To record unearned/deferred revenue	-	-	-	(312,859)
All other adjustments	(73,335)	(28,782)	(3,794)	1,008,651
Total prior period adjustments	(2,654,247)	(6,915,290)	2,101,775	(1,376,770)
Fund balance, as restated	<u>\$ (19,181,873)</u>	<u>\$ 54,530,704</u>	<u>\$ 38,147,992</u>	<u>\$ 28,111,963</u>

Proprietary Funds

	Water	Rubbish	Sewer
Fund balance, as previously stated	\$ 15,069,694	\$ (1,479,912)	\$ 2,817,101
<u>Corrections of errors</u>			
To adjust capital assets after inventory and valuation procedures	12,082,542	-	834,775
To record interest income	410,337	-	234,843
All other adjustments	(254,734)	(1,022)	206,148
Total prior period adjustments	12,238,145	(1,022)	1,275,766
Fund balance, as restated	<u>\$ 27,307,839</u>	<u>\$ (1,480,934)</u>	<u>\$ 4,092,867</u>

Fiduciary Funds

	Successor Agency Private-Purpose Trust Fund	Agency Funds
Fund balance, as previously stated	\$ (14,002,802)	\$ 139,764
<u>Corrections of errors</u>		
To adjust capital assets after inventory and valuation procedures	(28,257,490)	-
To adjust bond payable	(2,057,724)	-
All other adjustments	(391)	(978)
Total prior period adjustments	(30,315,605)	(978)
Fund balance, as restated	<u>\$ (44,318,407)</u>	<u>\$ 138,786</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

II. PRIOR PERIOD ADJUSTMENT (Continued)

	Governmental Activities	Business-Type Activities
Government- Wide Net Position		
Net position, as previously stated	\$ (116,919,152)	\$ 16,880,271
<u>Corrections of errors</u>		
To record prior period adjustments to governmental funds	(8,844,532)	-
To record prior period adjustments to enterprise funds	-	13,512,889
To record prior period adjustments to internal service funds	1,049,013	-
To adjust capital assets after inventory and valuation procedures	64,810,490	-
All other adjustments	(1,554,132)	-
Total prior period adjustments	55,460,839	13,512,889
Net position, as restated	<u>\$ (61,458,313)</u>	<u>\$ 30,393,160</u>

III. 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, 2021:

Cash on hand	\$ 1,000
Deposits with financial institutions	93,196,514
Investments	182,757,344
Total cash and investments	<u>\$ 275,954,858</u>

The City's deposits and investments are reflected in the accompanying basic financial statements as follows at June 30, 2021:

Statement of net position	
Cash and investments	\$ 169,056,802
Restricted cash and investments	52,241,058
Statement of fiduciary net position	
Cash and investments	36,296,567
Restricted cash and investments	18,360,431
Total cash and investments	<u>\$ 275,954,858</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, 2021

III. 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, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Interest Rate Risk

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.

<u>Investment type</u>	<u>Amounts</u>	<u>Remaining maturity (in months) 12 months or less</u>
Held by fiscal agent		
Money market funds	\$ 70,601,489	\$ 70,601,489
State investment pool (LAIF)	112,155,855	112,155,855
	<u>\$ 182,757,344</u>	<u>\$ 182,757,344</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.

<u>Investment type</u>	<u>Amounts</u>	<u>Minimum legal rating</u>	<u>Not rated</u>
Held by fiscal agent			
Money market funds	\$ 70,601,489	N/A	\$ 70,601,489
State investment pool (LAIF)	112,155,855	N/A	112,155,855
	<u>\$ 182,757,344</u>		<u>\$ 182,757,344</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. 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, 2021, 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, 2021, the City's deposits with financial institutions totaled \$96,185,782 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, 2021

III. 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 statute.

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.

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, 2021:

INVESTMENTS AT FAIR VALUE AS OF JUNE 30, 2021				
Investment type	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Held by fiscal agent				
Money market funds	\$ 70,601,489	\$ -	\$ -	\$ 70,601,489
State investment pool (LAIF)	-	112,155,855	-	112,155,855
	<u>70,601,489</u>	<u>112,155,855</u>	<u>-</u>	<u>182,757,344</u>

B. Receivables

Receivables at June 30, 2021 included in the accompanying Statement of Net Position primarily consist of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes and special assessments	\$ 1,089,497	\$ 70,550	\$ 1,160,047
Accounts	5,303,184	6,122,041	11,425,225
Grants	1,284,349	-	1,284,349
Intergovernmental	9,015,740	-	9,015,740
Other	104,557	731	105,288
Allowance for doubtful accounts	(3,845,658)	(2,004,633)	(5,850,291)
Total	<u>\$ 12,951,669</u>	<u>\$ 4,188,689</u>	<u>\$ 17,140,358</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. 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, 2021, the Compton Housing Successor Capital Projects Fund had loans receivable of \$8,423,241 netted against an allowance for doubtful accounts of the same amount for a net loans receivable balance of \$- and the Federal Grants Special Revenue Fund had loans receivable of \$2,417,693 netted against an allowance for doubtful accounts of \$2,017,935 for a net loans receivable balance of \$399,758.

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 in 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 in order 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 \$4,363,232 netted against an allowance for doubtful accounts of the same amount for a net loan receivable balance of \$-.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. 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 homebuyer, 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 the \$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 \$- as of June 30, 2021.

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 home owner from the property.

The Deferred Equity Loan is provided to low/moderate-income home owners 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 preconstruction and interior improvements to a facility to be used for a restaurant. This loan bears 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 interest rate of 4.5% per annum and shall be amortized over a period of 15 years. As of June 30, 2021, the loans receivable balance was \$522,691.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. 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, 2021 is as follows:

	Governmental activities	Business-type activities
Capital assets, not being depreciated		
Land	\$ 88,425,254	\$ 162,097
Construction in progress	6,304,721	-
Total capital assets, not being depreciated	<u>94,729,975</u>	<u>162,097</u>
Capital assets, being depreciated		
Building and structures	59,404,739	3,836,275
Equipment	20,001,110	3,379,326
Infrastructure	123,917,152	70,284,801
Total capital assets, being depreciated	<u>203,323,001</u>	<u>77,500,402</u>
Less accumulated depreciation		
Building and structures	(28,918,123)	(1,814,742)
Equipment	(17,662,847)	(2,531,447)
Infrastructure	(87,423,988)	(28,612,912)
Total accumulated depreciation	<u>(134,004,958)</u>	<u>(32,959,101)</u>
Total capital assets, being depreciated, net	<u>69,318,043</u>	<u>44,541,301</u>
Total capital assets, net	<u>\$ 164,048,018</u>	<u>\$ 44,703,398</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

The following table summarizes interfund receivables and payables at June 30, 2021:

Due from other funds	Successor Agency	Due to other funds			Total
		General Fund	Non-major Governmental Funds	Internal Service Funds	
Governmental Funds					
General Fund	\$ -	\$ 37,695	\$ 1,060,260	\$ 57,611	\$ 1,155,566
Compton Housing Successor	14,055,319	173,997	-	-	14,229,316
Non-major Governmental Funds	-	-	68,106	5,919	74,025
Total Governmental Funds	<u>14,055,319</u>	<u>211,692</u>	<u>1,128,366</u>	<u>63,530</u>	<u>15,458,907</u>
Enterprise Funds					
Water Funds	-	441,261	-	-	441,261
Sewer Funds	-	252,541	-	-	252,541
Internal Service Funds	-	-	-	1,636	1,636
Total Enterprise Funds	<u>-</u>	<u>693,802</u>	<u>-</u>	<u>1,636</u>	<u>695,438</u>
Total	<u>\$ 14,055,319</u>	<u>\$ 905,494</u>	<u>\$ 1,128,366</u>	<u>\$ 65,166</u>	<u>\$ 16,154,345</u>

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.

Long-term interfund receivables and payables at June 30, 2021 are as follows:

Advances to other funds	Advances from other funds		
	General Fund	Internal Service Funds	Total
Governmental Funds			
General Fund	\$ 171,676	\$ 9,365,046	\$ 9,536,722
Compton Housing Successor	5,380,878	-	5,380,878
Non-major Governmental Funds	869,535	-	869,535
Total Governmental Funds	<u>6,422,089</u>	<u>9,365,046</u>	<u>15,787,135</u>
Enterprise Funds			
Water Funds	13,312,417	-	13,312,417
Sewer Funds	7,617,271	-	7,617,271
Internal Service Funds	50,591	1,200,000	1,250,591
Total Enterprise Funds	<u>20,980,279</u>	<u>1,200,000</u>	<u>22,180,279</u>
Total	<u>\$ 27,402,368</u>	<u>\$ 10,565,046</u>	<u>\$ 37,967,414</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 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%.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

The following represents the adopted repayment schedule:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$ 3,000,000	\$ 62,453	\$ 3,062,453
2023	500,000	55,853	555,853
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
2027-2031	7,500,000	191,265	7,691,265
2032-2036	7,500,000	92,265	7,592,265
2037-2039	4,500,000	15,759	4,515,759
TOTALS	\$ 27,500,000	\$ 571,954	\$ 28,071,954

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, 2021:

<u>Transfers out</u>	<u>Transfers in</u>					<u>Total</u>
	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water Funds</u>	<u>Rubbish Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 3,450,652	\$ 15,093	\$ 1,441	\$ 1,448,214	\$ 4,915,400
Non-major Governmental Funds	1,177,376	658,944	8,705	-	200,000	2,045,025
Water Funds	4,600,000	-	-	-	1,000,000	5,600,000
Rubbish	-	-	-	-	100,000	100,000
Internal Service Funds	-	-	-	-	300,591	300,591
Total	\$ 5,777,376	\$ 4,109,596	\$ 23,798	\$ 1,441	\$ 3,048,805	\$ 12,961,016

III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2021:

Governmental Activities	Balance at June 30, 2020	Prior Period Adjustments	Additions	Retirements	Balance at June 30, 2021	Amount due within one year
Bonds payable						
Lease Revenue Refunding Bonds, Series 2008	\$ 9,195,000	\$ -	\$ -	\$ (520,000)	\$ 8,675,000	\$ 545,000
Lease Revenue Refunding Bonds, Series 2016	26,125,000	-	-	(1,575,000)	24,550,000	1,640,000
Add: Premium on issue of Lease Revenue Refunding Bonds, Series 2016	836,100	-	-	(68,721)	767,379	-
Sales Tax Revenue Bonds, Series 2021	-	-	37,120,000	-	37,120,000	605,000
Add: Premium on issue Sales Tax Revenue Bonds, Series 2021	-	-	-	-	-	-
Total bonds payable	<u>36,156,100</u>	<u>-</u>	<u>41,809,785</u>	<u>(44,322)</u>	<u>4,645,463</u>	<u>-</u>
Mortgage loan payable - Direct Borrowings						
Energy retrofit/revenue enhancement	815,575	-	-	(388,363)	427,212	427,212
Notes payable - Direct Borrowings	500,000	-	-	(500,000)	-	-
Housing Section 108 notes	-	-	206,812	(101,878)	104,934	-
Johnson Controls, INC	-	-	-	-	-	-
Installment Payment Agreement - Direct Borrowings	<u>2,038,941</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1,038,941</u>	<u>1,000,000</u>
Total governmental long-term debt	<u>\$ 39,510,616</u>	<u>\$ -</u>	<u>\$ 42,016,597</u>	<u>\$ (4,198,284)</u>	<u>\$ 77,328,929</u>	<u>\$ 4,217,212</u>
Business-type activities						
Bonds payable:						
1998 Sewer revenue refunding bonds	\$ 2,150,000	\$ -	\$ -	\$ (495,000)	\$ 1,655,000	\$ 525,000
2006 Solid waste revenue bonds	125,000	-	-	(125,000)	-	-
Water revenue bonds, series 2009	37,965,000	-	-	(1,040,000)	36,925,000	1,095,000
Less: Discount on issue of water revenue bonds, series 2009	(670,211)	-	-	33,510	(636,701)	-
Sewer revenue bonds, series 2009	16,090,000	-	-	(440,000)	15,650,000	465,000
Less: Discount on issue of sewer revenue bonds, series 2009	(285,401)	-	-	14,270	(271,131)	-
Total bonds payable	<u>55,374,388</u>	<u>-</u>	<u>-</u>	<u>(2,052,220)</u>	<u>53,322,168</u>	<u>2,085,000</u>
Installment Payment Agreement - Direct Borrowings	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>1,000,000</u>
Consolidated Disposal Service, LLC	\$ 56,574,388	\$ -	\$ -	\$ (2,052,220)	\$ 54,522,168	\$ 3,085,000
Total business-type activities long-term debt	<u>\$ 96,085,004</u>	<u>\$ -</u>	<u>\$ 42,016,597</u>	<u>\$ (6,250,504)</u>	<u>\$ 131,851,097</u>	<u>\$ 7,302,212</u>
Total long-term debt						

Debt Service

The annual debt service requirements are summarized below and detailed in each description of the long-term debt:

[illegible]

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

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, 2021, \$30.44 million of the bonds outstanding are considered defeased. The remaining balance on the Series 2008 bonds after the refunding and defeasance was \$8,675,000.

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>
2022	\$ 545,000	\$ 428,488
2023	575,000	400,488
2024	605,000	370,231
2025	630,000	337,813
2026	665,000	303,819
2027-2031	3,890,000	949,906
2032-2033	1,765,000	87,625
Total	<u>\$ 8,675,000</u>	<u>\$ 2,878,370</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

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 \$24,550,000.

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>
2022	\$ 1,640,000	\$ 1,007,125
2023	1,705,000	940,225
2024	1,775,000	870,625
2025	1,850,000	798,125
2026	1,925,000	722,625
2027-2031	10,860,000	2,321,700
2032-2033	4,795,000	212,513
Total	<u>\$ 24,550,000</u>	<u>\$ 6,872,938</u>

Energy Retrofit/Revenue Enhancement Mortgage Loan

On July 31, 2006, the City entered into a mortgage loan agreement of \$4,012,187 with Citi Mortgage Inc. to finance the development and installation of the Citywide Energy Retrofit/Revenue Enhancement program. The mortgage has an interest rate of 4.52%. The proceeds of the mortgage arrangement was invested in a money market fund and deposited in an irrevocable trust with an escrow agent to provide for the payment of the vendor of the Energy Retrofit/Revenue Enhancement program. The remaining balance on the loan was \$427,212, which is due in one year.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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

Housing Section 108 Note

Housing Section 108 note in the amount of \$5,000,000 is a note payable to HUD, which was issued in August 2001. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides the City with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This note payable is guaranteed by the City's current and future CDBG allocations. In November 2011, the City opted to participate in a Section 108 public offering to refinance the note which resulted in interest payment savings of \$1,010,975 over the life of the note. The amount of principal outstanding at June 30, 2021 was \$-.

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 amount outstanding.

The annual requirements on the installment payment agreement are as follows:

<u>Year ending June 30,</u>	<u>Los Angeles County</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,000,000	\$ -
2023	38,941	-
Total	<u>\$ 1,038,941</u>	<u>\$ -</u>

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 \$31,120,000 as of June 30, 2021.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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

Sales Tax Revenue Bonds, Series 2021 (continued)

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>
2022	\$ 605,000	\$ 1,484,800
2023	630,000	1,460,600
2024	660,000	1,435,400
2025	680,000	1,409,000
2026	710,000	1,381,800
2027-2031	4,015,000	6,458,400
2032-2036	4,865,000	5,589,800
2037-2041	6,345,000	4,527,600
2042-2046	8,395,000	3,077,000
2047-2051	10,215,000	1,257,400
Total	<u>\$ 37,120,000</u>	<u>\$ 28,081,800</u>

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. On June 30, 2021, \$3.9 million of the bonds outstanding are considered defeased.

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, 2021, the outstanding bond balance is \$1,655,000. The annual requirements of amortize the 1998 Sewer Refunding Bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	1998 Sewer refunding bonds	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 525,000	\$ 74,847
2023	550,000	45,956
2024	580,000	15,588
Total	<u>\$ 1,655,000</u>	<u>\$ 136,391</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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

Solid Waste Management Facilities Bonds

In March 2006, the City converted \$3,775,000 in Solid Waste Management Facilities Variable Rate Revenue Bonds, Series 2000, from a variable rate (the Bonds) to a fixed rate (the Convertible Bonds) maturing in August 2020. The Bonds were issued in June 2000 to finance the acquisition of land, vehicles, and another equipment for the City's Solid Waste Management Program. The Convertible Bonds bear a fixed rate of 4.80%. The Convertible Bonds are secured by a pledge of net revenues received by the City for the Solid Waste Management Program. The net revenues consist of charges for the services less certain operation and maintenance expenses incurred by the City in connection with the operation of the Solid Waste Management Program.

Interest on the bonds is payable on February 1 and August 1 for each year until maturity, redemption, or purchase thereof. As of June 30, 2021, the outstanding bond balance is \$-.

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, 2021, the pledged revenues equaled 209% of debt service payments due and payable.

Total principal remaining on the bonds are \$36,925,000. The annual requirements to amortize the 2009 water revenue bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Water revenue bonds, series 2009</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,095,000	\$ 2,150,409
2023	1,160,000	2,086,988
2024	1,225,000	2,019,909
2025	1,300,000	1,948,894
2026	1,375,000	1,873,659
2027-2031	8,185,000	8,049,188
2032-2036	11,035,000	5,199,750
2037-2040	11,550,000	1,437,600
Total	<u>\$ 36,925,000</u>	<u>\$ 24,766,397</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. 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 of 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, 2021, the pledged revenues equaled 111% of debt service payments due and payable.

Total principal remaining on the bonds are \$15,650,000. The annual requirements of amortize 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>
2022	\$ 465,000	\$ 911,391
2023	490,000	884,531
2024	520,000	856,125
2025	550,000	826,031
2026	585,000	794,109
2027-2031	3,470,000	3,411,591
2032-2036	4,675,000	2,203,350
2037-2040	4,895,000	609,450
Total	<u>\$ 15,650,000</u>	<u>\$ 10,496,578</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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

Consolidated Disposal Service, LLC Installment Payments

Consolidated Disposal Service, LLC ("Consolidated") submitted a claim to the City alleging a breach of the 2012 Amended and Restated Solid Waste Management Services Agreement with the City. On July 1, 2019, Consolidated and the City entered into a 2019 Amended and Restated Agreement for Solid Waste and Recyclable Materials Handling Services which resolves the claim. Pursuant to the 2019 Agreement, the City agreed to pay Consolidated a total of \$1,600,000, payable in installment payments without interest, payable upon the earlier of the sale of City real property or March 30, 2022. As of June 30, 2021, the outstanding balance is \$1,200,000, payable upon the earlier of the sale of City real property or March 30, 2022.

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 where 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, 2021.

Credit Rating

As of June 30, 2021, the City bond ratings have been suspended.

H. Other Long-Term Liabilities
Compensated Absences

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Amount due within one
Governmental Activities	\$ 4,337,658	\$ 1,090,954	\$ (828,298)	\$ 4,600,314	\$ 1,057,635
Business-type Activities	376,391	117,595	(75,816)	418,170	95,611
Total Compensated Absences	4,714,049	1,208,549	(904,114)	5,018,484	1,153,246

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. 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 \$21,858,006 recorded at June 30, 2021, 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 248 claims totaling \$685,851 per year (an average of \$2,766 per claim).

Within the City's self-insured program for workers' compensation, there has been an average of 52 claims filed per year for the past five years, with an average of approximately \$1,247,780 per year in total reported losses (an average of \$23,996 per claim).

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2021 were as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Claims liabilities, July 1, 2020	\$ 11,224,000	\$ 7,327,000	\$ 18,551,000
Incurring 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	(255,325)	4,428,720	4,173,395
Adjust for probable legal liability not included in the loss run used for actuarial report	-	982,006	982,006
Payments on claims attributable to events of both the current and prior fiscal years	(725,675)	(1,122,720)	(1,848,395)
Claims liabilities, June 30, 2021	<u>\$ 10,243,000</u>	<u>\$ 11,615,006</u>	<u>\$ 21,858,006</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. 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, 2021:

	Deficit
Governmental Activities	\$ (21,021,808)
Major Governmental Funds	
General	(3,497,383)
Proprietary Funds	
Rubbish	(1,548,225)
Internal Service Funds	
Central Duplication	(1,206,146)
Self-Insurance	(36,566,137)

IV. DEFINED BENEFIT PENSION PLANS

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, 2021

IV. 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, 2021, the City's total contributions (excluding amounts paid on behalf of members) were \$7,574,786 for the Miscellaneous and \$6,313,215 for the Safety Plans.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2013	On or After January 1, 2013	PEPRA
Hire date			
Benefit formula	2.7% at 55	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67+	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	1.43% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7.689%	7.689%	6.500%
Required employer contribution rates	11.884%	11.884%	11.884%

	Safety – Fire		
	Prior to January 1, 2013	On or After January 1, 2013	PEPRA
Hire date			
Benefit formula	3.0% at 50	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 55+	52 - 57+
Monthly benefits, as a % of eligible compensation	3.00%	3.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	9.00%	13.75%
Required employer contribution rates	25.540%	25.540%	13.884%

	Safety – Police	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.0% at 50	2.0% at 50
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 55+
Monthly benefits, as a % of eligible compensation	3.00%	3.00%
Required employee contribution rates	0.00%	0.00%
Required employer contribution rates	0.00%	0.00%

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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

At June 30, 2020 (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	45	-
Transferred members	142	22	11
Terminated members	193	13	3
Retired members	514	138	260
TOTALS	1096	218	274

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

The total pension liability for the June 30, 2020 measurement period was determined in a June 30, 2019 actuarial valuation, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following actuarial assumptions and methods.

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020
Reporting date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB 68

Actuarial Assumptions

Discount Rate/investment return	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. 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. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. 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⁾ Years 1 - 10	Real Return ⁽²⁾ Years 11+
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

⁽¹⁾ An expected inflation of 2.00% used for this period

⁽²⁾ An expected inflation of 2.92% used for this period

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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, 2020, 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, 2019, rolled forward to June 30, 2020, 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, 2019 (Valuation Date)	\$ 221,015,192	\$ 144,853,875	\$ 76,161,317
Changes Recognized for the Measurement Period			
Service cost	\$ 3,106,474		\$ 3,106,474
Interest on the total pension liability	15,475,328		15,475,328
Changes of assumptions			-
Differences between expected and actual experience	619,298		619,298
Net plan to plan resource movement			-
Employer contributions		7,373,216	(7,373,216)
Employee contributions (paid by employer)		1,305,581	(1,305,581)
Net investment income		7,189,875	(7,189,875)
Benefit payments, included refunds of employee contributions	(13,499,135)	(13,499,135)	-
Administrative expense		(204,208)	204,208
Other miscellaneous expense	-	-	-
Net changes	\$ 5,701,965	\$ 2,165,329	\$ 3,536,636
Balance at June 30, 2020 (Measurement Date)	\$ 226,717,157	\$ 147,019,204	\$ 79,697,953

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. 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, 2019 (Valuation Date)	\$ 207,693,781	\$ 141,797,988	\$ 65,895,793	0.64307%
Net changes during 2019-2020	1,140,856	(3,648,227)	4,789,083	0.00658%
Balance at June 30, 2020 (Measurement Date)	\$ 208,834,637	\$ 138,149,761	\$ 70,684,876	0.64965%

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, 2019 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, 2019 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, 2020, 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, 2021

IV. 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, 2021, the City recognized pension expense of \$9,037,250 and \$8,706,897 for the Miscellaneous and Safety plans, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 550,387	\$ -
Net difference between projected and actual earnings on pension plan investments	1,047,207	-
Pension contributions subsequent to the measurement date	7,574,786	-
	<u>\$ 9,172,380</u>	<u>\$ -</u>

Safety - Fire & Police

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	-	(235,453)
Differences between expected and actual experience	5,481,254	-
Net difference between projected and actual earnings on pension plan investments	1,536,280	-
Differences between employer's contributions and proportionate share of contributions	-	(1,864,483)
Changes in employer's proportion	464,882	(282,451)
Pension contributions subsequent to the measurement date	6,382,144	-
	<u>\$ 13,864,560</u>	<u>\$ (2,382,387)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$13,956,930 are recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

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

Miscellaneous		
Measurement Period Ended June 30,	Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	2022	\$ (152,026)
2022	2023	429,457
2023	2024	735,091
2024	2025	585,072
2025	2026	-
Thereafter	Thereafter	-
		<u>\$ 1,597,594</u>

Safety - Fire & Police		
Measurement Period Ended June 30,	Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	2022	\$ 534,175
2022	2023	2,203,277
2023	2024	1,592,816
2024	2025	769,761
2025	2026	-
Thereafter	Thereafter	-
		<u>\$ 5,100,029</u>

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, 2020, calculated using the discount rate of 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability (Asset)			
Miscellaneous	\$ 106,742,318	\$ 79,697,953	\$ 57,073,401
Safety – Fire	99,045,394	70,684,876	47,412,388
TOTALS	<u>\$ 205,787,712</u>	<u>\$ 150,382,829</u>	<u>\$ 104,485,789</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

V. 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 \$1,727.41 for 2020. 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.

C. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	Covered
Active employees electing coverage	311
Active employees waiving coverage	21
Retirees electing coverage	433
	<u>765</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

D. Total OPEB Liability

The City's total OPEB liability of \$169,528,268 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	2.45%
Long-term expected investment return	N/A
Inflation	2.50%
Mortality	Based on assumptions for Public Agency Miscellaneous and Fire members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.
Healthcare cost trend rates	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2076 and later years.

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

Healthcare cost trend rates have annual increases/decreases in per capita claims costs and plan premiums, which are as follows:

Fiscal Year Ending	Medical Coverage	
	Not Medicare Eligible	Medicare Eligible
2020	6.4%	5.1%
2021	6.2%	5.1%
2022	5.9%	5.1%
2023	5.5%	5.2%
2024-2051	5.2%	5.2%
2052-2075	Transition to ultimate rate	Transition to ultimate rate
2076+	4.0%	4.0%

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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, 2020	\$ 149,552,071	\$ -	\$ 149,552,071
Changes for the year:			
Service cost	4,575,441	-	4,575,441
Interest	4,744,124	-	4,744,124
Differences between expected and actual experience	(135,090)	-	(135,090)
Changes of assumptions	15,907,861	-	15,907,861
Employer contributions	-	5,116,139	(5,116,139)
Net investment income	-	-	-
Benefit payments	(5,116,139)	(5,116,139)	-
Administrative expense	-	-	-
Net changes	19,976,197	-	19,976,197
Balances at June 30, 2021	\$ 169,528,268	\$ -	\$ 169,528,268

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 (2.13 percent) or 1 percentage point higher (4.13 percent) than the current discount rate (3.13 percent):

	Discount Rate		
	1% Decrease (1.45%)	Current Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$ 197,856,382	\$ 169,528,269	\$ 146,913,671

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 (5.4 percent) or 1 percentage point higher (7.4 percent) than the current healthcare cost trend rate (6.4 percent):

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB liability	\$ 143,722,348	\$ 169,528,269	\$ 202,419,550

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$12,698,978. At June 30, 2021, 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	\$ 5,113,479	\$ -
Differences between expected and actual experience	1,538,934	102,538
Changes of assumptions or other inputs	17,218,909	1,441,188
	<u>\$ 23,871,322</u>	<u>\$ 1,543,726</u>

The deferred outflows of resources related to OPEB contributions subsequent to the measurement date of \$5,113,479 will be recognized as a reduction of the total net OPEB liability for the fiscal year ending June 30, 2021.

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
2022	\$ 5,607,634
2023	6,769,446
2024	4,266,937
2025	570,100
2026	-
Thereafter	-
	<u>\$ 17,214,117</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. 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.

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) issued an Audit Report on July 11, 2019, Audit Report No. 2019-LA-1008. The audit related to the Compton Housing Authority's Housing Choice Voucher Program. The report concluded that the Compton Housing Authority did not follow proper procurement or financial management procedures and ensure the timely submission of audited financial statements in accordance with HUD requirements. The audit report had three (3) findings: (1) Professional auditing services in the amount of \$77,542 were charged to the Housing Authority. There were no supporting documentation provided. (2) The City has not completed and submitted audited financial statements for the fiscal years 2010/11 through 2017/18. (3) The Compton Housing Authority also over-reimbursed \$30,562 in HAP administrative fees to the City's general fund.

The OIG report recommended that the Director of Los Angeles Office of Public Housing require the City to repay the program \$77,542 from non-federal funds for the ineligible costs and recommended that the Housing Authority establish and implement additional procedures and controls to ensure that procurement and contracting requirements are followed, along with the associated maintenance of applicable documentation; complete and submit the audited financial statements for all past-due fiscal years; consider imposing administrative sanctions and remedies for non-submission of audited financial statements for all overdue fiscal years.

City will develop and implement additional procedures and controls to ensure that the administrative fees for the portability HAP are accurately calculated. The \$30,562 over-reimbursement was resolved by reimbursing the fund prior to the completion of the audit. The City also repaid the program \$77,542 which has been acknowledged by the HUD/OG.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

A. Commitments and Contingencies (continued)

Federally Assisted Grant Programs

On September 15, 2020, HUD notified the Compton Housing Authority (CHA) that its SEMAP score will be reduced one level. Also, the LAOPH will proceed with the corrective action to reduce CHA's 2019 SEMAP rating from High Performing to Standard until the PHA submits its FY SEMAP certification, at which time HUD will assess its performance managing its HCV program.

The U.S. Department of Housing and Urban Development (HUD), Los Angeles, California office conducted a monitoring of the City's Community Development Block Grant Program (CDBG) and Emergency Shelter Grants Program (ESG). The monitoring report identified eighteen findings that the City is required to respond to. The City is in the process of preparing their responses. Some of the findings, if not cleared, could result in the City being required to return funds to HUD. The ultimate outcome of this monitoring is not known at this time, however management does not believe that it will have a material effect on the City of Compton.

On July 18, 2018, the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) notified the City that they were initiating a review of the City's administration of Neighborhood Stabilization Programs (NSP) 1 and 3 funds in compliance with HUD requirements. The period of the review is from July 1, 2008 through June 30, 2019. This review is currently in process.

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 recoded actuarially determined reserves in the internal services funds to adequately cover estimated potential material adverse losses as of June 30, 2021.

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.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

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, 2021, the City's General Fund has an ending fund deficit of \$3,497,383 and the combined deficit fund balances in other funds totaled \$35,498,389. Additionally, the General Fund has advances and due to other funds of \$29,439,228. A repayment plan was adopted in June 2023 (refer to Note III. E.)

The City Management will present a strategic fiscal sustainability plan to the City Council by June 2024.

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's role, the Successor Agency is a separate public entity from the City, its actions 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).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

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

a. Reporting Entity (continued)

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, 2021 was \$10,949,246.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

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

c. Capital Assets – Successor Agency

The following summarizes the Successor Agency capital assets as of June 30, 2021:

	<u>Balance at June 30, 2021</u>
Capital assets, not being depreciated:	
Land	\$ 1,296,179
Total capital assets, not being depreciated	<u>1,296,179</u>
Capital assets, being depreciated:	
Building and structures	14,671,018
Infrastructure	2,672,810
Equipment	135,625
Total capital assets, being depreciated	<u>17,479,453</u>
Less accumulated depreciation for:	
Building and structures	(2,406,694)
Infrastructure	(2,672,810)
Equipment	(135,625)
Total accumulated depreciation	<u>(5,215,129)</u>
Total capital assets, being depreciated, net	<u>\$ 12,264,324</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, 2021:

	<u>Balance at June 30, 2020</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>
Debt long-term liabilities:					
Bonds payable:					
1995 series "C" refunding tax allocation capital appreciation bonds - taxable	\$ 24,650,824	\$ 1,787,374	\$ -	\$(4,972,746)	\$ 21,465,452
2010 series "A", "B", "C" Community Redevelopment Agency second lien tax allocation bonds	82,580,000	-	-	(3,170,000)	79,410,000
Less: Discount on issue	(518,925)	-	-	23,588	(495,337)
Total Successor Agency long-term liabilities	<u>\$106,711,899</u>	<u>\$ 1,787,374</u>	<u>\$ -</u>	<u>\$(8,119,158)</u>	<u>\$100,380,115</u>

Description of Long-term Debt – Successor Agency

1995 Series "C" Refunding Tax Allocation Capital Appreciation Bonds

The 1995 Series "C" Refunding Tax Allocation Capital Appreciation bonds were issued in 1995, but repayment of the liability commenced on August 1, 2014 with the final payment due on August 1, 2024. During the grace period before the bond payment commenced, the interest on the bonds was added as an accretion to the bond balance. The amount of the bond was \$10,137,530 while total accretion less payments of principal as of June 30, 2021 was \$21,465,452.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. 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 (continued)

The 1995 Series “C” Refunding Tax Allocation Capital Appreciation bonds are special obligations of the former Agency, which are secured by an irrevocable pledge of the tax revenues payable to the former Agency.

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

Year ending June 30,	1995 C	
	Principal	Interest
2022	\$ 5,092,052	\$ 707,948
2023	5,286,700	513,300
2024	5,457,800	342,200
2025	5,628,900	171,100
Total	<u>\$ 21,465,452</u>	<u>\$ 1,734,548</u>

Community Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010 A (Housing), 2010 B, and 2010 C (Taxable)

On June 9, 2010, the former Agency issued \$118,985,000 of Second Lien Tax Allocation bonds made up of Series A (\$31,130,000 for Housing projects), Series B (\$69,595,000 for general redevelopment projects), and Series C (\$18,260,000 taxable – for other redevelopment projects). The amount of principal outstanding at June 30, 2021 for all of the 2010 Series was \$79,410,000.

The bonds interest rates are between 3.00% and 5.00% for Series A, 5.00% and 5.75% for Series B, and 7.29% and 7.74% for Series C. The 2010 Second Lien Tax Allocation Bonds are special obligations of the former Agency, which are secured by an irrevocable pledge of the tax revenues payable to the former Agency. The bonds are payable as follows: Series A (August 2011 through 2042, Series B (August 2011 through 2042), and Series C (August 2011 through 2024).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

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

d. Long-Term Liabilities – Successor Agency (continued)

Community Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010 A (Housing), 2010 B, and 2010 C (Taxable) (continued)

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

Year ending June 30,	2010 A, B, C	
	Principal	Interest
2022	\$ 3,375,000	\$ 2,341,113
2023	3,595,000	2,231,256
2024	3,825,000	2,113,912
2025	4,075,000	1,988,764
2026	8,315,000	1,855,036
2027-2031	24,185,000	6,458,400
2032-2036	15,260,000	5,589,800
2037-2041	11,270,000	4,527,600
2042-2046	5,510,000	3,077,000
Total	<u>\$ 79,410,000</u>	<u>\$ 30,182,881</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	2021 June 30, 2020	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
Total Pension Liability							
Service cost	\$ 3,106,474	\$ 3,013,736	\$ 3,126,034	\$ 3,033,911	\$ 2,482,225	\$ 2,281,155	\$ 2,409,694
Interest	15,475,328	15,057,036	14,531,962	14,306,576	13,997,684	13,735,892	13,355,044
Changes in assumptions	-	-	(1,243,371)	11,024,331	-	(3,099,369)	-
Difference between expected and actual experience	619,298	1,629,844	(1,529,639)	595,677	(1,765,310)	(361,954)	-
Benefit payments, including refunds of member contributions:	<u>(13,499,135)</u>	<u>(12,273,236)</u>	<u>(11,502,752)</u>	<u>(11,419,854)</u>	<u>(11,100,215)</u>	<u>(10,760,128)</u>	<u>(10,744,399)</u>
Net change in total pension liability	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	<u>221,015,192</u>	<u>213,587,812</u>	<u>210,205,578</u>	<u>192,664,937</u>	<u>189,050,553</u>	<u>187,254,957</u>	<u>182,234,618</u>
Total pension liability, end of year	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	1,305,581	1,663,411	1,175,086	1,357,942	1,344,793	1,160,045	1,093,771
Contributions - employer	7,373,216	6,626,128	5,754,105	5,782,821	5,311,369	4,214,549	3,064,604
Net investment income	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	<u>(13,499,135)</u>	<u>(12,273,236)</u>	<u>(11,502,752)</u>	<u>(11,419,854)</u>	<u>(11,100,215)</u>	<u>(10,760,128)</u>	<u>(10,744,399)</u>
Administrative expenses	<u>(204,208)</u>	<u>(99,831)</u>	<u>(208,716)</u>	<u>(183,979)</u>	<u>(78,305)</u>	<u>(144,665)</u>	-
Other miscellaneous income/(expense) ¹	-	323	(396,355)	-	-	-	-
Net change in plan fiduciary net position	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 ²	<u>144,853,875</u>	<u>139,893,729</u>	<u>133,940,364</u>	<u>124,610,189</u>	<u>128,485,878</u>	<u>131,140,974</u>	<u>117,791,364</u>
Total plan fiduciary net position, end of year	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	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	64.85%	65.54%	65.50%	63.72%	64.68%	67.96%	70.03%
Covered payroll ³	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	476.68%	478.84%	449.94%	463.66%	472.58%	467.52%	421.23%

(1) 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).

(2) Includes any beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 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: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 discount rate.

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)

	2021	2020	2019	2018	2017	2016	2015
MEASUREMENT DATE	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	0.64965%	0.64307%	0.64023%	0.63484%	0.66255%	0.69644%	0.40840%
Employer's proportionate share of the net pension liability	\$ 70,684,876	\$ 65,895,794	\$ 61,694,097	\$ 62,958,433	\$ 57,330,655	\$ 47,803,079	\$ 25,412,444
Employer's covered-employee payroll ⁽²⁾	\$ 5,948,203	\$ 6,944,403	\$ 5,546,706	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708	\$ 5,819,708
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1188.34%	948.91%	1112.27%	1168.78%	1020.96%	821.40%	436.66%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	75.98%

⁽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

MEASUREMENT PERIOD FISCAL YEAR	2020 2020-2021	2019 2019-20	2018 2018-19	2017 2017-18	2016 2016-17	2015 2015-16	2014 2014-15
Actuarially determined contribution ⁽²⁾	\$ 7,648,070	\$ 7,373,216	\$ 6,626,128	\$ 5,754,105	\$ 5,782,821	\$ 5,311,369	\$ 4,214,549
Contributions in relation to the actuarially determined contribution ⁽²⁾	(7,648,070)	(7,373,216)	(6,626,128)	(5,754,105)	(5,782,821)	(5,311,369)	(4,214,549)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll ⁽³⁾	\$ 15,634,167	\$ 16,719,449	\$ 15,905,298	\$ 16,378,677	\$ 16,448,419	\$ 14,400,561	\$ 12,954,483
Contributions as a percentage of employee payroll	48.92%	44.10%	41.66%	35.13%	35.16%	36.88%	32.53%

SAFETY

MEASUREMENT PERIOD FISCAL YEAR	2020 2020-2021	2019 2019-20	2018 2018-19	2017 2017-18	2016 2016-17	2015 2015-16	2014 2014-15
Actuarially determined contribution ⁽²⁾	\$ 6,313,358	\$ 5,745,798	\$ 5,356,577	\$ 4,126,139	\$ 5,622,013	\$ 5,112,736	\$ 3,973,896
Contributions in relation to the actuarially determined contribution ⁽²⁾	(6,313,215)	(5,745,731)	(5,356,550)	(4,126,453)	(5,622,013)	(5,112,736)	(3,973,896)
Contribution deficiency	\$ 143	\$ 67	\$ 27	\$ (314)	\$ -	\$ -	\$ -
Covered-employee payroll ⁽³⁾	\$ 5,937,739	\$ 5,948,203	\$ 6,944,403	\$ 5,291,998	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708
Contributions as a percentage of employee payroll	106.33%	96.60%	77.14%	77.97%	104.37%	91.05%	68.28%

(1) As prescribed in GASS 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent 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 2018-19 were derived from the June 30, 2016 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 (a)PERS 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⁾			
	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability				
Service cost	\$ 4,575,441	\$ 3,785,637	\$ 3,731,074	\$ 4,163,800
Interest	4,744,124	4,858,489	4,730,536	4,156,698
Differences between expected and actual experience	(135,090)	2,970,500	-	-
Changes of assumptions	15,907,862	9,929,633	(2,374,728)	(12,626,584)
Changes of benefit terms	-	-	-	-
Benefit payments	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Net change in total OPEB liability	19,976,198	16,706,366	1,306,220	(8,992,686)
Total OPEB Liability - beginning of year	149,552,071	132,845,705	131,539,485	140,532,171
Total OPEB Liability - end of year	\$ 169,528,269	\$ 149,552,071	\$ 132,845,705	\$ 131,539,485
Plan Fiduciary Net Position (FNP, assets)				
Employee contributions	\$ -	\$ -	\$ -	\$ -
Employer contributions	5,116,139	4,837,893	4,780,662	4,686,600
Net investment income	-	-	-	-
Other additions	-	-	-	-
Benefit payments	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Administrative expense	-	-	-	-
Other deductions	-	-	-	-
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	\$ 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%
OPEB-eligible payroll for the measurement period	\$ 27,932,602	\$ 24,225,987	\$ 21,348,829	\$ 21,284,889
Net OPEB Liability as a % of eligible payroll	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.

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

Schedule of Contributions⁽¹⁾

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

Variance with Final Budget Positive (Negative)	Budgeted Amounts			Actual Amount	Revenue:
	Original	Final			
	\$ 48,254,897	\$ 53,746,494	\$	\$ 61,342,888	\$ 7,596,394
	5,438,000	4,517,147	5,239,844	722,697	722,697
	1,620,000	1,895,940	2,257,023	361,083	361,083
	525,000	577,627	41,226	(536,401)	(536,401)
	7,121,248	6,791,134	3,256,972	(3,534,162)	(3,534,162)
	137,560	205,856	191,299	(14,557)	(14,557)
	63,096,705	67,734,198	72,329,252	4,595,054	4,595,054
Expenditures:					
General government:					
City Attorney	1,463,383	1,457,873	1,350,522	107,351	107,351
City Clerk	873,055	861,656	522,973	338,683	338,683
City Controller	1,787,108	1,761,408	1,553,615	207,793	207,793
City Council	567,827	590,243	543,540	46,703	46,703
City Manager	1,280,628	1,132,439	1,023,285	109,154	109,154
City Treasurer	540,735	533,956	510,764	23,192	23,192
Total general government	6,512,736	6,337,575	5,504,699	832,876	832,876
Management services:					
Non-departmental	3,015,820	4,214,540	2,994,593	1,219,947	1,219,947
Human resources	-	29,555	7,637	21,918	21,918
Total management services	3,015,820	4,244,095	3,002,230	1,241,865	1,241,865
Public safety:					
Fire	10,096,775	11,282,105	11,702,121	(420,016)	(420,016)
Municipal Law	3,130,480	2,719,299	2,423,312	295,987	295,987
Los Angeles County Sheriff	22,762,772	24,213,537	24,041,896	171,641	171,641
Total public safety	35,990,027	38,214,941	38,167,329	47,612	47,612
Public works:					
Water maintenance	2,252,210	2,584,946	2,253,679	331,267	331,267
Public works - street maintenance	304,194	411,878	208,048	203,830	203,830
Total public works	2,556,404	2,996,824	2,461,727	535,097	535,097
Environmental and human services:					
Planning and economic development	629,950	733,808	499,814	233,994	233,994
Parks and recreation	80,727	80,727	48,342	32,385	32,385
Total environmental and human services	710,677	814,535	548,156	266,379	266,379
Capital Outlay					
Debt service:	7,111,502	11,041,608	6,299,162	4,742,446	4,742,446
Principal	4,191,105	4,191,105	1,490,241	2,700,864	2,700,864
Interest	1,561,029	1,561,029	30,200	1,530,829	1,530,829
Total expenditures	61,649,300	69,401,712	57,503,744	11,897,968	11,897,968
Other financing sources (uses):	1,447,405	(1,874,453)	(2,994)	(2,994)	(2,994)
Transfer to fiduciary fund	-	-	5,777,376	5,777,376	5,777,376
Transfers in	-	-	5,777,376	5,777,376	5,777,376
Transfers out	(1,447,405)	(1,874,453)	(4,915,400)	(3,040,947)	(3,040,947)
Total Other Financing Sources (Uses)	(1,447,405)	(1,874,453)	858,982	2,733,435	2,733,435
Net Change in Fund Balance	(1,447,405)	(3,541,967)	15,684,490	19,226,457	19,226,457
Fund balances (deficit), beginning, as previously reported	(16,527,626)	(16,527,626)	(16,527,626)	(16,527,626)	(16,527,626)
Prior period adjustment	(2,654,247)	(2,654,247)	(2,654,247)	(2,654,247)	(2,654,247)
Fund balances (deficit), beginning, as restated	(19,181,873)	(19,181,873)	(19,181,873)	(19,181,873)	(19,181,873)
Fund Balances, Ending	\$ (3,497,383)	\$ (3,497,383)	\$ (3,497,383)	\$ (3,497,383)	\$ (3,497,383)

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, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes and special assessments	\$ 26,325,000	\$ 29,418,673	\$ 34,123,170	\$ 4,704,497
Use of money and property	350,000	426,579	23,388	(403,191)
Total Revenue	<u>26,675,000</u>	<u>29,845,252</u>	<u>34,146,558</u>	<u>4,301,306</u>
Expenditures:				
Current:				
General government	1,176,299	1,176,299	917,339	258,960
Public safety	3,208,950	3,208,950	3,567,263	(358,313)
Public works	2,215,120	2,215,120	1,689,275	525,845
Management services	17,679,097	20,849,348	15,769,424	5,079,924
Environmental and human services	2,395,534	2,395,534	1,458,276	937,258
Total expenditures	<u>26,675,000</u>	<u>29,845,251</u>	<u>23,401,577</u>	<u>6,443,674</u>
Excess (Deficiency) of Revenues				
Over Expenditures	-	1	10,744,981	10,744,980
Net Change in Fund Balance	-	1	10,744,981	10,744,980
Fund balances, beginning, as previously reported			61,445,994	
Prior period adjustment			(6,915,290)	
Fund balances, beginning, as restated			<u>54,530,704</u>	
Fund Balances, Ending			<u>\$ 65,275,685</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).

SUPPLEMENTARY INFORMATION

CITY OF COMPTON, CALIFORNIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Special Revenue Funds				
	Federal Grants	Local Housing Authority	State and County Grants	Gasoline Tax
ASSETS				
Cash and investments	\$ 22,478,541	\$ 408,510	\$ 3,575,869	\$ 5,102,936
Receivables, net	71,429	7	10	378,482
Due from other funds	-	-	4,282	-
Due from other governments	421,789	-	641,915	-
Other assets	-	679,351	-	-
Advances to other funds	-	-	58,490	-
Restricted investments	-	-	-	-
Loans receivable, net	399,758	-	-	-
Total Assets	<u>23,371,517</u>	<u>1,087,868</u>	<u>4,280,566</u>	<u>5,481,418</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 171,004	\$ 53,849	\$ 257,023	\$ 34,337
Due to other funds	341,305	-	522,899	-
Unearned revenue	19,091,474	183,477	1,012,974	-
Total Liabilities	<u>19,603,783</u>	<u>237,326</u>	<u>1,792,896</u>	<u>34,337</u>
DEFERRED INFLOW ON RESOURCES				
Deferred revenue	421,789	-	518,102	-
Total Liabilities	<u>421,789</u>	<u>-</u>	<u>518,102</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Other assets	-	679,351	-	-
Loans receivable, net	399,758	-	-	-
Restricted for:				
Debt service	-	-	-	-
Housing	-	171,191	-	-
Grants	2,946,187	-	1,969,568	-
Transit systems	-	-	-	5,447,081
Public works	-	-	-	-
Law enforcement	-	-	-	-
Committed to:				
Development	-	-	-	-
Total Fund Balances	<u>\$ 3,345,945</u>	<u>\$ 850,542</u>	<u>\$ 1,969,568</u>	<u>\$ 5,447,081</u>

Special Revenue Funds			Debt Service Fund		
MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Public Finance Authority	Total	
\$ 13,481,669	\$ 254,312	\$ 435,584	\$ 639,702	\$ 46,377,123	ASSETS
745,387	-	-	-	1,195,315	Cash and investments
43,517	-	-	26,226	74,025	Receivables, net
220,645	129,340	-	-	1,413,689	Due from other funds
-	-	-	-	679,351	Due from other governments
-	-	-	811,045	869,535	Other assets
-	-	-	44,113,698	44,113,698	Advances to other funds
-	-	-	-	399,758	Restricted investments
<u>14,491,218</u>	<u>383,652</u>	<u>435,584</u>	<u>45,590,671</u>	<u>95,122,494</u>	Loans receivable, net
					Total Assets
					LIABILITIES
\$ 210,091	\$ 110,616	\$ -	\$ -	\$ 836,920	Accounts payable and accrued liabilities
258,241	-	-	5,921	1,128,366	Due to other funds
67,619	-	-	-	20,355,544	Unearned revenue
<u>535,951</u>	<u>110,616</u>	<u>-</u>	<u>5,921</u>	<u>22,320,830</u>	Total Liabilities
					DEFERRED INFLOW ON RESOURCES
959,307	-	-	-	1,899,198	Deferred revenue
<u>959,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899,198</u>	Total Liabilities
					FUND BALANCES (DEFICITS)
-	-	-	-	679,351	Nonspendable:
-	-	-	-	399,758	Other assets
-	-	-	-	-	Loans receivable, net
-	-	-	45,584,750	45,584,750	Restricted for:
-	-	-	-	171,191	Debt service
-	-	-	-	4,915,755	Housing
12,995,960	-	-	-	18,443,041	Grants
-	273,036	-	-	273,036	Transit systems
-	-	4,320	-	4,320	Public works
-	-	-	-	-	Law enforcement
-	-	431,264	-	431,264	Committed to:
<u>\$ 12,995,960</u>	<u>\$ 273,036</u>	<u>\$ 435,584</u>	<u>\$ 45,584,750</u>	<u>\$ 70,902,466</u>	Development
					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, 2021**

Special Revenue Funds			
Federal Grants	Local Housing Authority	State and County Grants	Gasoline Tax
\$ 1,915,426	\$ 8,724,370	\$ 2,388,947	\$ 3,938,946
24,775	302	5,269	-
205,811	801,304	-	-
2,146,012	9,525,976	2,394,216	3,938,946
Revenues:			
Taxes and special assessments			
Intergovernmental revenues			
Use of money and property			
Charges for services			
Other			
Total revenues			
Expenditures:			
Current:			
General government			
Public safety			
Public works			
Management services			
Environmental and human services			
Debt service payment			
Principal			
Interest			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenue over expenditures			
Other financing sources (uses):			
Bond issuance			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
Net change in fund balance			
Fund balances, beginning as previously stated			
Prior Period Adjustment			
Fund balances (deficit), beginning, as restated			
Fund balances (deficit), ending			

Debt Service Fund		Special Revenue Funds				
		Public Finance Authority	Other Nonmajor	Citywide Lighting and Landscaping District	MTA	
Revenues:						
Taxes and special assessments	\$ 4,250,343	\$ -	\$ -	\$ 4,250,343	\$ -	\$ 6,542,815
Intergovernmental revenues	23,510,504	-	-	-	-	19,228
Use of money and property	52,430	2,856	-	-	-	149,228
Charges for services	65,073	-	65,073	-	-	6,711,271
Other	1,156,343	-	-	-	-	
Total revenues	29,034,693	2,856	65,073	4,250,343		
Expenditures:						
Current:						
General government	1,764,445	1,648,140	-	-	-	76,000
Public safety	128,970	-	-	-	-	-
Public works	2,658,931	5,921	-	598,166	-	591,840
Management services	1,182,655	-	-	1,174,071	-	-
Environmental and human services	9,954,872	-	-	-	-	37,162
Debt service payment	2,595,000	2,095,000	-	-	-	-
Principal	1,212,476	1,206,351	-	-	-	-
Interest	10,621,197	-	-	1,442,005	-	3,685,118
Capital outlay	30,118,546	4,955,412	-	3,214,242	-	4,390,120
Total expenditures	(1,083,853)	(4,952,556)	65,073	1,036,101	-	2,321,151
Excess (deficiency) of revenue over expenditures						
Other financing sources (uses):						
Bond issuance	41,809,785	41,809,785	-	-	-	-
Transfers in	4,109,596	4,065,847	-	-	-	38,680
Transfers out	(2,045,025)	(75,000)	-	(200,000)	(658,944)	
Total Other Financing Sources (Uses)	42,790,503	40,848,076	65,073	836,101	(620,264)	1,700,887
Net change in fund balance						
Fund balances, beginning as previously stated	29,488,733	4,781,007	370,511	(549,687)	11,357,288	
Prior Period Adjustment	(1,376,770)	(44,333)	-	(13,378)	(62,215)	
Fund balances (deficit), beginning, as restated	28,111,963	4,736,674	370,511	(563,065)	11,295,073	
Fund balances (deficit), ending	\$ 70,902,466	\$ 45,584,750	\$ 435,584	\$ 273,036	\$ 12,995,960	

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Equipment Rental	Central Duplication	Self-Insurance	Total
ASSETS				
Current assets				
Cash and investments	\$ 3,253,038	\$ 42,837	\$ 196,594	\$ 3,492,469
Due from other funds	-	-	1,636	1,636
Other assets	31,466	-	41,109	72,575
Total current assets	3,284,504	42,837	239,339	3,566,680
Noncurrent Assets:				
Advances to other funds	1,200,000	-	50,591	1,250,591
Capital assets:				
Nondepreciable	44,109	-	-	44,109
Depreciable, net	2,426,388	30,043	-	2,456,431
Total noncurrent assets	3,670,497	30,043	50,591	3,751,131
Total Assets	6,955,001	72,880	289,930	7,317,811
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow on pension and OPEB	316,453	147,950	667,737	1,132,140
Total Deferred Outflows of Resources	316,453	147,950	667,737	1,132,140
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	83,382	3,588	165,064	252,034
Due to other funds	-	619	64,547	65,166
Compensated absences	9,221	4,287	19,538	33,046
Self-insurance claims	-	-	3,939,719	3,939,719
Total current liabilities	92,603	8,494	4,188,868	4,289,965
Noncurrent Liabilities				
Compensated absences	30,883	14,358	65,446	110,687
Advances from other funds	-	281,322	10,283,724	10,565,046
Self-insurance claims	-	-	17,918,287	17,918,287
Net pension liabilities	763,252	356,841	1,610,511	2,730,604
Other post-employment benefits payable	1,623,539	759,049	3,425,773	5,808,361
Total noncurrent liabilities	2,417,674	1,411,570	33,303,741	37,132,985
Total Liabilities	2,510,277	1,420,064	37,492,609	41,422,950
DEFERRED INFLOW OF RESOURCES				
Deferred inflow on pension and OPEB	14,784	6,912	31,195	52,891
Total Deferred Inflows of Resources	14,784	6,912	31,195	52,891
NET POSITION				
Net investment in capital assets	2,470,497	30,043	-	2,500,540
Unrestricted (deficit)	2,275,896	(1,236,189)	(36,566,137)	(35,526,430)
Total Net Position (Deficit)	\$ 4,746,393	\$ (1,206,146)	\$ (36,566,137)	\$ (33,025,890)

CITY OF COMPTON, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	Equipment Rental	Central Duplication	Self-Insurance	Total
Operating revenues:				
Charges to other funds	\$ 1,598,060	\$ 188,873	\$ 1,416,576	\$ 3,203,509
Investment income	-	-	115	115
Other	90,000	-	-	90,000
Total operating revenues	<u>1,688,060</u>	<u>188,873</u>	<u>1,416,691</u>	<u>3,293,624</u>
Operating expenses:				
Salaries and wages	1,577,989	377,265	2,731,773	4,687,027
Contractual services	5,262	-	2,330,412	2,335,674
Materials and supplies	244,601	-	-	244,601
Repairs and maintenance	34,222	26,959	-	61,181
Depreciation expense	589,632	9,181	-	598,813
Other expenses	1,960	22,980	20,270	45,210
Self-insurance services	-	-	4,149,259	4,149,259
Total operating expenses	<u>2,453,666</u>	<u>436,385</u>	<u>9,231,714</u>	<u>12,121,765</u>
Income (loss) before transfers	<u>(765,606)</u>	<u>(247,512)</u>	<u>(7,815,023)</u>	<u>(8,828,141)</u>
Transfers in	810	-	3,047,995	3,048,805
Transfers out	<u>(250,000)</u>	<u>-</u>	<u>(50,591)</u>	<u>(300,591)</u>
Change in net position	<u>(1,014,796)</u>	<u>(247,512)</u>	<u>(4,817,619)</u>	<u>(6,079,927)</u>
Net position, beginning, as previously reported	3,932,297	(995,280)	(30,753,251)	(27,816,234)
Prior period adjustment	1,828,892	36,646	(995,267)	870,271
Net position, beginning, restated	<u>5,761,189</u>	<u>(958,634)</u>	<u>(31,748,518)</u>	<u>(26,945,963)</u>
Net position, ending	<u>\$ 4,746,393</u>	<u>\$ (1,206,146)</u>	<u>\$ (36,566,137)</u>	<u>\$ (33,025,890)</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Equipment Rental	Central Duplication	Self- Insurance	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,688,060	\$ 188,873	\$ 1,416,691	3,293,624
Cash payments to suppliers for goods and services	3,591,322	(50,267)	(8,292,787)	(4,751,732)
Cash payment to employees for services	(215,492)	(93,191)	(417,241)	(725,924)
Net cash provided by (used in) operating activities	<u>5,063,890</u>	<u>45,415</u>	<u>(7,293,337)</u>	<u>(2,184,032)</u>
Cash flows from non-capital financing activities:				
Advances to other funds	(1,200,000)	-	-	(1,200,000)
Advances from other funds	-	-	4,400,000	4,400,000
Transfers in	810	-	3,047,995	3,048,805
Transfers out	(250,000)	-	(50,591)	(300,591)
Net cash provided by (used in) non-capital financing Activities	<u>(1,449,190)</u>	<u>-</u>	<u>7,397,404</u>	<u>5,948,214</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(385,150)	(2,578)	-	(387,728)
Net cash used in capital and related financing activities	<u>(385,150)</u>	<u>(2,578)</u>	<u>-</u>	<u>(387,728)</u>
Cash flows from investing activities:				
Interest received on investments	-	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	3,229,550	42,837	104,067	3,376,454
Cash and cash equivalents, beginning	23,488	-	92,527	116,015
Cash and cash equivalents, ending	<u>\$ 3,253,038</u>	<u>\$ 42,837</u>	<u>\$ 196,594</u>	<u>3,492,469</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	<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)	\$ (765,606)	\$ (247,512)	\$ (7,815,023)	\$ (8,828,141)
Adjustments to reconcile operating income (loss) to				
net cash provided by (used in) operating activities:				
Depreciation and amortization	589,632	9,181	-	598,813
Changes in operating assets and liabilities:				
Decrease (increase) in due from other funds	3,900,000	-	(1,636)	3,898,364
Decrease (increase) in other assets	(8,567)	-	(41,109)	(49,676)
Increase (decrease) in accounts payable	17,649	(988)	37,198	53,859
Increase (decrease) in accrued liabilities	(25,311)	2,840	49,368	26,897
Increase (decrease) in due to other funds	-	619	(4,135,452)	(4,134,833)
Increase (decrease) in OPEB	1,044,705	294,072	2,609,577	3,948,354
Increase (decrease) in retirement pay	315,549	(22,107)	(223,687)	69,755
Increase (decrease) in self-insurance claims	-	-	2,311,739	2,311,739
Increase (decrease) in compensated absences	(4,161)	9,310	(84,312)	(79,163)
Net cash provided by (used in) operating activities	<u>\$ 5,063,890</u>	<u>\$ 45,415</u>	<u>\$ (7,293,337)</u>	<u>\$ (2,184,032)</u>



CITY OF COMPTON
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021



CITY OF COMPTON
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable City Council
City of Compton
Compton, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Compton, California (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 18, 2024. Our report includes qualified opinions on those financial statements, because the City has not maintained sufficient records and we were unable to obtain sufficient appropriate audit evidence about the allocation of cash to the various funds. In addition, our report includes an emphasis of matters paragraph to bring attention to deficit fund balances in the general fund and other funds totaling approximately \$39 million.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2021-009 and 2021-010 (marked MW) to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned as findings 2021-011 to 2021-016 (marked SD) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as finding 2021-017 (marked NC).

City of Compton's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eadie and Payne, LLP

Riverside, California
May 24, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable City Council
City of Compton
Compton, California

Report on Compliance for Each Major Federal Program

We have audited City of Compton's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers as described in finding number 2021-002 for reporting. Compliance with such requirement is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Assistance Listing Number 14.871 Section 8 Housing Choice Vouchers for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-004 to 2021-007. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-006 to 2021-008 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards

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 as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the City's basic financial statements. We have issued our report thereon dated May 8, 2024, which contains qualified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eadie and Payne, LLP

Riverside, California
May 24, 2024

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CITY OF COMPTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Program Identification Number	Federal Expenditures	Expenditures to Subrecipients	Total Federal Awards Expended for Loan or Loan Guarantee Programs
U.S. Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Direct:					
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-06-0515	\$ 1,380,679	\$ 116,057	\$ -
COVID-19-CDBG - CV, Cares Act		B-20-MW-06-0515	4,068	-	-
Community development Block Grants/Disaster Recovery Grants (DRGR)		B-08-MN-06-0505	4,420	-	-
Total CDBG - Entitlement Grants Cluster			<u>1,389,167</u>	<u>116,057</u>	<u>-</u>
Direct:					
Community Development Block Grants Section 108					
Section 108 Note Payable - current expenditures	14.248	Loans	\$ 506,125	\$ -	\$ 506,125
Section 108 Loans Receivable - balance at beginning of year			522,691	-	522,691
Total CDBG Section 108			<u>1,028,816</u>	<u>-</u>	<u>1,028,816</u>
Direct:					
HOME Investment Partnership Program	14.239	M-19-MC-06-0506	148,848	-	-
Housing Voucher Cluster					
Direct:					
Section 8 Housing Choice Vouchers	14.871	CA-071	8,699,620	-	-
Direct:					
CARES Act - Supplemental Housing Assistance Payment (HAP)					
Funding Impacted by COVID-19, Extraordinary Circumstances			300,953	-	-
CARES Act -Supplemental Administrative Fee Funding Impacted by COVID-19			67,493	-	-
			368,446	-	-
Total Housing Voucher Cluster			<u>9,068,066</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>11,634,897</u>	<u>116,057</u>	<u>1,028,816</u>
U.S. Department of Justice					
Direct:					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1040	149,719	-	-
Total U.S. Department of Justice			<u>149,719</u>	<u>-</u>	<u>-</u>
U.S. Department of Treasury					
Pass Through CA Department of Finance (#11918):					
Coronavirus Relief Fund (CRF)	21.019		1,210,414	-	-
Total U.S. Department of Treasury			<u>1,210,414</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 12,995,030</u>	<u>\$ 116,057</u>	<u>\$ 1,028,816</u>

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program;

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

CITY OF COMPTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of City of Compton (City) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Such expenditures are recognized following the Cost Principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The City has not elected to use the 10% de minimis cost rate.

4. SUBAWARDS

The City passes through Federal awards to certain subrecipients. The programs and amounts passed through as of June 30, 2021 are as follows:

Program Name	Subawards
CDBG - Entitlement Grants Cluster	
ERD Campfire Safety Self	\$ 55,000
ERD Domestic Violence Prevention	13,457
Champions of Caring	17,600
Youth Building	20,000
Fair Housing	10,000
Total Subawards	\$ 116,057

5. LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in the Community Development Block Grants Section 108 Loan Guarantees (Assistance Listing No. 14.248) of the U.S. Department of Housing and Urban Development, which is subject to continuing compliance requirements for outstanding loans. The program's outstanding balance on loans with continuing compliance requirements as of June 30, 2021 are as follows:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2021
14.248	Rosewood Family Loan	\$ 378,667
14.248	Fatburger Loan	144,024
		\$ 522,691

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified

Internal control over financial reporting:

- Material weakness identified? ☒ Yes ☐ No
- Significant deficiency identified? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted?

☒ Yes ☐ No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ☒ Yes ☐ No
- Significant deficiency identified? ☒ Yes ☐ None reported

Type of auditor's report issued on compliance for major federal programs:

Qualified Opinion and
Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☒ Yes ☐ No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.218	CDBG-Entitlement Grants Cluster
21.019	Coronavirus Relief Fund (CRF)
14.248	CDBG- Section 108

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

See accompanying notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

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CURRENT YEAR

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Allowable Costs/Cost Principles 2021-004

Special Tests and Provisions 2021-005

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CITY OF COMPTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

2021-001 – Filing of Single Audit Report (MW, NC)

Criteria: Pursuant to the Office of Management and Budget (OMB) 2 CFR Part 200, Appendix XI, Section 8-7-3, IV. Due Date for Audit Reports, the copy of the data collection form should be filed 'with the Federal Audit Clearinghouse (FAC) as the date 9 months after the end of the audit period'. The OMB extended the Single Audit submission deadline for fiscal years ended June 30, 2020 and June 30, 2021 by six months.

Condition: The City did not complete the audit and submit the Single Audit Reporting Package (the City's audited financial statements and single audit reports) for the fiscal years ended June 30, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019 within nine months after the end of audit period. The City did not complete the audit and submit the Single Audit Reporting Package for the fiscal years ended June 30, 2020 and 2021 within 15 months after the end of the audit period (the extended deadline).

Cause: The City has been severely behind on its recording and reconciliations for financial transactions. The City's Single Audit for 2013 was not completed until February of 2016. The City's predecessor auditor withdrew from the audit after issuance of the 2014 financial statements in November 2016 and did not issue a Single Audit report. Due to substantial employee turnover within the City at all levels, and incomplete records, the 2015, 2016, and 2017 audits were not completed and City did not issue financial statements. The City has been working diligently to update its records since 2018, however it still continues to experience a lack of qualified personnel and substantial employee turnover in the City Controller's Office.

Effect or Potential Effect: Failure to submit the required Single Audit Reporting Package timely automatically results in the City not qualifying for low risk auditee status for the following year's single audit. In addition, failure to file the required Single Audit Reporting Package timely could result in the loss of federal funding.

Questioned Cost: None

Context: The physical single audit reports for fiscal years 2015, 2016, and 2017, were submitted to the U.S. Department of Housing and Urban Development (Attn: Mr. Miguel Fontanez, Director of Housing Voucher Financial Management Division) at the Office of Public and Indian Housing, Washington, DC 20410-5000 on March 27, 2019. The Single Audit Reporting Package for fiscal years 2019 and 2020 were submitted on April 28, 2021 and March 28, 2022, respectively.

Statistical Sampling Validity: Not applicable. Sampling was not performed in relation to this finding.

Repeat of a Prior-Year Finding: 2020-003, 2019-007, 2018-011, 2017-011, 2016-007, 2015-010, 2014-009

Recommendation: We recommend that the City bring its accounting records up to date and have financial statement and Single Audits prepared timely. We also recommend the City develop, document, and implement policies and procedures for timely submission of the Single Audit Reporting Package.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has hired outside CPA's with the goal of completing all audits through FY 2023 by December 2024.

Planned Implementation Date: December 2024

Responsible Person(s): Sharon Rahban, City Controller

2021-002 – Missing Reports (MW, NC)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 - 2021
Category of Finding:	Reporting

Criteria: The Office of Management and Budget 2021 Compliance Supplement states that the following reports are required to be submitted to the U.S. Department of Housing and Urban Development.

HUD-52681-B, Voucher for Payment of Annual Contributions and Operating Statement (OMB No. 2577-0169). The PHA submits this form monthly to HUD electronically via the VMS. Congress has instructed HUD to use VMS data to determine renewal funding levels. HUD also uses VMS data for other funding, monitoring, and SEMAP-related decisions. HUD relies on the audit of the key line items below to determine the reasonableness of the data submitted for the purposes of calculating funding under the program.

Financial Reports (OMB No. 2535-0107) – Financial Assessment Subsystem, FASS-PH. The Uniform Financial Reporting Standards (24 CFR section 5.801) require PHAs to submit timely GAAP-based unaudited and audited financial information electronically to HUD. The FASS-PH system is one of HUD's main monitoring and oversight systems for the HCVP.

HUD-52648, SEMAP Certification – PHAs with jurisdiction in metropolitan Fair Market Rent areas have the option of submitting data to HUD with their annual SEMAP certifications on the percent of their tenant-based Section 8 families with children who live in and who have moved during the PHA fiscal year to low poverty census tracts in the PHA's principal operating area. Submission of this information with the SEMAP certification makes the PHA eligible for bonus points under SEMAP (24 CFR section 985.3(h)).

HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043) – Each recipient that administers covered public and Indian housing assistance, regardless of the amount expended, and each recipient that administers covered housing and community development assistance in excess of \$200,000 in a program year, must submit HUD 60002 information using the automated Section 3 Performance Evaluation and Registry System (SPEARS) (24 CFR sections 135.3(a)(1) and 135.90).

HUD-50058, Family Report (OMB No. 2577-0083) – The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA's jurisdiction under portability (24 CFR Part 908 and 24 CFR section 982.158).

Condition: We were unable to obtain the following reports: HUD-52681-B, FASS-PH, and HUD-52648.

Cause: Turnover of staff in the Housing Authority and delay in recruitment. Lack of internal control over the retention of program reports.

Effect or Potential Effect: The City is facing sanctions from the Office of Inspector General (OIG) with a reduced Section 8 Management Assessment Program (SEMAP) rating from High Performer to Standard Performer. A reduced rating may result in HUD withholding additional grant funds or offset the Housing Choice Voucher (HCV) administrative fees.

Questioned Cost: None.

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

Context: The Housing Authority did not provide required reports.

Statistical Sampling Validity: Not applicable.

Repeat of a Prior-Year Finding: 2020-001, 2019-005, 2018-007

Recommendation: We recommend the City establish policies and procedures that will ensure the retention of program documents.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Controller's Office drafted a grants policy that is currently under review by City Management. Community development staff will ensure a succession plan is in place for any staff turnover and for report preparation compliance.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, Community Development Director, and City Controller

2021-003 – Incorrect Payrates (SD)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 - 2021
Category of Finding:	Allowable Costs/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: The City uses personnel action forms (PA101) to document the approved payrates of City employees. During our audit, we noted that the payrates used to determine the amounts claimed for payroll costs associated with the program were lower than what was reflected in the PA 101 form.

Cause: The City approved retroactive pay increases for employees and the pay increases were processed as lump sum adjustments. The payroll records prior to the approval of the retroactive pay were not adjusted to reflect the change. The program costs were not adjusted either.

Effect or Potential Effect: The City missed the opportunity to claim higher payroll costs to the program.

Questioned Cost: None.

Context: Six instances of incorrect payrates were found out of 20 sample items. Since the costs claimed were lower than what they should have been, no questioned cost is reported.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City improve procedures to ensure that payrate changes are approved timely and payroll costs charged to the grant are also adjusted whenever payrate changes are approved.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The general accounting policy will be updated for the accountant to check the payroll register to accrue retroactive pay changes to the correct period.

Planned Implementation Date: June 30, 2024

Responsible Person(s): City Controller

2021-004 – Distribution of Hours Worked (NC)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 – 2021
Category of Finding:	Allowable Cost/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Federal award recipients should support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition: If an employee works on more than one program or fund, the employee's salary or wages and benefits are distributed by the City to the respective programs or funds based on the number of hours worked. The basis for the distribution is the employee's timecard. During our audit, we noted one employee's timecard did not indicate the number of hours worked for Section 8 or another program/fund, however only 10% of his/her payroll cost was charged to Section 8.

Cause: The City was unable to provide the timecard that showed the hours worked by the employee by program/fund.

Effect or Potential Effect: Over or understatement of payroll cost charged to the program.

Questioned Cost: None.

Context: One exception out of 20 sample items.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend that the City improve procedures to ensure that they retain all timecards that reflect the distribution of costs to programs/funds and make them available for the auditors.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The payroll policy will be updated to require that timecards be updated with supervisor signature if changes are made to change allocation to another fund.

Planned Implementation Date: June 30, 2024

Responsible Person(s): City Controller

(MW) – Material Weakness **(SD)** – Significant Deficiency **(NC)** – Noncompliance
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2021-005 – Housing Quality Standards Inspection (NC)

Federal Program Title:	Section 8 Housing Choice Vouchers
Federal Catalog Number:	14.871
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Not applicable
Federal Award Number and Year:	CA-071 – 2021
Category of Finding:	Special Tests and Provisions

Criteria: The public housing agency (PHA) must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections.

Condition: In one instance, the City did not perform the required annual inspection.

Cause: We were informed that the HUD system did not release the address for inspection so no inspection was performed.

Effect or Potential Effect: The City's failure to comply with stated requirements exposes the City to sanctions from the federal agency, including loss of funding.

Questioned Cost: None

Context: The exception was noted in one out of 60 participants tested. The City has noted that they will investigate the issue.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City to improve procedures to ensure that all annual inspections are performed.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: Policies will be enforced or monitored more closely by Housing Authority management to ensure all inspections and re-inspections are complete and documented.

Planned Implementation Date: December 31, 2024

Responsible Person(s): Community Development Director

2021-006 – Incorrect Payrates (SD, NC)

Federal Program Title:	Coronavirus Relief Fund
Federal Catalog Number:	21.019
Federal Agency:	U.S. Department of the Treasury
Pass-Through Entity:	CA Department of Finance
Federal Award Number and Year:	N/A - 2021
Category of Finding:	Allowable Costs/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: The City used incorrect payrates when calculating payroll costs charged to the program.

Cause: When the City calculated the Fire Department payroll and payroll costs related to Covid Leave, they used a report that reflected payrates that were higher than what the payroll register reported.

Effect or Potential Effect: The City overstated the payroll costs charged to the program.

Questioned Cost: \$32,314

Context: The exception was found in 10 out of 28 employees selected. The questioned cost is the amount projected to the entire population.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City enhance procedures to double check the payrates used when calculating charges to federal awards.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has other eligible costs that were not claimed for this grant that can be used to offset the questioned cost. Procedures are already in place to enhance payrate calculations in the future.

Planned Implementation Date: Implemented as of April 2024

Responsible Person(s): City Controller

2021-007 – Missing Reports (SD, NC)

Federal Program Title:	Community Development Block Grant/Entitlement Grants
Federal Catalog Number:	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	No applicable
Federal Award Number and Year:	B-19-MC-06-0515 - 2019
Category of Finding:	Reporting

Criteria: The Office of Management and Budget 2021 Compliance Supplement states that the following reports are required to be submitted to the U.S. Department of Housing and Urban Development.

SF-425, Federal Financial Report – Applicable (cash status only) (this is the IDIS C04PR29 Cash on Hand Quarterly Report made available in IDIS on August 12, 2019, which allows grantees to generate this report by custom date ranges and export data to Excel and PDF)

Integrated Disbursement and Information System (IDIS) (OMB No. 25060077) – Grantees may include reports generated by IDIS as part of their annual performance and evaluation report that must be submitted for the CDBG Entitlement program 90 days after the end of a grantee's program year.

- (1) C04PR03 – Activity Summary Report
- (2) C04PR26 – CDBG Financial Summary Report
- (3) C04PR26 – CDBG-CV Financial Summary Report
- (4) C04PR26 – CDBG Activity Summary by Selected Grant

Section 3 of the Housing and Urban Development Act of 1968 – The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low-and very low-income persons. Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000.

Consolidated Annual Performance and Evaluation Report (CAPER) (24 CFR 91.520) -- A grantee's CAPER, submitted through the IDIS e-Con Planning Suite, is due 90 days after the close of a jurisdiction's program year.

Condition: We were unable to obtain the following reports: SF-425, Section 3 report and CAPER.

Cause: Turnover of staff and lack of internal control over the retention of program reports.

Effect or Potential Effect: The City's failure to comply with stated reporting requirements exposes the City to sanctions from the federal agency, including loss of funding.

Questioned Cost: None

Context: The City did not provide the abovementioned reports.

Statistical Sampling Validity: Not applicable.

Repeat of a Prior-Year Finding: Yes, 2019-001, 2018-001

Recommendation: We recommend the City establish policies and procedures that will ensure the retention of program reports.

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Controller drafted a grants policy which is currently under review by the City Manager, that includes succession planning in case of staff turnover and parameters for grant reporting compliance.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, Grants Manager

2021-008 – Incorrect Payrate and Hours Worked (SD)

Federal Program Title:	Community Development Block Grant/Entitlement Grants
Federal Catalog Number:	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	No applicable
Federal Award Number and Year:	B-19-MC-06-0515 - 2019
Category of Finding:	Allowable Cost/Cost Principles

Criteria: Title 2, Subtitle A, Chapter II, Part 200, General Provisions for Selected Items of Cost, Section 200.430, Compensation – Personal Services requires that costs of compensation are allowable to the extent that they satisfy specific requirements which include that the total compensation of individual employees is determined and supported as provided in the Standards for Documentation of Personnel Expenses. The said standards require charges to Federal awards for salaries and wages must be based on records that must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: During our audit, we found one instance where the employee's timecard did not reflect the number of hours worked for CDBG and another instance where the employee's payrate did not agree to the payrate stated on the personnel action form (PA 101).

Cause: For the exception related to timecard: The City was unable to provide the timecard that showed the hours worked by the employee by program/fund.

For the exception related to payrate: The City approved retroactive pay increases for employees and the pay increases were processed as lump sum adjustments. The payroll records prior to the approval of the retroactive pay were not adjusted to reflect the change. The program costs were not adjusted either.

Effect or Potential Effect: Over or understatement of costs charged to the program.

Questioned Cost: None

Context: One exception related to timecard and another exception related to payrate were found, out of 20 items selected.

Statistical Sampling Validity: Samples are haphazardly selected.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the City improve procedures to ensure completeness and accuracy of payroll costs charged to federal programs.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The general accounting policy will be updated for the accountant to check the payroll register to accrue retroactive pay changes to the correct period. The payroll policy will also be updated to require that timecards be updated with supervisor signature if changes are made to change allocation to another fund.

Planned Implementation Date: June 30, 2024

Responsible Person(s): City Controller

CITY OF COMPTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2021-009 – Allocation of Cash to City Funds/ Negative Cash Balances/ Fund Balance Deficits (MW)

Criteria: Negative cash balances occur within a fund when there is mismatch of expenditures and revenue. Since the City pools its cash, other funds (usually the General Fund) will cover temporary negative cash balances through interfund payable/receivable accounts. Interfund payable/receivable accounts should be settled within the current period.

In addition, the City should operate to maintain adequate fund balances in all of its funds to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures.

Condition: The City did not have consistent cash allocation and tracking procedures in place, which resulted in negative cash balances rolling forward from prior years through June 30, 2020. The City was able to reconcile the cash allocation among the various funds at June 30, 2021 in FY 2023, two years after the end of FY 2021. However, the City's general ledger continues to report a negative cash balance in excess of \$28.9 million in the general fund (Fund 1001) at June 30, 2021.

Furthermore, there are negative fund balances for various funds including the general fund, nonmajor governmental funds, and internal service funds.

Cause: There was a lack of policy over interfund transactions and weakness in internal control over reconciliations during FY 2021. Due to the vacancies in key positions in the City Controller's Office, staff fell behind on the monthly reconciliations and monitoring of cash balances across funds. There was also a weakness in internal control over operational spending and lack of consideration of long-term financial planning.

Effect or Potential Effect: Cash allocation could be materially misstated. Operating cash deficiencies for amounts not properly recorded, reimbursed, or transferred could exist and not detected and corrected on a timely basis. The fund balance deficits could also have a significant effect on operations on a go-forward basis. City programs and services involved with the fund may be curtailed.

Repeat of a Prior-Year Finding: 2018-014, 2018-037, 2019-010, 2019-025

Recommendation: We recommend the City review cash balances on a regular basis and prepare a plan to eliminate these negative cash balances. Policies and procedures need to be put in place for the regular review of cash balances and the initiation of transfers for reimbursements as needed. We also recommend that management review the negative fund balances and the affected operations to make provisions to eliminate the deficit balances going forward.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City hired a consultant to prepare a cost allocation plan which will be implemented in FY22 and future years. The City hired a consultant to prepare a fiscal sustainability plan and fee study, and City has issued an RFP for utility rate study. Also, the City has issued a request for proposal for collection agency, as well as for SB90 collection consultant. The City has approved a contract for consultant to study fire OT cost analysis which greatly contributes to overspending in the general fund. All of these efforts are expected to alleviate the negative cash balances across funds, including the General Fund.

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, City Controller

2021-010 – Information Technology (IT) Controls (MW)

Criteria: IT controls are a critical mechanism for ensuring the integrity of information systems and the reporting of the City's financial information. IT general controls (ITGC) are basic controls applied to IT systems. The objectives of ITGC are to ensure the integrity of data and processes that the IT systems support. ITGC have a pervasive effect on the City's system of internal control over financial reporting.

Condition: During FY 2020, we evaluated the design and implementation of ITGCs and noted 23 findings. We communicated such findings to the IT department and City management. Because those findings reveal vulnerabilities to, or otherwise increase the potential for an attack on, information technology systems of the City, the details of the findings will not be published in this document.

Repeat of a Prior-Year Finding: 2018-040, 2019-034

Recommendation: Our recommendations will be communicated to the City Council through a separate confidential written report.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City will update the IT risk assessment and develop a corrective action plan.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, IT Director

2021-011 – Contingent Liabilities (SD)

Criteria: The City has been named a defendant in numerous lawsuits and claims arising in the course of operations. In aggregate, these claims seek monetary damages in significant amounts. Insurance claims payable reflected on the financial statements should represent the actual obligations and liabilities for incidents that have occurred during the year. Additional accruals for probable losses relating to uninsured risks should be made for incidents occurring during the year when the loss estimates can be made. The City should also disclose the contingency when there could be a material effect to the financial statements.

Condition: The City Controller's Office uses an actuarial report supplied by an outside actuary and risk management staff to record the liability for self-insurance claims. However, there are instances when contingent liabilities may have occurred, but they only learn about the liability when it is time to pay for the claim, which may be many months after the liability had been incurred. The City Attorney's office tracks the lawsuits and status of the lawsuits. However, they do not always inform the risk management team about any probable losses in a timely manner.

Cause: There is no established procedure for timely communication between the City Attorney's Office and the Risk Manager regarding potential contingent liabilities.

Effect or Potential Effect: Incomplete or inaccurate reporting of loss contingencies. Potential prior period adjustments.

Repeat of a Prior-Year Finding: No

Recommendation: The City should develop procedures to foster information-sharing between the City Attorney's Office and the risk management team.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Attorney will provide litigation reports to keep all parties abreast of pending litigation.

Planned Implementation Date: April 31, 2024

Responsible Person(s): City Attorney, City Manager, Risk Manager

2021-012 – Procurement Policy (SD)

Criteria: A current official written policy should be in place for procurement and contracts conforming to applicable federal statutes and the updated procurement requirements per 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Condition: A grants policy which includes Uniform guidance on procurement and conflict of interest has been taken to the City Council for receive and file action in March 2022. The City Manager has yet to implement this policy and make it into the Standard Operating Manual.

Cause: Turnover in the City Manager position.

Effect or Potential Effect: Goods or services could be acquired in violation of the administrative requirements federal regulations and other procurement requirements, such as inappropriately acquired from debarred or suspended parties or providers. Failure to document and retain evidence that procurement procedures were followed could result in the need to reimburse federal funds.

Repeat of a Prior-Year Finding: 2019-029

Recommendation: We recommend the City adopt and implement an official written policy for procurement and contracting and Conflict of Interest Code that are in line with the requirements of the Uniform Guidance.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Manager will coordinate the implementation of the grants policy.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager

2021-013 - Bank Reconciliations (SD)

Criteria: Bank reconciliations should be prepared and reviewed in a timely manner.

Condition: Bank reconciliations are not prepared and reviewed in a timely manner. While the City Controller's Office has been working on preparing the bank reconciliations continuously since FY 2021, bank reconciliations for FY 2021 were completed only in FY 2023. As of April 2024, the City is working on bank reconciliations for FY 2024.

Cause: Weakness in internal control over reconciliations, lack of training, and lack of resources allocated to the bank reconciliation function. Due to the vacancies in key positions in the City Controller's Office, staff fell behind on the monthly reconciliations of the over 30 bank accounts.

Effect or Potential Effect: Potential fraud and misstatements in cash and other accounts.

Repeat of a Prior-Year Finding: 2018-013, 2019-009

Recommendation: The City should dedicate appropriate resources and have City employees trained to perform monthly bank reconciliations for all City bank accounts. Subsequently, a documented review and approval of the bank reconciliations should be performed in a timely manner to ensure that any discrepancies are discovered and addressed appropriately.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: In July of 2023 the City hired CPA firms and temp agency workers to assist City staff with catching up on bookkeeping and on audit preparation including bank reconciliation. At that point the City was 24 months behind in the general checking bank rec. As of April 2024, the City is only 9 months behind. Improvement has been made, but full catchup of bank reconciliations is expected to be done by October 2024.

Planned Implementation Date: October 2024

Responsible Person(s): Sharon Rahban, City Controller

2021-014 – Staffing (SD)

Criteria: City employees should have adequate qualifications, competency, and experience to effectively carry out day-to-day responsibilities directly correlated with their job description in a qualitative and timely manner.

Condition: The City Controller's Office filled some vacancies since FY 2021 however it still has vacancies in positions that are vital in the City's day-to-day accounting.

Cause: The City's recruitment process is lengthy. Additionally, departments are encouraged to explore internal recruitments more extensively, rather than initiating external recruitments.

Effect or Potential Effect: Upper management has been compensating for the lack of lower management available in the City Controller's Department, which results in delays of getting complex projects completed, i.e. financial statement audits, cost allocation plan revision, capital assets valuation, etc. The City Controller's Department has been delayed in its financial statement audits and other projects because vacancies are preventing day-to-day accounting activities from being effectively carried out. This has resulted in the City not having enough resources to move other projects forward.

Repeat of a Prior-Year Finding: 2020-007

Recommendation: We recommend that the City implement a remedial action plan to adequately staff the departments with qualified and experienced individuals who can contribute immediately to the performance of its accounting functions.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has hired CPA firms and temp agencies to assist with catchup of work. The City is also en route to completing a compensation study that will likely yield compensation increases needed to attract the necessary talent to fully staff the controller's office with qualified personnel.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, HR Director

2021-015 – Internal Audits (SD)

Criteria: Internal audits should be performed to ensure that information processed is accurate and valid. Departments should cooperate and make all information available for internal audits to be performed and completed effectively and efficiently.

Condition: There is a lack of cooperation from departments when supporting documentation is requested for internal audit purposes.

Cause: Departments other than the City Controller's Office do not agree that providing information to the internal auditor is their responsibility. These departments are not willing to use resources to fulfill a task that they believe is not included in their job description. Internal audit requests have not been common practice in the City in the recent years and, therefore, might not have been addressed in job descriptions. However, the City has been making efforts to resolve operational, accounting, and internal control issues that will allow the City to move forward.

Effect or Potential Effect: Lack of transparency results in information that cannot be considered timely or reliable. Additionally, failing to perform regular and timely internal audits creates an opportunity for malicious activities, including waste and abuse of City funds.

Repeat of a Prior-Year Finding: 2020-006

Recommendation: We recommend that City Council and City Management establish and reinforce policies and procedures that promote cooperation of all departments and educate them on the importance of checks and balances within departments across the City.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City Manager will formally adopt the internal audit policy.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager

2021-016 – Turnover and Lack of Consistent Leadership (SD)

Criteria: An entity in a governmental environment must have adequate and consistent, competent leadership demonstrating and exercising oversight responsibility.

Condition: The City has been experiencing a high degree of management turnover for years, since at least 2010, which can result in a lack of consistent leadership, lack of operational stability, and inefficient provision of services to its citizens. Between January 1, 2010, and January 1, 2024, more than ten different individuals served as City Manager. In addition, the City also experienced numerous turnover of the City Controller position in past years through FY 2021.

Cause: The high turnover has contributed to a lack of leadership and, in some cases, a lack of management oversight.

Effect or Potential Effect: In addition to potential effects noted above, for purposes of financial reporting, the City was unable to produce financial statements on a timely basis.

Repeat of a Prior-Year Finding: 2019-033

Recommendation: In line with SCO's comment, we recommend the City evaluate its hiring practices for its upper management positions. In addition, the City should develop a succession plan that will help it to ensure continued leadership even during management turnover.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: Per the State Auditor's report of October 2022, the City Manager and HR Director will prepare hiring policies and succession plans.

Planned Implementation Date: December 31, 2024

Responsible Person(s): City Manager, HR Director

2021-017 – Bond Compliance (NC)

Criteria: Governmental entities are subject to a variety of laws, regulations, and contracts that have a direct and material effect on their financial statements. Accordingly, governmental entities should establish a system of internal control over compliance to ensure compliance with laws, regulations, and contracts. Personnel assigned to monitor compliance should have the appropriate knowledge and experience related to the requirements.

Pursuant to Section 5.11 (c) of the Indenture dated July 1, 1993 with US Bank, the City is required to cause the independent certified public accountant to deliver to the City and the trustee a certificate showing that during such fiscal year the City was in compliance with its rate covenant as set forth in Section 5.09.

SEC Rule 15c2-12 requires local governments issuing bonds to provide certain information to the Municipal Securities Rulemaking Board (MSRB) about the securities on an ongoing basis.

Condition: The City and the Successor Agency were not in compliance with reporting provisions of the indentures for various bonds for the fiscal year ended June 30, 2021 because the City's audited financial statements were not issued within 180 to 270 days of the year-end. Additionally the City and the Successor Agency were not in compliance with continuing disclosure requirements under SEC Rule 15c2-12.

Cause: Lack of audited financial statements.

Effect or Potential Effect: Bonds could be deemed in default and could become due and payable. The City could not issue new bonds or refinance existing bonds.

Repeat of a Prior-Year Finding: 2018-036, 2019-024

Recommendation: We recommend the City develop a tactical plan to complete the audits for the City and become current by fiscal year 2024. For the long-term, we recommend the City develop, document, and implement policies and procedures to ensure the City's compliance with applicable laws, regulations, and contracts. Personnel assigned to monitor compliance should have the appropriate knowledge and experience with requirements.

Management Response and Corrective Action Plan

City's Response: The City concurs with the recommendation.

Corrective Action Plan: The City has hired outside CPAs and temp agencies to assist with audit catchup, and expects to be caught up on all audits through FY 2023 by December 2024.

Planned Implementation Date: December 2024

Responsible Person(s): Sharon Rahban, City Controller

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARDS

Finding No.	Federal Program Name	Assistance Listing No.	Compliance Requirement(s)	Status of Corrective Action	Repeat Finding No.
2020-001	Section 8 Housing Choice Vouchers	14.871	Reporting (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted	2021-002
2020-002	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Rolling Forward Equity Balances (MW, NC)	Resolved for FY 2021	
2020-003	N/A; General finding	N/A	Filing of Single Audit Report (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted.	2021-001
2020-004	N/A; General finding	N/A	Schedule of Expenditures of Federal Awards Preparation (SD, NC)	Resolved for FY 2021	
2019-001	Community Development Block Grants/Entitlement Grants	14.218	Reporting (MW, NC)	In progress. Grants policy was received and filed by the City Council in March 2022 but it needs to be implemented.	2021-006
2019-002	Community Development Block Grants/Entitlement Grants	14.218	Program Income - Identification, Determination, Assessment, and Recording (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	
2019-003	Community Development Block Grants/Entitlement Grants	14.218	Program Income - CDBG Loan Listing (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	
2019-004	Community Development Block Grants/Entitlement Grants	14.218	Equipment and Real Property Management (MW, NC)	Resolved for FY 2021	
2019-005	Section 8 Housing Choice Vouchers	14.871	Reporting (MW, NC)	In progress	2021-002
2019-006	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Rolling Forward Equity Balances (MW, NC)	Resolved for FY 2021	
2019-007	N/A; General finding	N/A	Filing of Single Audit Report (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted.	2021-001
2019-008	N/A; General finding	N/A	Schedule of Expenditures of Federal Awards Preparation (MW)	Resolved for FY 2021	
2018-001	Community Development Block Grants/Entitlement Grants	14.218	Reporting (MW, NC)	In progress. Grants policy was received and filed by the City Council in March 2022 but it needs to be implemented.	2021-006
2018-002	Community Development Block Grants/Entitlement Grants	14.218	Program Income - Identification, Determination, Assessment, and Recording (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

**CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARDS (CONTINUED)**

Finding No.	Federal Program Name	Assistance Listing No.	Compliance Requirement(s)	Status of Corrective Action	Repeat Finding No.
2018-003	Community Development Block Grants/Entitlement Grants	14.218	Program Income - CDBG Loan Listing (MW, NC)	Loans receivable balances were verified as of June 30, 2021. No program income in FY 2021.	
2018-005	Community Development Block Grants/Entitlement Grants	14.218	Allowable Costs/Cost Principles - Lack of Drawdown Supporting Documentation (MW, NC)	Not a finding in 2021	
2018-006	Community Development Block Grants/Entitlement Grants	14.218	Equipment and Real Property Management (MW, NC)	Resolved for FY 2021	
2018-007	Section 8 Housing Choice Vouchers	14.871	Reporting (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted	2021-002
2018-010	Section 8 Housing Choice Vouchers	14.871	Special Tests and Provisions - Rolling Forward Equity Balances (MW, NC)	Resolved for FY 2021	
2018-011	N/A; General finding	N/A	Filing of Single Audit Report (MW, NC)	In progress; FY 2018 to FY 2020 have been submitted.	2021-001
2018-012	N/A; General finding	N/A	Schedule of Expenditures of Federal Awards Preparation (MW)	Resolved for FY 2021	

Findings for FYE 2017 and prior have been omitted in this report.

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS

Findings No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2020-005	SD	Land Held for Resale Appraisals	Resolved for FY 2021. Comparable sales and appraisals were obtained.	
2020-006	MW	Internal Audits	In progress. The internal audit policy was received and filed by the City Council. The internal audit division is still being staffed.	2021-015
2020-007	MW	Staffing	In progress. Staffing is still ongoing.	2021-014
2019-009	MW	Bank Reconciliations	In progress. Bank reconciliation policy was received and filed by the City Council in March 2022. Bank reconciliations through June 2023 have been completed.	2021-013
2019-010	MW	Cash - Negative Balances	In progress. Some of the negative balances have been removed as of June 30, 2021. A cost allocation plan and fiscal sustainability plan is being conducted to eventually remove the negative cash in the general fund. The City will adopt a grants policy that will allow grant funds to drawdown reimbursements on a timely manner.	2021-009
2019-011	SD	Accounts Receivable Roll Forward Balances	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-012	MW	Notes and Loans Receivable	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-013	SD	Utilities Allowance for Doubtful Accounts	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-014	SD	Prepaid Expenses and Roll Forward Balances	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-015	MW	Capital Assets	Resolved for FY 2021. The City conducted a full inventory and valuation of capital assets.	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2019-016	MW	Land Held for Resale	Resolved in 2021. Comparable sales and appraisals were obtained.	
2019-017	SD	Interfund Balances	Resolved for FY 2021. Interfund balances were reviewed in detail in FY 2021. The policies and procedures related to interfund balances are included in the grants policy that was received and filed by the City Council in March 2022.	
2019-018	MW	Interfund Balances - Advances to/from Repayment	Resolved for FY 2021. Interfund balances were reviewed in detail in FY 2021. The policies and procedures related to interfund balances are included in the grants policy that was received and filed by the City Council in March 2022. A repayment plan was approved by the City Council.	
2019-019	SD	Accrued Interest	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-020	MW	Accrued Liabilities	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-021	SD	Accrued Wages Payable	Resolved for FY 2021. A general accounting policy was received and filed by the City Council in March 2022. Procedures are in place to perform the reconciliations and staff are fully trained.	
2019-022	MW	Deferred Grant Revenues	Resolved for FY 2021	
2019-023	SD	Fund Balance Classification	Resolved for FY 2021. The recommendations were included in the general accounting policies received and filed by the City Council in March 2022.	
2019-024	MW	Bond Compliance	In progress. Bond covenant testing was performed in FY 2021.	2021-017

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2019-025	MW	Negative Fund Balances	In progress. The City is taking several steps to resolve this finding: A cost allocation plan will be completed to properly allocate costs to various funds; a fee study is underway; a fiscal sustainability plan was also initiated. In the meantime, the City has resolved some of the negative fund balances with only a few funds remaining with negative fund balances.	2021-009
2019-026A	MW	Payroll Allocations	In progress. A payroll policy was submitted to the City Council and City Management for implementation.	
2019-026B	MW	Human Resources	In progress. A payroll policy was submitted to the City Council and City Management for implementation.	
2019-027	SD	Self-Insurance Liabilities and Expenditures/Expenses	In progress pending policy adoption by City Manager.	
2019-028	SD	Cash Disbursements - Payments Based on Quotes	Not observed in 2021. The accounts payable policy was submitted to City Council for review and file and is ready for implementation.	
2019-029	SD, NC	Procurement Policy	In progress. The purchasing policy was submitted to the City Council for review and file. It is awaiting approval by the City Manager to be included in the Standard Operating Manual of the City.	2021-012
2019-030	SD, NC	Procurement - Requests for Proposal (RFP) Documentation	In progress. The purchasing policy was submitted to the City Council for review and file. It is awaiting approval by the City Manager to be included in the Standard Operating Manual of the City.	2021-012
2019-031	SD	Journal Entries	Resolved for FY 2021	
2019-032	MW	Lack of Budgeted Fund Balances	Fully implemented for FY 2023 and FY 2024.	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2019-033	MW	Turnover and Lack of Consistent Leadership	In progress. The City has filled some of the executive positions at the City. A consultant will be engaged to provide succession planning services.	2021-016
2019-034	MW	Information Technology (IT) Controls	In progress	2021-010
2018-013	MW	Bank Reconciliations	In progress. Bank reconciliation policy was received and filed by the City Council in March 2022. Bank reconciliations through June 2023 have been completed.	2021-013
2018-014	MW	Cash - Negative Balances	In progress. Some of the negative balances have been removed as of June 30, 2021. A cost allocation plan and fiscal sustainability plan is being conducted to eventually remove the negative cash in the general fund. The City will adopt a grants policy that will allow grant funds to drawdown reimbursements on a timely manner.	2021-009
2018-015	SD	Accounts Receivable Roll Forward Balances	Resolved for FY 2021	
2018-016	MW	Notes and Loans Receivable	Resolved for FY 2021	
2018-017	MW	First Time Home Buyer Loan Program	Resolved for FY 2020	
2018-018	MW	Grants Receivable	Resolved for FY 2020	
2018-019	SD	Utilities Allowance for Doubtful Accounts	Resolved for FY 2021	
2018-020	SD	Prepaid Expenses and Roll Forward Balances	Resolved for FY 2021	
2018-021	SD	Interfund Balances	Resolved for FY 2021	
2018-022	MW	Interfund Balances - Advances to/from Repayment	Resolved for FY 2021	
2018-023	MW	Capital Assets	Resolved for FY 2021	
2018-024	SD	Land Held for Resale	Resolved for FY 2021	
2018-025	SD	Accounts Payable Supporting Documentation	Resolved for FY 2020	
2018-026	SD	Accrued Interest	Resolved for FY 2021	
2018-027	MW	Accrued Payroll	Resolved for FY 2021	
2018-028	MW	Accrued Liabilities	Resolved for FY 2021	
2018-029	SD	Retentions Payable	Resolved for FY 2021	
2018-030	SD	Deposits	Resolved for FY 2021	
2018-031	SD	Special Revenue Funds not Budgeted	Resolved for FY 2021	
2018-032			Resolved for FY 2019	
2018-033	SD	Deferred Grant Revenues	Resolved for FY 2021	
2018-034	SD	Bonds Payable	Resolved for FY 2021	

(MW) – Material Weakness (SD) – Significant Deficiency (NC) – Noncompliance

CITY OF COMPTON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS – FINANCIAL
STATEMENTS (CONTINUED)

Finding No.	Level	Title	Status of Corrective Action	Repeat Finding No.
2018-035	SD	Bond Refunding	Resolved for FY 2021	
2018-036	MW	Bond Compliance	In progress. Bond covenant testing was performed in FY 2021.	2021-017
2018-037	MW	Fund Balance - Negative Fund Balances	In progress. The City is taking several steps to resolve this finding: A cost allocation plan will be completed to properly allocate costs to various funds; a fee study is underway; a fiscal sustainability plan was also adopted. In the meantime, the City has resolved some of the negative fund balances with only a few funds remaining with negative fund balances.	2021-009
2018-038	MW	Human Resources - Employee Compensation	In progress. A consultant was hired by the City Manager to prepare HR policies and procedures.	
2018-039	MW	Management Oversight and Control - Payroll Segregation of Duties	In progress. A consultant was hired by the City Manager to prepare HR policies and procedures.	
2018-040	MW	Information Technology (IT) Controls	In progress	2021-010

Findings for FYE 2017 and prior have been omitted in this report.

(MW) – Material Weakness **(SD)** – Significant Deficiency **(NC)** – Noncompliance



June 25, 2024

Honorable Mayor and City Council
City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

**RE: OPPOSITION TO ANY CHARTER AMENDMENT
CHANGES REGARDING OPEN AND COMPETITIVE
ONLY RECRUITMENTS**

AFSCME District Council 36
3375 E. Slauson Ave.
Vernon, CA 90058

www.afscme36.org
Phone (213) 487-9887
Fax: (213) 487-9822

Regional Offices

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Ontario, CA 91761
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San Diego
3737 Camino Del Rio So.
Suite 400
San Diego, CA 92108
(619) 640-4939

Honorable Mayor Emma Sharif and City Council Members:

I am writing on behalf of AFSCME Local 2325. This letter is a reminder that AFSCME has not changed its position on vehemently opposing any attempt to change the City Charter in order to eliminate the promotional exam process and establish an open and competitive only recruitment system. In the past, we have both stated this opposition verbally and in writing.

The original idea came out of conclusions that were made coming from the 2022 State Audit. As stated prior, these conclusions were misrepresented to Council and do not dismiss the City's legal obligations under labor law. The City has failed to comply with the MMBA, has not responded to requests for information nor meet and confer requests (See attached letter March 28, 2023).

I have also attached the Union's prior response to the Audit report, dated November 16, 2022, but find it necessary to repeat part of it in the context of this letter.

THE UNION STRONGLY DISAGREES with the necessity to change the charter and personnel rules to prioritize an open, competitive hiring process for all positions. We believe that this area was based upon materially inaccurate information that was provided to the auditors. In fact, the vast majority of the key positions in the City were recruited by an open and competitive basis.

It is clear that there is a process in place if the City chooses to follow its own rules. It is also clear to us that the majority part of the problem is not having the uniformity of a fully functional Human Resources Department for over the past decade.



AFSCME District Council 36
3375 E. Slauson Ave.
Vernon, CA 90058

www.afscme36.org
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Regional Offices

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520 N. Brookhurst St
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601 S. Milliken Ave Unit D,
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(909) 281-9080

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20300 S. Vermont Ave
Suite 225
Torrance, CA 90502
(310) 516-1645

San Diego
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San Diego, CA 92108
(619) 640-4939

Promotional only exams are a tool used to promote intermediary positions to encourage moral and upward growth and mobility within the City. It also helps maintain institutional knowledge and continuity.

The current process does not mandate promotional only and every position can be promotional and open and competitive. This is at the discretion of the City Manager. The process calls for an email to go out to the employees to see if they have interest or are qualified. It is then presented to the personnel board to run the recruitment as promotional or promotional/ open and competitive. Based on this, we find it time consuming and wasteful to change a charter when the current process has nominal effect on recruitment. The vast majority of the management union's positions have been run as open and competitive. The positions that were not were done independently, by the City Manager and HR, without consulting the union.

There is already a process in place for open and competitive recruitment. The City just needs to follow its own rules.

City Charter and Personnel Rules

Section 1100 of the City Charter states in part– All promotions in the Classified Service, where there are in such services personnel possessing the minimum qualifications to qualify for such promotion, **shall be limited to persons in the Classified Services, unless** the Personnel Board **finds and declares** that in its opinion, the best interests of the public service require such examination to be Open and Competed and not restricted to persons in the Classified Service.

Section 6.2 A Personnel Rules, “sources and candidates to fill vacancies”

1. Reinstatement
2. Transfer
3. **Promotion**
4. Voluntary demotion
5. Re-employment
6. **Open Competition**
7. Temporary or Acting

We do not believe that the intent of the report was to eliminate promotional opportunities, along with the checks and balances of the civil service rules. From our viewpoint, it is clear there is a misunderstanding of this process by management and they did not adequately advise the auditors.

The City also has the probationary process and has six months to determine if someone that was promoted is not able to do the job



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adequately. It has one year for non-promotional employees. Supervision needs constant training in evaluations and staff development, which policies are also in the Personnel Rules and Regulations that should come from and be developed by Human Resources.

We recommend continued training to staff for upward mobility that should come from and be developed by Human Resources.

In conclusion, we will not support any recommendation that is based on information that is simply not true.

It is our understanding that the City is working to hire adequate staff in Human Resources. With additional staffing, and the mix of additional HR professionals, we are hopeful that current rules will be adhered to. As always, we support working together to fill our open positions with qualified employees. The current process works, it just has to be followed.

Respectfully submitted,

Bob Adams
Business Representative
AFSCME Council 36
South Bay Office

cc: Willie A. Hopkins, Jr. City Manager
AFSCME Local 2325 Executive Board
Compton City Council
Compton City Clerk
Luis Schmidt, Business Representative, AFSCME Local 3947
AFSCME District Council 36 Legal

ROTHNER, SEGALL & GREENSTONE
ATTORNEYS

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MICHELE S. ANCHETA
OF COUNSEL

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March 28, 2023

By First Class Mail and Electronic Mail

Mr. Thomas Thomas, City Manager
City of Compton
205 South Willowbrook Avenue
Compton, CA 90220
(e-mail: tthomas@comptoncity.org)

Re: Urgent Notice Re Failure to Meet and Confer in Good Faith; Failure to Provide Required Information Under Law

Dear Mr. Thomas:

This office represents AFSCME Local 2325 ("Union" or "Local 2325"), also known as the Compton Management Employees Association. On January 24, 2023, I wrote to you, copying the City Attorney and Director of Human Resources, regarding information the Union had received regarding plans by the Personnel Board to seek changes to City Charter Section 1100 and Section 6.2 A of the Personnel Rules. In that latter, Local 2325 demanded that any such action be reversed and decried that prior actions had been taken without meeting and conferring with the Union. In the letter, Local 2325 also made a request for information under both the Meyers-Milius-Brown Act ("MMBA"), Gov't Code § 3500 et seq., as well as under the California Public Records Act, Gov't Code § 7920 et seq.

Unfortunately, the City (1) did not respond to the letter, (2) did not submit the required information, and (3) did not comply with statutory deadlines set out in the California Public Records Act.

Now, the Union has learned that at the City Council meeting scheduled for March 28, 2023, you have proposed a resolution that the charter amendment be placed on the 2024 ballot.¹ Again, this action has been taken without having provided information the

¹ The formal name of the resolution is "A Resolution of the City Council of the City of Compton Ordering that A Measure to Amend the City of Compton Charter in Connection with Prioritizing an Open and Competitive Hiring Process for All Positions Be Submitted to the Voters of the City at the Next Statewide General Election and Directing The City Attorney to Prepare an Impartial Analysis of the Measure."

Recd
4/9/23

March 28, 2023

Page 2

Union previously requested, without appropriate notice to the Union, and without affording the Union an opportunity to meet and confer over the issue.

The Union hereby continues its demand that the City meet and confer with the Union over any such change, and that the City cease and desist from taking any such action until such bargaining process is completed.

Indeed, the City acts at its legal peril if it plans to proceed without complying with the MMBA. Should the City fail to provide the requested information by this Friday, March 31, 2023, and if the City moves forward to approve this resolution without having first bargained with the Union, Local 2325 will have no choice but to promptly file an Unfair Practice Charge before the Public Employment Relations Board.

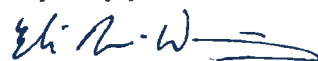
The law is clear that the City must meet and confer over this issue, regardless of whether the proposal originated with the State Audit office. Promotional procedures are a subject within the scope of representation that the City cannot change unilaterally. *See Fire Fighters Union v. City of Vallejo* (1974) 12 Cal. 3d 608. The California Supreme Court and PERB have also made clear, in circumstances quite similar to those here, that a municipality must meet and confer over matters within the scope of representation prior to placing an issue on the ballot through an initiative or other process. *See Boling v. Public Employment Relations Board* (2018) 5 Cal.5th 898; *Seal Beach Police Officers Assn. v. City of Seal Beach* (1984) 36 Cal.3d 591 (holding that City must meet and confer with labor unions before proposing charter amendment be placed on the ballot).

The caselaw is clear. Local 2325 demands, and has demanded, to meet and confer over the City's proposal prior to it proceeding to legislative approval.

Accordingly, the Union demands that the City pull the pending resolution from the Council agenda, cease and desist from further unilateral changes, and promptly respond to the Union's January 24, 2023 request for information on this issue.

Thank you for your prompt attention to this matter.

Very truly yours,



Eli Naduris-Weissman

cc: City Councilwoman Deirdre Duhart (via e-mail: dduhart@comptoncity.org)
City Councilman Andre Spicer (via e-mail: aspicer@comptoncity.org)
City Councilman Jonathan Bowers (via e-mail: jbowers@comptoncity.org)
City Councilwoman Lillie Darden (via e-mail: ldarden@comptoncity.org)
City Attorney Eric Perrodin (via e-mail: eperrodin@comptoncity.org)
HR Director Shristie Nair Torres (via e-mail: sntorres@comptoncity.org)
AFSCME Local 2325 Executive Board



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November 16, 2022

Mr. Thomas Thomas
City Manager
City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

**RE: STATE AUDIT FINDINGS
AFSCME LOCAL 2325 RESPONSES REGARDING OPEN
AND COMPETITIVE RECRUITMENTS, OBJECTIONS
AND OTHER MATTERS**

(Copy to Personnel Board and City Council)

Dear Mr. Thomas:

Please see the below responses to the State Auditor findings entitled,
**"Financial Mismanagement and a Lack of Leadership Have
Threatened Compton's Ability to Serve the Public,"** October 2022.

Priority 1 items:

OPEN AND COMPETITIVE RECRUITMENTS:

Recommendation:

By April 2023, propose city charter amendments to be voted on in the next statewide general election-and amend all related guidelines, such as the personnel rules and regulations, to the extent permissible under the existing charter,-to prioritize an open, competitive hiring process for all positions. The city council proposed charter amendments should also explicitly require that Compton use an open, competitive hiring process whenever it makes permanent appointments for key leadership positions that include but are not limited to the following: City Manager, City Controller, Human Resources Director, and Budget Officer. As part of this process, the City Council should develop detailed job qualifications for the City Manager position.

THE UNION STRONGLY DISAGREES with the necessity to change the charter and personnel rules to prioritize an open, competitive hiring process for all positions. While we support the vast majority of the recommendations in the report, we believe that this area was based upon materially inaccurate information that was provided to the auditors. In fact, the vast majority of the key positions in the City were recruited by an open and competitive basis.

It is clear that there is a process in place if the City chooses to follow its own rules. It is also clear to us that the majority part of the problem is not having the uniformity of a fully functional Human Resources Department for over the past decade.

Promotional only exams are a tool used to promote intermediary positions to encourage moral and upward growth and mobility within the City. It also helps maintain institutional knowledge and continuity.

The current process does not mandate promotional only and every position can be promotional and open and competitive. This is at the discretion of the City Manager. The process calls for an email to go out to the employees to see if they have interest or are qualified. It is then presented to the personnel board to run the recruitment as promotional or promotional/ open and competitive. Based on this, we find it time consuming and wasteful to change a charter when the current process has nominal effect on recruitment. The vast majority of the management union's positions have been run as open and competitive. The positions that were not were done independently, by the City Manager and HR, without consulting the union.

There is already a process in place for open and competitive recruitment. The City just needs to follow its own rules.

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Section 1100 of the City Charter states in part– All promotions in the Classified Service, where there are in such services personnel possessing the minimum qualifications to qualify for such promotion, **shall be limited to persons in the Classified Services, unless** the Personnel Board **finds and declares** that in its opinion, the best interests of the public service require such examination to be Open and Competed and not restricted to persons in the Classified Service.

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1. Reinstatement
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4. Voluntary demotion
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We do not believe that the intent of the report was to eliminate promotional opportunities, along with the checks and balances of the civil service rules. From our viewpoint, it is clear there is a misunderstanding of this process by management and they did not adequately advise the auditors.

The City also has the probationary process and has six months to determine if someone that was promoted is not able to do the job adequately. It has one year for non-promotional employees. Supervision needs constant training in evaluations and staff development, which policies are also in the Personnel Rules and Regulations, that should come from and be developed by Human Resources.

We recommend continued training to staff for upward mobility that should come from and be developed by Human Resources.

In conclusion, we will not support any recommendation that is based on information that is simply not true.

We do support working to get these positions filled with qualified employees by the current recruitment process.

AFSCME 2325 recommends:

1. Contact the auditors and advise that there was a misrepresentation of the recruitment process over the past 10 years and the vast majority have been open and competitive per the established process.
2. Update the personnel rules and regulation with the recruitment process for nonunion/ civil service positions. Interact with the auditors to advise them this is the union recommendations.
3. Council creates a recruitment process the City Manager and Assistant City Manager, Council Liaisons. This does not require a charter change.
4. Negotiate to remove the City Controller out of the Civil Service process and then place on the ballot. This had been discussed with previous City Managers in the past; Charter change required
5. Negotiate with the union to remove the HR director position from AFSCME 2325 and make the position confidential like the Assistant HR director position. This had been discussed by previous City Managers in the past; No charter amendment required.

DYSFUNCTION OF HUMAN RESOURCES

It is no secret that for over a decade, the City has had a non-functional Human Resources Department. These problems exist through THE succession of numerous City Managers and exacerbated from the City Attorney Office's responses because of ongoing litigation with the former Human Resources Director. The top priority should be to immediately remedy this dysfunction through hiring of personnel, appropriately adding department staffing and holding Human Resources accountable.

Finally, we remind the City that changes to these recruitment rules MUST be bargained and are subject to California labor regulations and codes, which we will enforce.

Recommendation:

City Council should develop detailed job qualifications for the City Manager.

No Comment.

Recommendation:

By April 2023, formalize the key responsibilities of the Human Resources Department and its Director by amending the municipal code or personnel rules and regulations or by proposing charter amendments, and ensure that the Department begins making efforts to meet these responsibilities..

Again, the Union agrees to the formalization of key responsibilities of the Human Resources Department and its Director. We are committed to work with the City to help make the Department functional. However, it DOES NOT AGREE, with any conclusions of necessity to change the City's Charter, codes or personnel rules to do so. We acknowledge that the Personnel Rules and Regulations are outdated (1979) and Human Resources should be working to update the PRR through the normal meet and confer process.

Recommendation:

Human Resources perform Salary Survey for all positions and update every three years to ensure that the City is positioned to provide competitive pay...and work with the City Manager to develop a process for using the survey results to increase compensation where feasible, such as by prioritizing increases for the positions that have the lowest salaries compared to the survey results.

We AGREE: Caveat -Because many city classifications have merged into two or three other classifications, partially because of lack of staffing, our recommendation would be that the initial survey be a “Class and Compensation” study, rather than a salary survey. This would assure the comparisons of ‘apples to apples, oranges to oranges.’

Other Recommendations regarding Human Resources and other matters under Priority 1

We AGREE with the other recommendations regarding the Human Resources Department, reporting to Council and staffing.

We AGREE with the adequate staffing of the Controller’s Office and Financial Stability and Capital Improvement plans.

Priority 2 items:

We have no comments on Priority 2 items at this time.

Priority 3 items:

By January 2024, Compton should establish a central purchasing office and hire or formally designate a procurement officer to oversee the city’s purchases and contracting, including maintaining all necessary documentation.... et al...

We AGREE and believe central purchasing and procurement, along with manuals and policies, should be a higher priority item. A former City Manager started to head in this direction but changed course because of budget concerns.

By July 2024, the city council should ensure that the city develops and begins implementing a plan for reducing Compton’s pension and other postemployment benefits (OPEB) costs and liabilities. This plan may include placing retirement funds into a trust and negotiating changes to employee’ contributions for pension and OPEB costs.

We question this conclusion. The Unions would need further analysis on this item subject to the meet and confer process.

We have no further comments on other items at this time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bob Adams", with a long horizontal flourish extending to the right.

Bob Adams
Business Representative
AFSCME Council 36
South Bay Office

cc: Thomas Thomas, City Manager
AFSCME Local 2325 Executive Board
Compton Personnel Board
Compton City Council
Compton City Clerk

July 2, 2024

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY TREASURER

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
COMPTON AUTHORIZING THE CITY MANAGER TO ENTER
INTO AN AGREEMENT WITH CHANDLER ASSET
MANAGEMENT, INC. TO PROVIDE INVESTMENT ADVISOR
SERVICES TO THE CITY TREASURER (\$100,500)**

SUMMARY

This Resolution authorizes the City Manager to enter into an agreement with Chandler Asset Management (“Chandler”) to provide investment advisor services to the City Treasurer.

BACKGROUND

The City Treasurer’s Office manages the City’s investment portfolio of \$258 million. Currently, the portfolio includes two (2) Local Agency Investment Fund accounts, two (2) Money Market Accounts, and four (4) Certificate of Deposit accounts. The table below list the accounts (1-8) and projected account balances of April 30, 2024.

Account Type	4/30/2024
Local Agency Investment Fund (LAIF) Accounts	
(1) General Fund Cash (4.00%)	\$64,009,693
(2) Successor Agency (4.00%)	\$33,787,759
Sub-Total	\$97,797,452
General Investment Accounts	
Money Market Accounts (MMAs) - Bank of Montreal (BMO)	
(3) Interest Checking - Wells Fargo (1.08%)	\$5,008,091
(4) General Fund Cash 2023 (3.20%)	\$74,623,397
Certificate of Deposits (CDs) - Bank of Montreal (BMO)	
(5) Successor Agency 2024, 12 mos., 4.256%, M: 1/8/25	\$10,107,549
(6) General Fund 2024, 12 mos., 4.256%, M: 1/8/25	\$10,107,549
(7) Measure P 2024, 6 mos., 4.579%, M: 7/8/24	\$30,347,275
(8) Pension Tax 2024, 6 mos., 4.579%, M: 7/8/24	\$30,347,275
Sub-Total	160,541,136
Total	\$258,338,588

Prior to Fiscal Year 2021, the City was only invested in the Local Agency Investment Fund (LAIF), which has a deposit limit of \$100 million dollars and a low-to-moderate interest rate. Most of the City's cash (nearly \$150 million on average) sat uninvested in the City's General Bank Account receiving \$0 in interest earnings.

In an effort to maximize interest earnings for the Residents and align the Treasurer's Office with current best practices, in July 2021, the City Treasurer's Office began investing the City's idle cash in Money Market Accounts (MMA). In 2022, the City Treasurer's Office began investing idle cash in Certificate of Deposits (CD). In addition, Treasurer's Office staff began negotiating the conversion of existing checking accounts into interest bearing investment accounts. As a result of the work done since July 2021, current fiscal year interest earnings exceed \$5 million as of 4/30/24 and are anticipated to reach \$7 million dollars by the end of Fiscal Year 2024 (June 30, 2024). Notwithstanding the success staff has achieved, more interest earnings could be actualized by engaging an investment advisor.

Municipal Financial Advisors

Investment Advisors serve an important function in modern municipalities. They assist public agencies with the investment of public funds, as well as financial analysis, modeling, planning, and forecasting associated with funding capital improvements. Municipal advisors are regulated by the Securities and Exchange Commission under the Dodd-Frank Wall Street and Consumer Protection Act.

Investment advisors are required to pass the Series 50 exam, a qualifying exam developed by the Municipal Securities Rulemaking Board (MSRB). They must register their firm and the advisors who work for the firm with the MSRB. In addition, municipal advisors are required to follow certain standards of conduct, as defined under MSRB Rule G-42, including regulatory compliance, licensing, and continuing education requirements. Most importantly, municipal advisors are obligated to serve in a fiduciary capacity to their clients and act in their best interest.

Selection of the Firm

Staff circulated a Request for Proposals (RFP) from 2/7/24 to 2/29/24. The notice was published in the Compton Bulletin pursuant to the City's policies for legal postings. In addition, the Treasurer's Office circulated the RFP to the California Municipal Treasurer's Association (CMTA), Government Financial Officers Association (GFOA), California Debt and Investment Advisory Commission (CDIAC), and the Government Investors Officers Association (GIOA).

The RFP Evaluation Committee was made up of staff from the City Treasurer, City Controller, and City Manager offices and the critical rating criteria for the proposals was as follows:

- A. Understanding of the City's overall investment program
- B. Understanding of the City's investment objectives and unique constraints
- C. Experience managing local government portfolios in the State of California
- D. How well the approach to investing City funds was articulated in the proposal
- E. Fees

At the RFP deadline of 2/29/24 there were a total of ten (10) proposals received from the following investment companies:

- 1. Chandler Asset Management Inc.
- 2. Fisher Investments
- 3. Garcia Hamilton & Associates
- 4. Loop Capital
- 5. Meeder Public Fund
- 6. Morgan Stanley
- 7. PFM Asset Management
- 8. Public Trust Advisors
- 9. RBC Global Asset Management
- 10. Three+one

Based on the critical rating criteria described above, the RFP Evaluation Committee determined that Chandler Asset Management, Inc. would be the best match for the City of Compton. The proposal from Chandler Asset Management, Inc. is attached for your reference.

STATEMENT OF THE ISSUE

Investment of public funds is guided by the California Government Code and the City's Investment Policy. However, City Council approval is required to enter into an agreement with Chandler Asset Management, Inc. to provide investment advisor services.

FISCAL IMPACT

The existing investment program is projected to yield \$5 to \$7 million dollars this fiscal year. With the assistance of Chandler Asset Management, Inc., it is anticipated that interest earnings could exceed \$10 to \$12 million dollars per fiscal year – nearly double that of the existing program managed by in-house staff. The firm will be paid a flat rate

not to exceed \$100,500 for a twelve (12) month agreement with the option to renew for two (2) additional fiscal years.

RECOMMENDATION

Staff recommends Council adopt the attached Resolution.

BRANDON MIMS
CITY TREASURER

APPROVED FOR FORWARDING:

WILLIE A. HOPKINS, JR.
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT
WITH CHANDLER ASSET MANAGEMENT, INC. TO PROVIDE
INVESTMENT ADVISORY SERVICES (\$100,500)

WHEREAS, the City Treasurer of the City of Compton, pursuant to Section 701 City Charter and the City’s Investment Policy, shall be the custodian of all public funds belonging to or under control of the City, or any office, department, or agency thereof; and

WHEREAS, as part of that custodial role, the City Treasurer invests the City’s idle cash; and

WHEREAS, prior to July 2021, the City’s primary investment instrument had been the Local Agency Investment Fund (LAIF), and since July 2021, the City’s investments have expanded to include Certificate of Deposits (CDs), Money Market Accounts (MMAs), and interest earning checking accounts, as follows:

Code	Type of Investment	Issuer Name	Date of Maturity	Current Value
A	Certificate of Deposit (Pension Tax, Fund 2100)	BMO		\$30,347,275
B	Certificate of Deposit (Measure P, Fund 1004)	BMO		\$30,347,275
C	Certificate of Deposit (Successor Agency)	BMO		\$10,107,549
D	Certificate of Deposit (General Account)	BMO		\$10,107,549
E	General Fund Money Market Account	BMO	N/A	\$74,623,397
F	Government Advantage Interest Account	Wells Fargo	N/A	\$5,008,091
Total				\$160,541,136

WHEREAS, as a result of this expansion in investment activity, interest earnings have increased dramatically since July 2021, and the City, with the assistance of an investment advisor, could increase interest earnings even further, which is in the best interest of the Residents of Compton; and

WHEREAS, to that end, the City Treasurer’s Office circulated a Request for Proposal (RFP) for Investment Advisory Services and the following proposals were received:

1. Chandler Asset Management Inc.
2. Fisher Investments
3. Garcia Hamilton & Associates
4. Loop Capital
5. Meeder Public Fund
6. Morgan Stanley
7. PFM Asset Management
8. Public Trust Advisors
9. RBC Global Asset Management
10. Three+one

WHEREAS, the City Treasurer’s Office assembled staff from the City Controller, City Attorney and City Manager offices to evaluate the above-mentioned proposals (Investment Advisor RFP Evaluation Committee); and

WHEREAS, the Investment Advisor RFP Evaluation Committee evaluated each of the proposals received and determined that Chandler Asset Management Inc. would best meet the needs of the City.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON
RESOLVES AS FOLLOWS:**

Section 1. That the City Manager is authorized, on the advice and approval of the City Attorney, to enter into a professional services agreement with Chandler Asset Management Inc. for investment advisor services not to exceed \$100,500 to be paid from account number 1001-44-0000-4262.

Section 2. That Chandler Asset Management Inc. shall serve as a custodian for the funds under their advisement and be authorized to make transactions on the City's behalf.

Section 3. That the aforementioned agreement shall be for one (1) year with the option to renew for two (2) additional years.

Section 4. That a copy of this Resolution shall be filed in the offices of the City Clerk, City Manager, City Controller, City Treasurer and the City Attorney.

Section 5. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____ 2024.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

**STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON**

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor, and attested by the City Clerk, at a regular meeting thereof held on the ____ day of _____, 2024.

That said Resolution was adopted by the following vote, to wit:

**AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-**

CITY CLERK OF THE CITY OF COMPTON

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF COMPTON AND
CHANDLER ASSET MANAGEMENT, INC.**

This **AGREEMENT** is entered by and between the **CITY OF COMPTON**, a municipal corporation of the State of California (hereinafter referred to as “**CITY**”) located at 205 South Willowbrook Avenue, Compton, California 90220, and **CHANDLER ASSET MANAGEMENT, INC.** (hereinafter referred to as “**CONSULTANT**”), located at 9255 Towne Centre Drive, Suite 600, San Diego, CA 92121.

RECITALS

WHEREAS, by Resolution No.____, adopted on the 18th day of June 2024, the City Council gave approval to award a contract to the Consultant to provide the services required by this Agreement; and

WHEREAS, Consultant warrants that it is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, Consultant is willing to render such professional services subject to the terms and conditions set forth in this Agreement:

NOW, THEREFORE, Consultant and City (each a “Party” and collectively, the “Parties”) for and in consideration of the performance by the Parties of the mutual covenants and conditions herein contained, the Parties hereto agree as follows:

AGREEMENT:

1. **Services to be Rendered by Consultant.** It is the mutual understanding of the parties that the Consultant shall perform and be responsible for providing and rendering the services described in Exhibit A – Scope of Services.

Consultant acknowledges that in entering into this Agreement the City is relying on Consultant's special skills and experience to do and perform the services in accordance with best standards of professional practice. While performing the Services, Consultant agrees to perform all the said work and furnish all the necessary materials at its own cost and expense necessary to complete said services in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances and to the reasonable satisfaction of the City.

Consultant services hereunder shall be performed in good, workmanlike and professional manner. Consultant shall be responsible for correcting and completing all errors and omissions related to the services provided by the Consultant for this Agreement at no additional cost to the City. “Errors” and “Omissions” for purposes of this paragraph are defined to mean a failure by the Consultant to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release Consultant from these obligations.

Consultant will be responsible for employing or engaging all persons necessary to perform the services. All of Consultant's staff will be qualified by training and experience to perform their assigned tasks. Consultant will give its personal attention to the fulfillment of the provisions of this Agreement by all of its employees and subconsultants, if any, and will keep the services under

its control. On demand of City, if any employee or subconsultant of Consultant fails or refuses to carry out the provisions of this Agreement or appears to be incompetent or to act in a disorderly or improper manner, he or she will be discharged immediately from the services performed pursuant to this Agreement.

Alayne M. Sampson, Senior Portfolio Strategist of Consultant, shall be primarily responsible for representing Consultant in performance of this Agreement.

2. Duration of Contract. Consultant agrees to commence the services provided for herein upon written Notification to Proceed from the City and to continue in a diligent and professional manner for the duration of the term of this agreement hereby set forth as a twelve (12) month period with the option to renew for two (2) additional years.

Consultant will generally adhere to the schedule set forth by the City provided, that City will grant reasonable extensions of time for the performance of the services occasioned by unusually lengthy governmental reviews of Consultant's work product or other unavoidable delays occasioned by unforeseen circumstances; provided, further, that such unavoidable delay will not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, Consultant's officers or employees.

Consultant acknowledges the importance to City of City's project schedule and agrees to put forth its best professional efforts to perform the services in a manner consistent with that schedule. City understands, however, that Consultant's performance must be governed by sound practices. Consultant will work such overtime or engage such personnel and equipment as necessary to maintain the schedule, without additional compensation.

3. Compensation. The method of payment for this Contract will be on a fee-for-services basis as specified in Exhibit B - Fees. The total price paid the Consultant will include compensation for all work, including travel, materials, supplies, vendor services, expenses and subcontracted work. No additional compensation will be paid to the Consultant, unless there is a change in the scope of the work or the scope of the project. In the instance of a change in the scope of work or scope of the project, adjustment to the total compensation will be negotiated between the Consultant and the City. Adjustment in the total compensation will not be effective until authorized and approved in writing by the City.

Progress payments may be made in arrears based on the percentage of work and deliverables completed by the Consultant. If Consultant fails to submit the required deliverable items according to schedule or as required by the Agreement, except for those amounts that are due and not reasonably in dispute, the City shall have the right to delay payment and/or terminate this Agreement in accordance with the provisions noted herein.

Consultant shall be reimbursed within thirty (30) days, or as promptly as fiscal procedures may permit, upon receipt by the City of itemized invoices for services completed. Invoices shall be submitted no later than 45 calendar days after the performance of work for which the Consultant is billing. Invoices shall detail the work performed on each task as applicable. Invoices shall be delivered or mailed to the City Treasurer at the following address: **City of Compton, 205 South Willowbrook Avenue, Compton, California 90220.**

As full and complete compensation for performance of all the services performed by the Consultant pursuant to this Agreement, City shall pay, and Consultant agrees to accept, a not-to-exceed maximum sum of **One Hundred Thousand, Five-Hundred Dollars (\$100,500.00)**, on an annual basis.

In the event of termination, the Consultant shall be entitled to compensation for the undisputed reasonable value of services performed to the effective date of termination, including any noncancellable obligations incurred prior to termination; provided, however, that the City may condition payment of such compensation upon the Consultant's delivery to the City of any and all City property, documents, reports, records, materials and work product associated with the performance of this Agreement.

4. Ownership of Materials. All product produced by Consultant or its agents, employees, and subconsultants pursuant to this Agreement (the "Work Product") is the property of City. In the event this Agreement is terminated, all Work Product produced by Consultant or its agents, employees and subconsultants pursuant to this Agreement will be delivered to City pursuant to the termination clause of this Agreement. [Consultant will have the right to make one (1) copy of the Work Product for Consultant's records.]

The Work Product may be used by City and its agents, employees, representatives, and assigns, in whole or in part, or in modified form, for all purposes City may deem advisable, without further employment of or payment of any compensation to Consultant; provided, however, that if this Agreement is terminated for any reason prior to completion of the Project and if under such circumstances City uses, or engages the services of and directs another Consultant to use, the Work Product, City agrees to hold Consultant harmless from any and all liability, costs, and expenses relative to claims arising out of matters and/or events which occur subsequent to the termination of this Agreement as a result of causes other than the fault or negligence of Consultant, or anyone for whose acts it is responsible, in preparation of the Work Product. Consultant will not be responsible for deficiencies solely attributable to modifications of the Work Product performed by others, or that arise from use of the Documents in connection with a project or site other than that shown in the Work Product.

5. Independent Consultant Status. Consultant, its officers, employees, subconsultants, subconsultants, agents and volunteers (collectively hereinafter the "Consultant"), will perform the services in Consultant's own way and pursuant to this Agreement as an independent Consultant and in pursuit of Consultant's independent calling, and not as an employee of City. The persons used by Consultant to provide the services under this Agreement will not be considered employees of City for any purposes. Neither the City nor any of its officers, employees, agents or volunteers shall have any control over the conduct of the Consultant, except as expressly set forth in this Agreement. Consultant expressly warrants that while engaged in carrying out and complying with any terms and conditions of this Agreement that Consultant shall not at any time or in any manner, represent that Consultant is in any manner officers, employees, agents or volunteers of the City. Consultant shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. Consultant expressly waives any claim to such rights.

The payment made to Consultant pursuant to the Agreement will be the full and complete compensation to which Consultant is entitled. City will not make any federal or state tax

withholdings on behalf of Consultant or its agents, employees or subconsultants. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of Consultant or its employees or subconsultants. Consultant agrees to indemnify and pay City within thirty (30) days for any tax, retirement contribution, social security, overtime payment, unemployment payment or workers' compensation payment which City may be required to make on behalf of Consultant or any agent, employee, or Consultant of Consultant for work done under this Agreement. At the City's election, City may deduct the amounts paid pursuant to this Section, from any balance owing to Consultant.

6. Successors, Assignment and Delegation. City and the Consultant each binds themselves, their partners, successors, assigns and legal representatives to the other hereto and to partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in this Agreement.

The expertise and experience of Consultant are material considerations for this Agreement. Consultant shall not assign or transfer any interest in this Agreement or the performance of any of Consultant's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of Consultant's rights, duties or obligations arising under this Agreement shall be null and void.

7. Nondiscriminatory Employment Practices. During the performance of this Agreement, the Consultant agrees not to discriminate against any employee or applicant for employment because of race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Consultant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Consultant agrees to post in conspicuous places, available to employees, applicants and subconsultants for employment, notices setting forth the provisions of this non-discrimination clause.

In the event of the Consultant's non-compliance with the non-discrimination clause of this Agreement, this Agreement may be immediately canceled, terminated or suspended in whole or in part.

8. Subcontracting. Consultant's services are unique and personal. Except as may be specified in Consultant's Proposal and agreed to by the City, Consultant will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If Consultant subcontracts any of the services, Consultant will be fully responsible to City for the acts, errors and omissions of Consultant's subconsultant and of the persons either directly or indirectly employed by the subconsultant, as Consultant is for the acts and omissions of persons directly employed by Consultant. Nothing contained in this Agreement will create any contractual relationship between any subconsultant of Consultant and City. Consultant will be responsible for payment of subconsultants. Consultant will bind every subconsultant and every subconsultant

of a subconsultant by the terms of this Agreement applicable to Consultant's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

9. Other Consultants. The City reserves the right to employ other consultants in connection with the services.

10. Indemnification. Consultant shall indemnify and save harmless the City, its officials, officers, employees, agents and volunteers (collectively hereinafter the "City"), against any and all damages to property or injuries to or death of any person or persons, including property and employees or agents of the City and shall indemnify and save the City from any and all liability and expense including reimbursement of reasonable defense costs and legal fees, and claims, demands, suits, actions or proceedings of any kind or nature, including Workers' Compensation claims, of or by anyone whomsoever to the extent resulting from or arising out of the negligent, reckless or willful misconduct for the Consultant, its officers, employees, subconsultants, subconsultants or agents in the performance of the duties undertaken by Consultant pursuant to this Agreement.

This indemnification and hold harmless obligation does not extend to claims arising out of the negligence or willful misconduct of the City.

11. Insurance. Without limiting the Consultant's indemnification of the City, Consultant shall obtain and maintain, at its cost and expense, for the duration of the Agreement and any and all amendments, insurance against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services by Consultant or Consultant's agents, representatives, employees or subconsultants. The insurance will be obtained from an insurance carrier admitted and authorized to do business in the State of California. Such evidence shall specifically identify this Agreement and shall contain express conditions that the City is to be given written notice at least thirty (30) days in advance of any termination or implementation of a reduction of limits or material change of insurance coverage as specified herein. ***Failure on the part of the Consultant to procure or maintain insurance shall constitute a material breach upon which the City may immediately terminate this Agreement.*** All insurance required hereunder shall be primary with respect to any insurance maintained by the City.

Coverages and Limits. Consultant will maintain the types of coverages and minimum limits indicated below, unless the Risk Manager or City Manager, in consultation with the City Attorney approves a lower amount. These minimum amounts of coverage will not constitute any limitations or cap on Consultant's indemnification obligations under this Agreement. City, its officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by Consultant pursuant to this Agreement are adequate to protect Consultant. The coverage will contain no special limitations on the scope of its protection to the below-indicated insureds except for Workers' Compensation and errors and omissions insurance. Consultant will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If Consultant believes that any required insurance coverage is inadequate, Consultant will obtain such additional insurance coverage, as Consultant deems adequate, at Consultant's sole expense.

11.1 **Commercial General Liability Insurance.** \$1,000,000 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted

policies contain aggregate limits, general aggregate limits will apply separately to the work under this Agreement or the general aggregate will be twice the required per occurrence limit.

11.2 Automobile Liability. \$1,000,000 combined single-limit per accident for bodily injury and property damage.

11.3 Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury. Workers' Compensation and Employer's Liability insurance will not be required if Consultant has no employees and provides, to City's satisfaction, a declaration stating this.

11.4 Professional Liability. Errors and omissions liability appropriate to Consultant's profession with limits of not less than \$1,000,000 per claim. The coverage shall also provide an extended two (2) year reporting period commencing upon termination or cancellation of this Agreement.

Endorsements. For Commercial General Liability Insurance and Automobile Liability Insurance, Consultant will ensure that the policies are endorsed to name the City of Compton and its respective elected and appointed officers, officials, employees, agents and volunteers as "**additional insureds**" with respect to liability arising out of the activities of the Consultant. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City. ***Prior to City's execution of this Agreement, Consultant will furnish certificates of insurance and endorsements to City.***

Waiver of Subrogation. The policies shall contain a waiver of subrogation for the benefit of City.

12. Permits and Licenses. Consultant, at its own expense, during the term of this Agreement, shall obtain and maintain all appropriate business and professional permits, licenses and certificates that may be required in connection with the performance of services by the Consultant. Upon execution of this Agreement, the Consultant shall show evidence of a business license permit in conformance with *Section 9-1.2 of the Compton Municipal Code*.

13. Maintenance of Records. Consultant will maintain complete and accurate records with respect to costs incurred under this Agreement. All records will be clearly identifiable. Consultant will allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of records and any other documents created pursuant to this Agreement. Consultant shall maintain all records and will allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period and to the extent required by laws relating to audits of public agencies and their expenditures, from the date of final payment under this Agreement.

14. Warranties. Consultant represents and warrants (i) that Consultant has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Consultant's undertaking this relationship with City, (ii) that the performance of the services called for by this Agreement do not and will not violate any applicable law, rule or regulation or any proprietary or other right of any third party, (iii) that Consultant will not use in the performance of his responsibilities under

this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Consultant has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

15. Federal and State Withholding Taxes. Consultant shall be responsible for paying when due all federal and state income withholding taxes for all earning under this Agreement. Consultant agrees to indemnify City for any claims, costs, losses, fees, penalties, interest, or damages suffered by City resulting from Consultant's failure to comply with this provision.

16. General Compliance with Laws. Consultant will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Consultant, or in any way affect the performance of the services by Consultant. Consultant will at all times observe and comply with these laws, ordinances, and regulations and will be responsible for the compliance of the services with all applicable laws, ordinances and regulations.

17. Termination. In the event of the Consultant's failure to prosecute, deliver, or perform the services, after giving written notice of default and two (2) days to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying Consultant in writing. Consultant has five (5) business days to deliver any documents owned by City and all work in progress to City address contained in this Agreement. City will make a determination of fact based upon the work product delivered to City and of the percentage of work that Consultant has performed which is usable and of worth to City in having the Agreement completed. Based upon that finding City will determine the final payment of the Agreement. In the event City elects to terminate, City will have the right to immediate possession of all Work Product and work in progress prepared by Consultant, whether located at the project site, at Consultant's place of business, or at the offices of a subconsultant.

The City's obligation is payable only from funds appropriated for the purpose of this Agreement. All funds for payments after the end of the current fiscal year are subject to the City's legislative appropriation for this purpose. In the event this Agreement extends into succeeding fiscal year periods and the City Council does not allocate sufficient funds for the next succeeding fiscal year payments, this Agreement shall terminate immediately upon written notice from the City.

Either Party, upon tendering fifteen (15) calendar days written notice to the other Party, may terminate this Agreement for convenience. In this event and upon request of City, Consultant will assemble the work product without charge and put it in order for proper filing and closing and deliver it to City. Consultant will be paid for work performed to the termination date; however, the total will not exceed the lump sum fee payable under this Agreement. City will make the final determination as to the portions of tasks completed and the compensation to be made.

18. Covenants Against Contingent Fees. Consultant warrants that Consultant has not employed or retained any company or person, other than a bona fide employee working for Consultant, to solicit or secure this Agreement, and that Consultant has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this Agreement. For breach or violation of this warranty, City will have the right to

terminate this Agreement for nonperformance, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of the fee, commission, percentage, brokerage fees, gift, or contingent fee.

19. Claims and Lawsuits. By signing this Agreement, Consultant agrees that any Agreement claim submitted to City must be asserted as part of the Agreement process as set forth in this Agreement and not in anticipation of litigation or in conjunction with litigation. Consultant acknowledges that if a false claim is submitted to City by Consultant, it may be considered fraud and Consultant may be subject to criminal prosecution. Consultant acknowledges that California Government Code sections 12650 et seq., the False Claim Act, applies to this Agreement and provides for civil penalties where a person knowingly submits a false claim to a public entity. These provisions include false claims made with deliberate ignorance of the false information or in reckless disregard of the truth or falsity of information. If City seeks to recover penalties pursuant to the False Claims Act, it is entitled to recover its litigation costs, including attorney's fees.

Consultant acknowledges that the filing of a false claim may subject Consultant to an administrative proceeding as a result of which Consultant may be prevented to act as a Consultant on any public work or improvement for a period of up to five (5) years. Consultant acknowledges debarment by another jurisdiction is grounds for City to terminate this Agreement.

20. Certifications. The Consultant, under penalty of perjury, certifies that, except as noted below, he/she or any other person association therewith in the capacity of owner, partner, director, officer, manager;

- Is not currently under supervision, voluntary exclusion, or determination of ineligibility by any Federal, State or local agency;
- Has not been suspended, voluntarily excluded or determined ineligible by any Federal, State or local agency within the past 3 years;
- Has not been indicted, convicted or had a civil judgment rendered against he/she/it by a court of competent jurisdiction in any matter involving fraud or official misconduct in connection with obtaining , attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statues or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property within the past 3 years.
- Are not presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in the preceding paragraph; and
- Have not had one or more public transactions (Federal, State or local) terminated for cause or default within in the past 3 years.

If there are any exceptions to this certification, inset the exceptions in the following space.

[Supply exceptions on separate page]

For any exception noted above, indicate below to whom it applies, initiating agency and dates of action.

[Attach separate page]

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction. The above certifications are part of this contract. Signing this agreement on the signature portion thereof shall also constitute signature of the above certifications.

Nicole Dragoo, JD
Chief Executive Officer

(Date)

21. Jurisdiction, Venue and Governing Law. Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Los Angeles, State of California, and the Parties waive all provisions of law providing for a change of venue in these proceedings to any other county. This agreement will be governed by the laws of the State of California.

22. Testimony. Consultant will testify at City's request if litigation is brought against City in connection with Consultant's services under this agreement. Unless the action is brought by Consultant, or is based upon Consultant's actual or alleged negligence or other wrongdoing, City, upon prior written agreement with Consultant will compensate Consultant for time spent in preparation for testimony, testimony, and travel at Consultant's standard hourly rates at the time of actual testimony.

23. Waivers. The waiver by either Party of any breach or violation of any term, covenant, or condition of this Agreement or of any applicable law will not be deemed to be a waiver of such term, covenant, condition or law or of any subsequent breach or violation of same or of any other term, covenant, condition or law. The acceptance by either Party of any fee or other payment which may become due under this Agreement will not be deemed to be a waiver of any preceding breach or violation by the other Party of any term, covenant, or condition of this Agreement or any applicable law.

24. Authority. The individuals executing this Agreement and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Agreement.

25. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

26. Amendments. This Agreement may be modified or amended only be written document executed by both Consultant and City's City Manager and approved as to form by the City Attorney. Such document shall expressly state that it is intended by the parties to amend the terms and conditions of this Agreement.

27. Confidentiality. All documents, reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of the Services pursuant to the Agreement are confidential until released by the City to the public, and the Consultant will not make any of these documents or information available to any individual or organization not employed by the Consultant or the City without the written consent of the City before any such release.

28. Entire Agreement. This Agreement, together with any other written document referred to or contemplated by it embody the entire Agreement and understanding between the parties relating to the subject matter of it. The City Manager is authorized, in consultation with the City Attorney, to agree to non-material amendments to this Agreement. Neither this Agreement nor any of its provisions may be amended, modified, waived or discharged except in a writing signed by both parties.

29. Notices. Any notices required or permitted under this Agreement shall be effective when delivered in person; and effective one (1) business day after delivery by facsimile transmission; and effective five (5) days after mailing by U.S. Mail, postage prepaid and properly addressed as follows:

TO CONSULTANT:

**CHANDLER ASSET MANAGEMENT, INC.
Nicole Dragoo, JD
9255 Towne Centre Drive, Suite 600
San Diego, CA 92121
858-546-3737**

TO CITY:

**CITY OF COMPTON
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Treasurer
(310) 605-5515**

With Copy to:

**CITY OF COMPTON
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Manager**

30. Miscellaneous. No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision.

Should either party hereto, or any representative, successor or assign of either party hereto, resort to litigation to enforce the provisions of this Agreement, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its or their reasonable attorney's fees and costs in such litigation from the party or parties against whom enforcement is sought.

31. Electronic Delivery. Electronic Delivery. From time to time, Consultant may be required to deliver certain documents to City such as account information, notices and required disclosures. City hereby consents to Consultant's use of electronic means, such as email, to make such delivery. This delivery may include notification of the availability of such document(s) on a website, and Client agrees that such notification will constitute "delivery". City further agrees to provide Consultant with City's email address(s) and to keep this information current at all times by promptly notifying Consultant of any change in email address(s).

City email address(s): _____

32. Custody of Securities and Funds. Consultant shall not have custody or possession of the funds or securities that City has placed under its management. City shall appoint a custodian to take and have possession of its assets. City recognizes the importance of comparing statements received from the appointed custodian to statements received from Consultant. City recognizes that the fees expressed above do not include fees City will incur for custodial services.

33. Investment Advice. City recognizes that the opinions, recommendations and actions of Consultant will be based on information deemed by it to be reliable, but not guaranteed to or by it. Provided that Consultant acts in good faith, City agrees that Consultant will not in any way be liable for any error in judgment or for any act or omission, except as may otherwise be provided for under the Federal Securities laws or other applicable laws.

34. Other Clients. Receipt of Brochure and Privacy Policy. City hereby acknowledges receipt of the disclosure statement or "brochure" and "brochure supplement" also known as Part 2A and Part 2B of Form ADV, required to be delivered pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (Brochure). City further acknowledges receipt of Consultant's Privacy Policy, as required by Regulation S-P.

IN WITNESS WHEREOF, CONSULTANT has executed this Agreement, and the **CITY**, by its City Manager, who is authorized to do so, has executed this Agreement.

CHANDLER ASSET MANAGEMENT, INC.

Dated: _____

By _____
Nicole Dragoo, JD ,Chief Executive Officer

CITY OF COMPTON
Recommended for Approval:

By _____

Dated: _____

Brandon Mims, City Treasurer

Approved by:

Dated: _____

By _____
Willie A. Hopkins, Jr., City Manager

Approved as to form:

By _____
Eric J. Perrodin, City Attorney

Dated: _____

ATTEST:

Dated: _____

By _____
Vernell McDaniel, City Clerk

Exhibit A – Scope of Services

Consultant is pleased to continue to offer the City of Compton the following services:

1. Manage the City's investment portfolio pursuant to the specific, stated investment objectives. Place all orders for the purchase and sale of securities, communicate settlement information to the City's staff and coordinate security settlement. Execute all approved trades through competitive bidding processes when possible. The investment advisor will not provide custodial services or security safekeeping.
2. Provide assistance in developing and implementing an investment strategy that will maintain or enhance portfolio quality and performance within the parameters of the City's Investment Policy and cash flow needs.
3. Ensure the portfolio is in compliance with applicable laws and the City's Investment Policy including ordinances and resolutions relating to the investment of public funds.
4. Provide the City with investment reports that shall include, but not be limited to the following:
 - a. Monthly statements with all the information required by the California Government Code and Governmental Accounting Standards Board (GASB). These reports must include, but not limited to: detailed portfolio holdings including a complete description of the portfolio, the type of investments, the issuers, purchase price, accrued interest, amortized cost, market and book values, purchase date, maturity date, next upcoming potential call date, assigned security ratings by a nationally recognized statistical rating organization (NRSRA), principal and interest payments, effective earnings rate, yield to maturity, days to maturity, and portfolio summary statistics. These reports are required to be completed no later than the 20th of the month for the immediately preceding month for presentation to the Investment Advisory Committee and City Council at their meetings.
 - b. Quarterly investment reports including a description of market conditions, investment strategies employed, performance, and suggested changes to investment strategy.
 - c. Annual portfolio performance reports, based on the City's fiscal year, including, but not limited to: local and national economy, the City's portfolio holdings, performance objectives, and policy compliance.
5. Perform broker/dealer due diligence and maintain relations with the broker/dealer community.
6. Continually monitor market conditions and circumstances and report on any recommended changes to policies, strategies, and specific positions.
7. Annually, or more often if necessary, review the City's Investment Policy and provide recommended changes as needed per California Government Code or to incorporate best practices as provided by relevant statewide and national organizations. The City's Investment Policy will be submitted to the Investment Advisory Committee and the City Council for approval on an annual basis.

8. Attend Investment Advisory Committee meeting every quarter to present investment performance and market conditions. Attend City Council meetings as necessary.
9. Serve as a general resource to the City's staff for information, advice, and training regarding fixed-income investments. Communicate as necessary with City staff to understand the City's investment operations.

Exhibit B – Fees

Fee Schedule for the City of Compton

Assets Under Management	Annual Asset Management Fee
First 75 mm	8 bps (0.08 of 1%)
Next 50 mm	6 bps (0.06 of 1%)
Next 100 mm	4 bps (0.04 of 1%)
Over 225 mm	3 bps (0.03 of 1%)

Consultant's fee schedule is all-inclusive for the services that Consultant provides, including full time investment advisory and portfolio management services, technological resources, onboarding and implementation, online access to the Consultant's Client Portal, comprehensive reporting, meetings, personal visits, educational offerings for your staff, as well as the additional treasury support services described herein in Consultant's proposal. Consultant does not charge fees on funds held in vehicles not directly under our management, including Local Government Investment Pools and internally managed liquid funds. Consultant can consolidate these funds in our reports to the City at no extra charge, providing a 360-degree view of the entire investment program. Fees are firm for the entire two-year initial contract term and optional two-year extensions, and the City will not be subject to any increases during this period.

City of Compton

Investment Management Services

May 21, 2024

Alaynè Marie Sampson
Senior Portfolio Strategist

Mia Corral Brown
Regional Director

- | | |
|------------------|---|
| SECTION 1 | Partnering with Chandler Asset Management |
| SECTION 2 | Adding Value to the City of Compton's Investment Program |
| SECTION 3 | Client Service, Compliance, and Reporting |
| SECTION 4 | Biographies & Disclosures |



Partnering with Chandler Asset Management



Finance Staff

City Council

Your Relationship Team Members



Alaynè Marie Sampson
Senior Portfolio Strategist
21 Years Industry Experience

Portfolio Strategy &
Research



Genny Lynkiewicz, CFA
Senior Portfolio Manager
18 Years Industry Experience

Investment Management,
Portfolio Management,
Research, Credit Analysis



Mia Corral Brown
Regional Director
26 Years Industry Experience

Relationship Management
and Engagement Oversight



Nolan Serumaga
Client Service Associate
1 Years Industry Experience

Client Service
Support

*Supported by a Deep Bench of Investment Professionals:
Investment Management, Compliance, Operations, Client Service and Administration*

“We believe if we do what is right for our clients, our own success will follow.”

■ *California Based, Independent & Employee-Owned*

- Fixed income investment specialist since 1988
- Founded by public agency investment professionals
- Serve 200 local government clients
- 75 California cities
- Corporate headquarters in Southern California

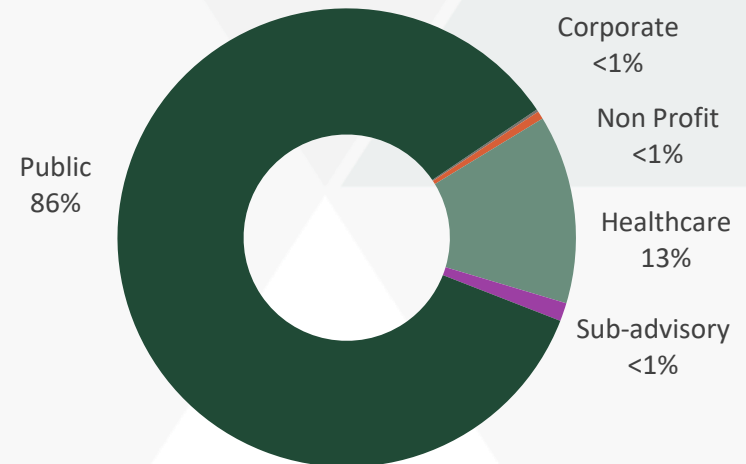
■ *Custom Investment Programs*

- Investment solutions based on individual risk profiles and return goals
- Direct access to investment management team
- Strategies for operating, short, and long-term reserves, bond proceeds, and other Board-designated funds

■ *Stable Team of Investment Professionals*

- Team of investment professionals average over two decades portfolio management experience
- Continuity provided through team approach
- Disciplined, repeatable investment process
- Proprietary investment analysis

Assets Under Management \$35.4 Billion



Lasting Partnerships with Southern California Neighbors

Orange County Clients

City of Brea

City of Buena Park

City of Costa Mesa

East Orange County Water

City of Fountain Valley

City of La Habra

City of Mission Viejo

Moulton Niguel Water

City of Newport Beach

Orange County Sanitation

Orange County Transportation

City of San Clemente

City of San Juan Capistrano

South Coast Water District

Transportation Corridor Agency

City of Tustin

City of Westminster

Inland Area Clients

City of Chino Hills

Coachella Valley Water District

City of Corona

Beaumont Cherry Valley Water

Elsinore Valley Municipal Water

City of Indio

City of Menifee

City of Moreno Valley

City of Palm Springs

City of Perris

Rancho California Water

City of Riverside

San Bernardino Municipal Water

City of San Jacinto

Temescal Valley Water

West Valley Water

Western Municipal Water

Los Angeles/Ventura Clients

Alameda Corridor Trans. Authority

City of Agoura Hills

City of Bell

City of Beverly Hills

City of Camarillo

Crescenta Valley Water District

City of El Monte

City of Gardena

City of La Mirada

Los Angeles County Metro. Trans.

City of Pico Rivera

City of Pomona

City of Port Hueneme

Three Valleys Municipal Water

Upper San Gabriel Mun. Water

Walnut Valley Water

West Basin Municipal Water

*Chandler's California assets under management as of March 31, 2024. A listing of the firm's representative clients in the State of California's San Diego, Orange, Ventura, Inland area, and Los Angeles County. This list only includes clients that have given permission to be listed. It is not known whether the clients listed approve or disapprove of Chandler Asset Management and the advisory services provided. Includes discretionary and non-discretionary relationships.

Significant Experience with Agencies throughout California

Cities

- Alameda, CA
- American Canyon, CA
- Arcata, CA
- Atwater, CA
- Bell, CA
- Beverly Hills, CA
- Brea, CA
- Buena Park, CA
- Camarillo, CA
- Chino Hills, CA
- Chula Vista, CA
- Corona, CA
- Costa Mesa, CA
- Cupertino, CA
- Danville, CA
- Desert Hot Springs, CA
- Dublin, CA
- Elk Grove, CA
- Emeryville, CA
- Fairfield, CA
- Fountain Valley, CA
- Gardena, CA
- Imperial Beach, CA
- Indio, CA
- La Habra, CA
- Lake Forest, CA
- La Mirada, CA
- Long Beach, CA
- Menifee, CA
- Merced, CA
- Milpitas, CA
- Mission Viejo, CA
- Monterey, CA
- Moreno Valley, CA
- Mountain View, CA
- Murrieta, CA
- National City, CA
- Newport Beach, CA
- Oceanside, CA
- Orange, CA
- Palm Springs, CA
- Perris, CA
- Pico Rivera, CA
- Pleasant Hill, CA
- Pomona, CA
- Riverside, CA
- Rohnert Park, CA
- Salinas, CA
- San Clemente, CA
- San Jacinto, CA
- San Juan Capistrano, CA
- San Leandro, CA
- San Marcos, CA
- San Mateo, CA
- Santa Paula, CA
- Solana Beach, CA
- So. San Francisco, CA
- Stanton, CA
- Stockton, CA
- Sunnyvale, CA
- Tracy, CA
- Tustin, CA
- Vallejo, CA
- West Sacramento, CA
- Westminster, CA
- Yucca Valley, CA

Counties

- Alpine, CA
- Calaveras, CA
- Mendocino, CA
- Modoc, CA
- San Benito, CA
- Sierra, CA
- San Diego, CA**
- Ventura, CA**
- Lake, CA
- Amador, CA
- Santa Clara, CA

Special Districts and JPAs

- Alameda Corridor Transportation Authority, CA
- Alameda County Water District, CA
- Authority for CA Cities Excess Liability, CA
- Beaumont-Cherry Valley Water District, CA
- Big Independent Cities Excess Pool, CA
- California Earthquake Authority, CA
- California Insurance Pool Authority (CIPA), CA
- California Joint Powers RMA, CA
- Calleguas Municipal Water District, CA
- Calaveras County Water District, CA
- Central San Joaquin Valley RMA, CA
- Coachella Valley Water District, CA
- Crescenta Valley Water District, CA
- East Orange County Water District, CA
- Elsinore Valley Water District, CA
- First 5 Alameda County, CA
- Grossmont Healthcare District, CA
- LA County Metropolitan Transportation Auth., CA
- Marin Clean Energy, CA
- Mammoth Community Water District, CA
- Moulton Niguel Water District, CA
- Orange County Transportation Authority, CA
- Peninsula Clean Energy, CA
- Palomar Health, CA

Chandler's California AUM

\$28.8 Billion*

Chandler has extensive experience serving neighboring regional clients throughout the state of California.

Special Districts and JPAs (cont.)

- PRISM, CA
- Rancho California Water District, CA
- Redwood Empire Municipal Insurance Fund, CA
- San Bernardino Municipal Water Department, CA
- San Diego County Regional Airport Authority, CA
- San Diego County Water Authority, CA
- Santa Clarita Valley Water District, CA
- South Coast Water District, CA
- Temescal Valley Water District, CA
- Transportation Corridor Agencies (OC Toll Roads), CA
- Three Valleys Municipal Water District, CA
- Upper San Gabriel Municipal Water District
- Walnut Valley Water District, CA
- West Basin Municipal Water District, CA
- Western Municipal Water District, CA
- West Valley Water District, CA

*Chandler's California assets under management as of March 31, 2024. List includes discretionary and non-discretionary relationships. The list only includes clients that have given permission to be listed, but it is not known whether the clients listed approve or disapprove of Chandler Asset Management and the advisory services provided. **Advisory-only relationship.



Chandler Asset Management is a registered investment adviser

- Regulated by the SEC under the Investment Advisers Act of 1940
- Acts as a ***fiduciary*** for client assets
- Decisions based on compliance with policy, objectives, and state code
- Emphasis on the entire portfolio, rather than individual transactions
- Provide comprehensive investment management services
- Compensated on the basis of assets under management, not transactions

*Chandler's Approach to Adding Value to
the City of Compton's Investment Program*

Initial Steps



Ongoing Management

- Credit analysis of security issuers and financial institutions
- Asset-liability management
- Broker/dealer due diligence and relations
- Consistent application of a disciplined, conservative investment process. Our approach focuses on:
 - Safety of principal*
 - Compliance with legal requirements, policies, and objectives
 - Appropriate levels of liquidity
 - Generating market yield and return
 - Diversification of risk

**While Chandler focuses on safety of principal by investing in conservative investment-grade quality bonds, investors should be aware that bonds and other fixed income securities do carry some degree of risk and we cannot ensure a profit nor guarantee against loss.*



Total Portfolio

Daily Liquidity

Checking Account

- Daily cash required for payroll, operational and other outgoing invoices

Less than 1 Year

Liquidity Portfolio

- Local Government Investment Pools (LGIP) i.e., LAIF
- Government Money Market Funds
- Invest in Individual Securities by matching maturities to known expenditures

Greater than 1 Year

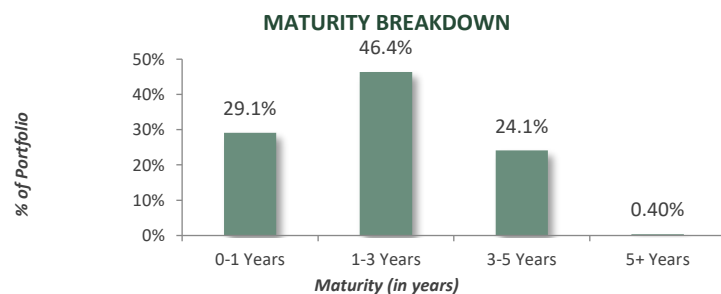
Reserve Portfolio

- Limited Maturity Strategy or Short Term Bond Strategy
- Targets a longer duration to enhance the potential to increase earnings
- Invest in securities allowed by California Government Code and the Investment Policy

Chandler's Composites as of *March 31, 2024*

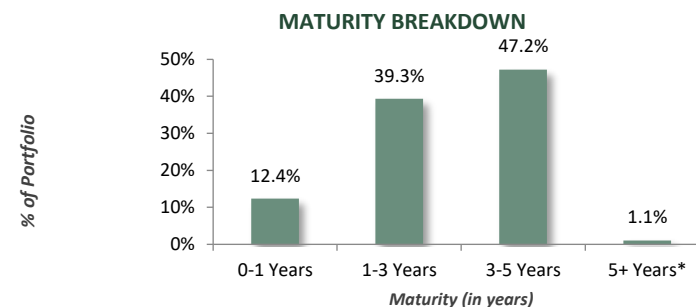
Limited Maturity (1-3 Year)

Average Final Maturity	2.00 years
Average Duration	1.78 years
Yield-to-Maturity	5.26%
Average Quality (S&P)	AA+
Average Coupon	2.77%

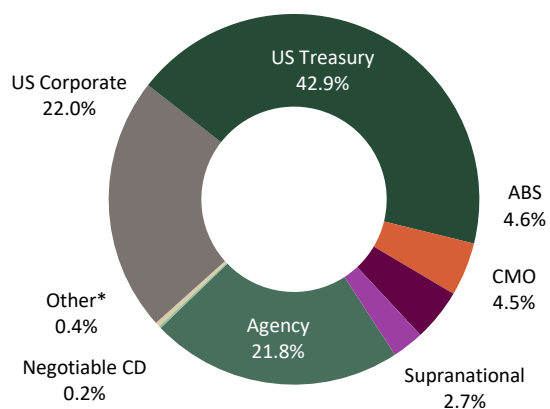


Short Term Bond (1-5 Year)

Average Final Maturity	2.85 years
Average Duration	2.49 years
Yield-to-Maturity	4.88%
Average Quality (S&P)	AA+
Average Coupon	2.86%

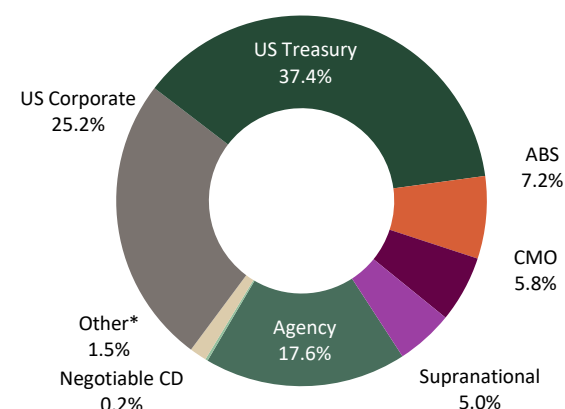


SECTOR ALLOCATION



*Other includes Municipal Bonds, MBS, Commercial Paper, Cash, and FI ETF

SECTOR ALLOCATION



*Other includes Municipal Bonds, Cash Negotiable CD, Commercial Paper and MBS

Based on Chandler's Limited Maturity and Short Term Bond composite characteristics as of 03/31/2024. Credit Quality equivalent of composite/average of S&P, Moody's and Fitch ratings; "A" category includes "A-1" rated money market securities. The composite characteristic information presented above is supplemental information pursuant to GIPS®. There is no guarantee that investment in any of these styles will result in characteristics similar to those that appear in this presentation due to changes in economic conditions and other market factors. Past characteristics are not indicative of future results.



Client Service, Compliance, and Reporting

Monthly statements available by the 3rd business day

- Reports designed for Accounting and Reporting
 - Portfolio summary, compliance statement, reconciliation summary, holdings report, transactions ledger, income earned, cash flow report

- Economic overview

- Account profile
 - Objectives and compliance statement
 - Portfolio summary, sector distribution, issuer report, quality distribution, duration distribution and investment performance
- Holdings report, transactions Ledger

Annual Reporting

- GASB 40 and 72

[illegible]

Compliance with Investment Policy and CA Code

Assets managed by Chandler Asset Management are in full compliance with California Government Code and with the Client's investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	<i>Complies</i>
Agency Issues	No limitation	<i>Complies</i>
Supranationals	30% maximum; 5% max issuer; 5 years max maturity; Issued by IBRD, IFC, or IADB only; "AA" rated or higher by a NRSRO	<i>Complies</i>
Banker's Acceptances	40% maximum; 5% max issuer; <180 days maturity; A-1 rated equivalent by at least two NRSROs; "A" rated or better by two NRSROs on long-term debt	<i>Complies</i>
Commercial Paper	25% maximum; 5% max issuer; <270 days maturity; A-1 rated or higher by at least two NRSROs; "A" rated or higher by two NRSROs on long-term debt; Issuer is a corporation organized and operating within U.S. with assets in excess of \$500 million	<i>Complies</i>
Negotiable Certificates of Deposit	40% maximum; 5% max issuer; <180 days maturity; A-1 rated equivalent by at least two NRSROs; "A" rated or better by two NRSROs on long-term debt	<i>Complies</i>
Medium Term Notes	30% maximum; 5% max issuer; "A" rated or better by two NRSROs	<i>Complies</i>
Money Market Mutual Funds	20% maximum; 10% per fund; Highest rating by two NRSROs	<i>Complies</i>
Federally Insured Certificates of Deposit (CDs)/Time Deposit (TDs)	20% maximum (combined FDIC insured and collateralized TD/CD)	<i>Complies</i>
Collateralized Certificates of Deposit (CDs)/Time Deposit (TDs)	20% maximum (combined FDIC and collateralized TD/ CD); A-1, or higher by 2 NRSROs; "A" rated or higher by two NRSROs, if long-term debt	<i>Complies</i>
Mortgage Pass-throughs, CMOs and Asset Backed Securities	20% maximum; 5% max issuer; "AA" rated or higher by a NRSRO; "A" rated issuer or higher by a NRSRO; 5 years max maturity	<i>Complies</i>
Local Agency Investment Fund (LAIF)	Program limitation; Currently not used by investment adviser	<i>Complies</i>
Repurchase Agreement	1 year max maturity; 102% collateral; Currently not used by investment adviser	<i>Complies</i>
Prohibited Securities	Inverse floaters; Ranges notes, interest-only strips from mortgaged backed securities; Zero interest accrual securities	<i>Complies</i>
Max Per Issuer	5% (except U.S. government, its Agencies and GSEs, Money Market Fund or LGIP)	<i>Complies</i>
Maximum maturity	5 years	<i>Complies</i>

This sample report is being provided for illustrative purposes to demonstrate Chandler Asset Management's reporting capabilities. Elements of the Compliance Report are representative of investment guidelines promulgated by State Law or the entity's investment policy.



INVESTMENT ADVISER OVERSIGHT

Full time investment advisory services.

- SEC-registered investment adviser focused on the primary tenets of *safety, liquidity, and total return*
- Expertise in California Government Code
- Initial and annual review of the investment policy



RISK MANAGEMENT

Rigorous credit analysis and monitoring of securities issuers.

- Portfolios are diversified to appropriate sectors with issuer limitations
- Monitor market conditions and evaluate market risk
- Performance measurement against appropriate benchmarks



COMPLIANCE

Automated pre-trade, post-trade and end of day compliance checks.

- Daily review and monitoring by Chandler experts
- *Statement of Compliance* in monthly account statements



RESOURCES

Best-in-class resources for portfolio management, compliance, settlement, and reporting.

- Proprietary cash flow models
- Horizon Analysis Model
- Credit analysis and security selection



REPORTING

Presentations to Staff and Council.

- Monthly reports by 3rd business day
- Quarterly reports for in-person discussion
- Customized and consolidated reports
- *Online Client Portal* to access trade tickets, documents, historical information



CLIENT SERVICE

Direct access to Investment and Client Service Professionals.

- Education and training on investment topics
- Webinars and CPE credits
- Transition and onboarding support



Biographies & Disclosures

Mia Corral Brown

Regional Director

Mia Corral Brown is a Regional Director at Chandler. Leveraging over two decades of experience providing client service to both institutional and public sector clients, Mia's area of focus is on business development and engagement oversight for Public Sector clients in Southern California which include, Cities, Water Districts, Counties, Special Districts and Joint Power Authorities.

In her tenure at Chandler, Mia has served as an Associate, Vice President, Senior Vice President and Sr. Relationship Manager. She is adept at working alongside Public Agencies to provide comprehensive investment management and client service solutions. Prior to joining Chandler, Mia was employed at Nicholas Applegate Capital Management as an Assistant Marketing Manager and has worked as a Sales Assistant in her early years in the Financial Industry.

Mia is an active member of the California Society of Municipal Finance Officers (CSMFO), the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), and is a Member of the California Association of California Treasurers and Tax Collectors and several other Associations which support CA Public Agencies. Mia is a founding member of Women in Public Finance, San Diego Chapter and is a member of our Firm's DEIB Committee. Mia is a graduate of San Diego State University where she earned her B.A. in communications with an emphasis in business.

Alaynè Marie Sampson

Senior Portfolio Strategist

Alaynè Marie Sampson joined Chandler in 2022 as a Senior Portfolio Strategist. She is a member of the Investment Management Team and participates actively in the portfolio management process as well as builds and maintains client relationships. Alaynè has over 20 years of investment and financial experience. She focuses on identifying and communicating key investment related themes and trends for implementation into fixed income strategies for local government and institutional clients.

Prior to joining Chandler, Alaynè was a Senior Short-Term Credit Analyst, where she was responsible for fundamental credit analysis of commercial paper issuers for a \$135 billion cash portfolio. Other roles include Business Project Manager, TAP Associate, and Senior Business Systems Analyst. Alaynè is the Board Chair for Court Appointed Special Advocates of Los Angeles. Alaynè is a graduate of Cornell University with her B.A. in Women's Studies. She holds the FINRA Series 65 license.

Genny Lynkiewicz, CFA

Senior Portfolio Manager

Genny Lynkiewicz is a Senior Portfolio Manager at Chandler Asset Management. She is responsible for implementing portfolio strategy and securities trading in client accounts. Genny has over 18 years of experience in the finance industry specializing in fixed income investments.

Prior to joining Chandler in 2015, Genny worked at BMO Asset Management in Chicago where she managed over \$8 billion in taxable money market funds, securities lending portfolios and separately managed accounts. Genny earned a B.B.A. in Finance, Investment & Banking and a Certificate in International Business from the University of Wisconsin, Madison. She holds the designation of Chartered Financial Analyst.

Nolan Serumaga

Client Service Associate

Nolan Serumaga is a Client Service Associate and joined Chandler Asset Management in 2023. He serves as a liaison between clients and the Chandler team to maintain existing client relationships. He proactively schedules client meetings, creates, and distributes client reports, and responds to client-generated requests. Nolan also maintains the client database and assists with the Chandler Client Portal. Previously, Nolan was an intern at PIMCO and Capital Group. At PIMCO, Nolan gained broad exposure to financial markets, portfolio analysis, and client communication. At Capital Group, he researched, analyzed, identified, and documented opportunities for the Knowledge Management team.

Nolan is a graduate of California State University San Marcos with a B.S. in Business Administration with an emphasis in Global Supply Chain Management. Nolan holds the State Seal of Biliteracy in Spanish.

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This report is being provided for informational purposes only. No investment decision should be made based solely on the information provided herein. All investments involve risk, including loss of principal invested. The strategies referenced may not be suitable for all investors. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the strategies. While not guaranteed as to accuracy or completeness, some of the information has been obtained from sources we believe to be reliable. Opinions expressed herein are subject to change without notice. There can be no assurance that an account or specific investment product will be able to achieve its investment objective. No guarantee of investment performance is being provided and no inference to the contrary should be made.

Any forecasts, forward-looking statements and assumptions are inherently limited and should not be relied upon as an indicator of future results. Any opinions and views constitute judgments made by the author at the date of this presentation and may become outdated or superseded at any time without notice. Any statements concerning financial market trends are based on current market conditions, which will fluctuate.

Economic factors, market conditions and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. The data contained in this presentation is the property of those providers, which were obtained from sources believed to be reliable, but are subject to change at any time at the provider's discretion. Unless otherwise noted, Chandler is the source of data contained in this presentation.

Fixed Income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally must pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

References to specific securities are examples of securities held in a portfolio and are not intended to be, and should not be interpreted as an offer, solicitation, or recommendation to purchase or sell any financial instrument, an indication that the purchase of such securities was or will be profitable, or representative of the composition or performance of the portfolio. The information contained in this sample presentation was obtained from sources we believe to be reliable, but we do not guarantee its accuracy. Past performance is not indicative of future success.

ICE BofA 0-3 Year Treasury Index

The ICE BofA Blended 0-3 Year US Treasury Index is a static, internally maintained benchmark comprised of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Effective 1/1/2001, it consists of the following indices: (30%) ICE BofA US 3-Month Treasury Bill Index, (30%) ICE BofA US 6-Month Treasury Bill Index, (40%) ICE BofA 1-3 Year US Treasury Index. Qualifying securities will include 3 and 6-month Treasury Bills and US Treasury securities that must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion. Qualifying securities must have at least 18 months to final maturity at the time of issuance. *Prior to 1/1/2001 it consisted of (100%) ICE BofA US 1-Year Treasury Bill Index, GOO3.

ICE BofA 1-3 Year US Treasury Index

The ICE BofA 1-3 Year US Treasury Index tracks the performance of US dollar-denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion. Qualifying securities must have at least 18 months to final maturity at the time of issuance.

ICE BofA 1-5 Year US Treasury & Agency Index

The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.

Source ICE Data Indices, LLC ("ICE"), used with permission. ICE permits the use of ICE Indices and related data on an "as is" basis; ICE, its affiliates and their respective third party suppliers disclaim any and all warranties and representation, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE data, its affiliates or their respective third-party providers guarantee the quality, adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and licensee's use is at licensee's own risk. ICE data, its affiliates and their respective third party do not sponsor, endorse, or recommend Chandler, or any of its products or services.



July 2, 2024

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY MANAGER'S OFFICE

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN
AGREEMENT WITH ALLIED MANAGED CARE, INC. FOR THE SELF-
INSURED WORKERS' COMPENSATION PROGRAM**

SUMMARY

The City Council will consider adopting a resolution authorizing the City Manager to enter into an agreement with Allied Managed Care, Inc. for the provision of workers' compensation services for the City's self-insured workers' compensation program.

BACKGROUND

All employers in California are required by law to pay for the medical treatment and lost wages of employees who suffer job-related injuries or illnesses. The City of Compton has been self-insured and self-administered for its Workers' Compensation Program since 1981 and has implemented an assertive cost containment program. The City also provides efficient service to City employees who have suffered a work-related injury, as well as vigorously defend disputed claims.

STATEMENT OF THE ISSUE

It is an industry wide practice to maintain a panel of professionals, who will also act as partners, to assist in the maintenance of a successful Workers' Compensation Program. The City's agreement with its current workers' compensation program vendor related to bill review services is soon to expire, thus there is a need to employ the services of a qualified and experienced service provider capable of performing Workers' Compensation bill reviews, PPO offerings, bill review negotiations and reporting requirements.

Staff has determined that Allied Managed Care, Inc. would be the best partner with the City in a continuing effort to manage a viable self-insured program. Accordingly, staff recommends City Council accept the proposal of Allied Managed Care, Inc. to render bill review services for the City's Workers' Compensation Program. This is a professional services agreement and based on Compton Municipal Code 4-11.7 Exceptions to Competitive Bidding Requirements no bidding was required.

In order to authorize the City Manager to enter into an agreement with Allied Managed Care, Inc. to render requisite services, City Council's authorization is necessary.

FISCAL IMPACT

Funds for these services are allocated in Account No. 6300-570-000-4262. The agreement will be for the Fiscal Years 2023-2024, 2024-2025, and 2025-2026 with two year optional extension 2026-2027, 2027-2028.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

**DESMOND FLETCHER
RISK MANAGER**

APPROVED FOR FORWARDING:

**WILLIE A. HOPKINS, JR.
CITY MANAGER**

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH
ALLIED MANAGED CARE, INC. FOR THE SELF-INSURED WORKERS'
COMPENSATION PROGRAM**

WHEREAS, all employers in California are required by law to pay for the medical treatment and lost wages of employees who suffer job-related injuries or illnesses; and

WHEREAS, the City of Compton has been self-insured and self-administered for its Workers' Compensation Program since 1981 and has implemented an assertive cost containment program. The City also provides efficient service to City employees who have suffered a work-related injury, as well as vigorously defend disputed claims; and

WHEREAS, it is an industry wide practice to maintain a panel of professionals, who will also act as partners, to assist in the maintenance of a successful Workers' Compensation Program; and

WHEREAS, the City's agreement with its current workers' compensation program vendor related to bill review services is soon to expire, thus there is a need to employ the services of a qualified and experienced service provider capable of performing Workers' Compensation bill reviews, PPO offerings, bill review negotiations and reporting requirements; and

WHEREAS, staff has determined that Allied Managed Care, Inc. would be the best partner with the City in a continuing effort to manage a viable self-insured program; This is a professional services agreement and based on Compton Municipal Code 4-11.7 Exceptions to Competitive Bidding Requirements no bidding was required; and

WHEREAS, in order to authorize the City Manager to enter into an agreement with Allied Managed Care, Inc. to render requisite services, City Council's authorization is necessary.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES
HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City Manager is authorized into an agreement with Allied Managed Care, Inc. to render bill review services.

SECTION 2. That funds for this contracted services for Fiscal Year 2023-2024 is allocated in Account No. 6300-570-000-4262. Funding for additional years of the agreement will be allocated in future City budgets.

SECTION 3. That a copy of this Resolution shall be filed in the offices of the City Manager, City Attorney, City Controller, and the City Clerk.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____, 2024.

That said Resolution was adopted by the following vote to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF COMPTON
AND
ALLIED MANAGED CARE, INC.**

This **AGREEMENT** is entered into by and between the **CITY OF COMPTON**, a municipal corporation of the State of California (hereinafter referred to as “**CITY**”) located at 205 South Willowbrook Avenue, Compton, California 90220 and **ALLIED MANAGED CARE, INC.** (hereinafter referred to as “**CONSULTANT**”) located at 10445 Old Placerville Road, Sacramento, California 95827, (each a “Party” and collectively, the “Parties”).

RECITALS

WHEREAS, the City of Compton is self-insured for its Workers’ Compensation Program; and

WHEREAS, the City has determined that there is a need to employ the services of a qualified and experienced service provider capable of performing Workers’ Compensation Utilization Review, Peer Review services, Nurse Case Management and Bill Review Services, Medical Provider ;Network; and

WHEREAS, Consultant (Allied Managed Care, Inc.) warrants that it is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, ~~by Resolution No. 25,230, adopted on July 12, 2023, Staff is requesting~~ the City Council ~~gave~~ approval to award a contract to the Consultant to provide the services required. The contract for thirty-six (36) months with the option for the City to further extend the contract an additional twenty-four (24) months at the end of the initial thirty-six (36) month. The effective date thirty-six (36) month is July 1, 2023

WHEREAS, City desires to engage Consultant to provide these services by reason of its qualifications and experience in performing such services; and

WHEREAS, Consultant is willing to render such professional services, as hereinafter defined, on the following terms and conditions.

NOW, THEREFORE, the Parties, for the consideration, terms and conditions herein described, mutually agree as follows:

1. Services to be rendered by Consultant. It is the mutual understanding of the parties that the Consultant shall perform and provide California Workers’ Compensation Utilization Review, Peer Review services, Nurse Case Management and Bill Review Services in connection with cost containment services rendered to the City, including the following tasks and deliverables:

- a. Provide the City with Utilization Review and Peer Review services developed to assess the frequency, duration, intensity and appropriateness of all modalities and procedures common to Workers’ Compensation; including concurrent management of hospitalizations and retrospective review of medical treatment not previously reviewed (Peer Review is physician to physician evaluation of cases for medical appropriateness).

Review request for treatment from medical providers to ensure treatment is reasonably necessary and consistent with medical treatment utilization standards and complies with all legal and statutory requirements identified by the California Department of Workers’ Compensation pursuant to California Labor Code Sections 4610, 5307.27 and 4604.5

(reviews are performed by licensed nurses and physicians with an understanding of the California workers' compensation system and utilization review regulations).

- b. The Utilization Review Program operates under the direction of the Medical Program Director, a California-licensed physician and the Utilization Review Program is compliant with all California-specific regulatory requirements.
- c. Reviewers use medical care guidelines developed by the California Medical Treatment Utilization Review Schedule (MTUS) and other nationally recognized criteria sets developed by practicing physicians.
- d. Provide the City with reports which include: monthly utilization detail reports indicating determination of each service reviewed, savings analysis, other reports requested by the City.
- e. Allied Managed Care will maintain URAC Certification, as required.
- f. Provide the City with Nurse Case Management Services developed to assist the City with assisting their injured workers receive appropriate medical treatment and in promoting appropriate return to work.
- g. Provide the City with Bill Review Services reducing bills to fee schedule, providing appropriate PPO discounts and answering calls from providers and addressing any concerns.
- h. Provide the City with Medical Provider Network (MPN) services under the Consultant's "Network Service Entity".

Consultant acknowledges that in entering into this Agreement the City is relying on Consultant's professional skills, knowledge and experience to do and perform the services in accordance with best standards of professional practice. While performing the services, Consultant agrees to perform all the said services and furnish all the necessary materials at its own cost and expense necessary to complete said services in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances and to the reasonable satisfaction of the City.

Consultant services hereunder shall be performed in a good, competent and professional manner. Consultant shall be responsible for correcting and completing all errors and omissions related to the services provided by the Consultant for this Agreement at no additional cost to the City. "Errors" and "Omissions" for purposes of this paragraph are defined to mean a failure by the Consultant to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release Consultant from these obligations.

Consultant will be responsible for employing or engaging all persons necessary to perform the services. All of Consultant's staff will be qualified by training and experience to perform their assigned tasks. Consultant will give its personal attention to the fulfillment of the provisions of this Agreement by all of its employees and sub-contractors, if any, and will keep the services under its control. On request of City, if any employee or sub-contractor of Consultant fails or refuses to carry out the provisions of this Agreement or appears to be incompetent or to act in a disorderly or improper manner, Consultant will discharge said employee or sub-contractor from performing services pursuant to provisions of this Agreement.

Acceptance by the City of the services performed under this Agreement does not operate as a release of said Consultant from such professional responsibility for the services performed.

Dominic Russo, President & CEO of Consultant, shall be primarily responsible for representing Consultant in performance of this Agreement.

2. Duration of Contract. The Consultant shall commence services requested by the City on issuance of Notification to Proceed from the City to Consultant and continue to perform, in a diligent and professional manner, those services requested and required pursuant to this Agreement for a term of thirty-six (36) months, unless this Agreement is extended or terminated as provided herein. Effective July 1, 2023, with an option for the City to extend the contract an additional twenty-four (24) months.

Consultant will generally adhere to any schedule set forth by the City and/or California Workers' Compensation laws, rules, regulations and/or procedures provided, that City will grant reasonable extensions of time (if possible pursuant to provisions of any applicable laws or regulations) for the performance of the services occasioned by unusually lengthy governmental reviews of Consultant's work product or other unavoidable delays occasioned by unforeseen circumstances; provided, further, that such unavoidable delay will not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, Consultant's officers or employees.

Consultant acknowledges the importance to City of any agreed upon or required schedule and agrees to put forth its best professional efforts to perform the services in a manner consistent with that schedule. City understands, however, that Consultant's performance must be governed by sound practices. Consultant will work such overtime or engage such personnel and equipment as necessary to maintain the schedule, without additional compensation.

3. Compensation. Consultant shall be compensated for services rendered during the term of this Agreement as follows:

- a. Utilization Review: \$85.00 per utilization review request
- b. Peer Review: \$200.00 per peer review request
- c. Field Nurse Case Management: \$95.00 per hour

d. Telephonic Nurse Case Management: \$90.00 per hour

~~d-e.~~ Medical Provider Network Access: \$1500 per month

~~e-f.~~ Bill Review Services:

(1) Medical Bill Review/PPO: Official Medical Fee Schedule (OMFS) Review: \$8.00 per bill (flat rate per bill) plus PPO access fee (see below)

(2) PPO fee for savings below fee schedule: PPO Network Access Fee: Anthem Blue Cross – CA 26% First Health/Coventry 24% Procura 22% PRIME 22% InterPlan 18%ClarisPointe 18% ASI Flex 18%

(3) Specialty Bill Review:

Negotiation of Non-OMFS and Line-Item Audit bills, including Inpatient/Outpatient Hospital bills (non-PPO charges): 10% of Savings capped at a maximum of \$5,000.00.

(4) Electronic billing:

Electronic Billing fee- for those limited bills that are submitted by a clearing house: \$1.00 per bill.

No additional compensation will be paid to the Consultant unless there is a change in the scope of the services or the scope of the project. In the instance of a change in the scope of work or scope of the project, adjustment to the total compensation will be negotiated between the Consultant and the City. Adjustment in the total compensation will not be effective until authorized and approved in writing by the Parties.

If Consultant fails to submit the required deliverable items according to schedule or as required by the Agreement, except for those amounts that are due and not reasonably in dispute, the City shall have the right to delay payment and/or terminate this Agreement in accordance with the provisions noted herein.

Invoices shall be submitted no later than 45 calendar days after the performance of services for which the Consultant is billing. Invoices shall detail the work performed on each task as applicable. Invoices shall be delivered or mailed to the attention of the **City Risk Manager** at the following address: **City of Compton, 205 South Willowbrook Avenue, Compton, California 90220.**

Consultant shall be reimbursed within thirty (30) days, or as promptly as fiscal procedures may permit, upon receipt by the City of itemized invoices.

In the event of termination, the Consultant shall be entitled to compensation for the undisputed reasonable value of services performed to the effective date of termination, including any non-cancellable obligations incurred prior to termination; provided, however, that the City may condition payment of such compensation upon the Consultant's delivery to the City of any and all City property, documents, reports, records, materials and work product associated with the performance of this Agreement.

4. Ownership of Materials. All product produced by Consultant or its agents, employees, and subcontractors pursuant to this Agreement (the "Work Product") is the property of City. In the event this Agreement is terminated, all Work Product produced by Consultant or its agents, employees and subcontractors pursuant to this Agreement will be delivered to City pursuant to the termination clause of this Agreement.

The Work Product may be used by City and its agents, employees, representatives, and assigns, in whole or in part, or in modified form, for all purposes City may deem advisable, without further employment of or payment of any compensation to Consultant; provided, however, that if this Agreement is terminated for any reason prior to completion of the Project and if under such circumstances City uses, or engages the services of and directs another consultant to use the Work Product, City agrees to hold Consultant harmless from any and all liability, costs, and expenses relative to claims arising out of matters and/or events which occur subsequent to the termination of this Agreement as a result of causes other than the fault or negligence of Consultant, or anyone for whose acts it is responsible, in preparation of the Work Product. Consultant will not be responsible for deficiencies solely attributable to modifications of the Work Product performed by others, or that arise from use of the Documents in connection with a project or site other than that shown in the Work Product.

5. Independent Contractor Status. Consultant, its officers, employees, subcontractors, agents and volunteers (collectively hereinafter the "Consultant"), is a wholly independent Consultant and not an officer, employee, subcontractor or agent of the City of Compton, and is not authorized to act on behalf of the City. Neither the City nor any of its officers, employees, agents or volunteers shall have any control over the conduct of the Consultant, except as expressly set forth in this Contract. Consultant expressly warrants that while engaged in carrying out and complying with any terms and conditions of this Contract that Consultant shall not at any time or in any manner, represent that Consultant is in any manner officers, employees, agents or volunteers, joint venture or partner of the City. Consultant shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. Consultant expressly waives any claim to such rights. Consultant will not be eligible for any employee benefits, nor will City make deductions from any amounts payable to Consultant of taxes or

insurance. All payroll and employment taxes, insurance, and benefits shall be the sole responsibility of Consultant. Consultant retains the right to provide services for others during the term of this Contract.

The payment(s) made to Consultant pursuant to the Agreement will be the full and complete compensation to which Consultant is entitled. City will not make any federal or state tax withholdings on behalf of Consultant or its agents, employees or subcontractors. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of Consultant or its employees or subcontractors. Consultant agrees to indemnify and pay City within thirty (30) days for any tax, retirement contribution, social security, overtime payment, unemployment payment or workers' compensation payment which City may be required to make on behalf of Consultant or any agent, employee, or subcontractor of Consultant for work done under this Agreement. At the City's election, City may deduct the amounts paid pursuant to this Section, from any balance owing to Consultant.

6. Successors, Assignment and Delegation. City and the Consultant each binds themselves, their partners, successors, assigns and legal representatives to the other hereto and to partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in this Agreement.

The expertise and experience of Consultant are material considerations for this Agreement. Consultant shall not assign or transfer any interest in this Agreement or the performance of any of Consultant's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of Consultant's rights, duties or obligations arising under this Agreement shall be null and void.

7. Nondiscriminatory Employment Practices. During the performance of this Agreement, the Consultant agrees not to discriminate against any employee or applicant for employment because of race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Consultant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Consultant agrees to post in conspicuous places, available to employees, applicants and subcontractors for employment, notices setting forth the provisions of this non-discrimination clause.

In the event of the Consultant's non-compliance with the non-discrimination clause of this Agreement, this Agreement may be immediately canceled, terminated or suspended in whole or in part.

8. Subcontracting. Consultant's services are unique and personal. Except as may be specified in Consultant's Proposal and agreed to by the City, Consultant will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If Consultant subcontracts any of the services, Consultant will be fully responsible to City for the acts, errors and omissions of Consultant's subcontractor and of the persons either directly or indirectly employed by the subcontractor, as Consultant is for the acts and omissions of persons directly employed by Consultant. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of Consultant and City. Consultant will be responsible for payment of subcontractors. Consultant will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to Consultant's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

9. Other Consultants. The City reserves the right to employ other consultants in connection with the services.

10. Indemnification. Consultant shall indemnify and save harmless the City, its officials, officers, employees, agents and volunteers (collectively hereinafter the "City"), against any and all damages to property or injuries to or death of any person or persons, including property and employees or agents of the City and shall indemnify and save the City from any and all liability and expense including reimbursement of reasonable defense costs and legal fees, and claims, demands, suits, actions or proceedings of any kind or nature, including Workers' Compensation claims, of or by anyone whomsoever to the extent resulting from or arising out of the negligent, reckless or willful misconduct for the Consultant, its officers, employees, subcontractors or agents in the performance of the duties undertaken by Consultant pursuant to this Agreement.

This indemnification and hold harmless obligation does not extend to claims arising out of the negligence or willful misconduct of the City.

11. Insurance. Without limiting the Consultant's indemnification of the City, Consultant shall obtain and maintain, at its cost and expense, for the duration of the Agreement and any and all amendments, insurance against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services by Consultant or Consultant's agents, representatives, employees or subcontractors. The insurance will be obtained from an insurance carrier admitted and authorized to do business in the State of California. Evidence of insurance shall be delivered to the City at the time of Consultant's execution of this Agreement. Such evidence shall specifically identify this Agreement and shall contain express conditions that the City is to be given written notice at least thirty (30) days in advance of any termination or implementation of a reduction of limits or material change of insurance coverage as specified herein. ***Failure on the part of the Consultant to procure or maintain insurance shall constitute a material breach upon which the City may immediately terminate this Agreement.*** All insurance required hereunder shall be primary with respect to any insurance maintained by the City.

Coverage's and Limits. Consultant will maintain the types of coverage's and minimum limits indicated below, unless the Risk Manager or City Manager, in consultation with the City Attorney approves a lower amount. These minimum amounts of coverage will not constitute any limitations or cap on Consultant's indemnification obligations under this Agreement. City, its officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by Consultant pursuant to this Agreement are adequate to protect Consultant. The coverage will contain no special limitations on the scope of its protection to the below-designated insured's except for Workers Compensation and errors and omissions insurance. Consultant will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If Consultant believes that any required insurance coverage is inadequate, Consultant will obtain such additional insurance coverage, as Consultant deems adequate, at Consultant's sole expense.

11.1 Commercial General Liability Insurance. \$1,000,000 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted policies contain aggregate limits, general aggregate limits will apply separately to the work under this Agreement or the general aggregate will be twice the required per occurrence limit.

11.2 Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury. Workers' Compensation and Employer's Liability insurance will not be required if Consultant has no employees and provides, to City's satisfaction, a declaration stating this.

11.3 Professional Liability. Errors and omissions liability appropriate to Consultant's profession with limits of not less than \$1,000,000 per claim. The coverage shall also provide an extended two (2) year reporting period commencing upon termination or cancellation of this Agreement.

Endorsements. For Commercial General Liability Insurance, Consultant will ensure that the policies are endorsed to name the City of Compton and its respective elected and appointed officers,

officials, employees, agents and volunteers as "additional insured's" with respect to liability arising out of the activities of the Consultant. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City. ***Prior to City's execution of this Agreement, Consultant will furnish certificates of insurance and endorsements to City.***

Waiver of Subrogation. The policies shall contain a waiver of subrogation for the benefit of City.

12. Permits and Licenses. Consultant, at its own expense, during the term of this Agreement, shall obtain and maintain all appropriate business and professional permits, licenses and certificates that may be required in connection with the performance of services by the Consultant. Upon execution of this Agreement, the Consultant shall show evidence of a business license permit in conformance with *Section 9-1.2 of the Compton Municipal Code*.

13. Maintenance of Records. Consultant will maintain complete and accurate records with respect to costs incurred under this Agreement. All records will be clearly identifiable. Consultant will allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of records and any other documents created pursuant to this Agreement. Consultant will allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years, or longer if required by law, from the date of final payment under this Agreement.

14. Warranties. Consultant represents and warrants (i) that Consultant has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Consultant's undertaking this relationship with City, (ii) that the performance of the services called for by this Agreement do not and will not violate any applicable law, rule or regulation or any proprietary or other right of any third party, (iii) that Consultant will not use in the performance of his responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Consultant has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

15. General Compliance with Laws. Consultant will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Consultant, or in any way affect the performance of the services by Consultant. Consultant will at all times observe and comply with these laws, ordinances, and regulations and will be responsible for the compliance of the services with all applicable laws, ordinances and regulations. In the event the Consultant encounters any conflict between such laws and ordinances, Consultant shall notify the City in writing and the parties agree to work cooperatively to resolve the conflict.

16. Termination. In the event of the Consultant's failure to prosecute, deliver, or perform the services, after giving written notice of default and seven (7) days to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying Consultant in writing. Either Party may terminate this Agreement for convenience or without cause after giving the non-terminating Party sixty (60) days advance written notice of intent to terminate.

In the event this Agreement is terminated and upon request of City, Consultant will assemble the work product without charge and put it in order for proper filing and closing and deliver it to City. City will have the right to immediate possession of all Work Product and work in progress prepared by Consultant, whether located at the Consultant's place of business, or at the offices of a sub-consultant. Consultant will be paid for work performed to the termination date; however, the total will not exceed the agreed fees payable under this Agreement. City will make a determination of fact based upon the work product delivered to City and of the percentage of work that Consultant has performed which is usable and of worth to City in having the Agreement completed. Based upon that finding City will determine the final payment of the Agreement.

The City's obligation is payable only from funds appropriated for the purpose of this Agreement. All funds for payments after the end of the current fiscal year are subject to the City's legislative appropriation for this purpose. In the event this Agreement extends into succeeding fiscal year periods

and the City Council does not allocate sufficient funds for the next succeeding fiscal year payments, this Agreement shall terminate immediately upon written notice from the City.

17. Force Majeure. In the event that performance by either party is rendered impossible (permanently or temporarily) due to acts of war, acts of terrorism, fires, floods, epidemics, quarantine restrictions, or other natural occurrences, strikes, work slowdowns, lockouts (other than lockout by Consultant), or other similar acts to those described above or other causes beyond the reasonable control of such party, and without fault or negligence, said event shall excuse performance by such party, or in the case of temporary impossibility, shall excuse performance only for a period commensurate with the period of impossibility. Notwithstanding the foregoing, City shall have the right to terminate this Agreement upon any event that renders performance impossible. In such case, City shall be responsible for payment of compensation for the reasonable value of services rendered to the point at which this Agreement is terminated.

18. Covenants Against Contingent Fees. Consultant warrants that Consultant has not employed or retained any company or person, other than a bona fide employee working for Consultant, to solicit or secure this Agreement, and that Consultant has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this Agreement. For breach or violation of this warranty, City will have the right to terminate this Agreement for nonperformance, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of the fee, commission, percentage, brokerage fees, gift, or contingent fee.

19. Certifications. The Contractor, under penalty of perjury, certifies that, except as noted below, he/she/it or any other person associated therewith in the capacity of owner, partner, director, officer, manager:

- a. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal, State or local agency; and
- b. Has not been suspended, debarred, voluntarily excluded or determined ineligible by any Federal, State or local agency within the past 3 years; and
- c. Does not have a proposed debarment pending; and
- d. Has not been indicted, convicted, or had a civil judgment rendered against him/her/it by a court of competent jurisdiction in any matter involving fraud or official misconduct in connection with obtaining, attempting to obtain, or performing a public (Federal, state or local) transaction or contract under a public transaction; violation of Federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property within the past 3 years; and
- e. Are not presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in the preceding paragraph; and
- f. Have not had one or more public transactions (Federal, State or local) terminated for cause or default within the past 3 years.

If there are any exceptions to this certification, insert the exceptions in the following space.

[Supply exceptions on separate page]

For any exception noted above, indicate below to whom it applies, initiating agency, and dates of action.

[Attach separate page]

These certifications are a material representation of fact upon which reliance was placed when this transaction was made or entered into. The above certifications are part of this Contract. Signing this Contract on the signature portion thereof shall also constitute signature of the above Certifications.

Dominic Russo, President & CEO

Date

20. Jurisdiction, Venue and Governing Law. Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Los Angeles, State of California, and the Parties waive all provisions of law providing for a change of venue in these proceedings to any other county. This agreement will be governed by the laws of the State of California.

21. Testimony. Consultant will testify at City's request if litigation is brought against City in connection with Consultant's services under this agreement. Unless the action is brought by Consultant, or is based upon Consultant's actual or alleged negligence or other wrongdoing, City, upon prior written agreement with Consultant will compensate Consultant for time spent in preparation for testimony, testimony, and travel at Consultant's standard hourly rates at the time of actual testimony.

22. Waivers. The waiver by either Party of any breach or violation of any term, covenant, or condition of this Agreement or of any applicable law will not be deemed to be a waiver of such term, covenant, condition or law or of any subsequent breach or violation of same or of any other term, covenant, condition or law. The acceptance by either Party of any fee or other payment which may become due under this Agreement will not be deemed to be a waiver of any preceding breach or violation by the other Party of any term, covenant, or condition of this Agreement or any applicable law.

23. Authority. The individuals executing this Agreement and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Agreement.

24. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

25. Confidentiality. The Contractor and City shall retain as confidential all documents, reports, information, data, and exhibits prepared or assembled in connection with the performance of the services pursuant to the Agreement that is known to be confidential or proprietary, or which is clearly identified as such, in connection with this Agreement and such information will not be disclosed or used except to the extent that such disclosure or use is reasonable necessary to the performance of this Agreement, or is required by statute, regulation, ordinance, judicial order or other governmental request. Confidential information will not include any information: (i) lawfully obtained or created by the recipient independently of, and without use of, the discloser's confidential information and without breach of any obligation of confidential or violation of HIPPA or the HITECH Act; or (ii) that is in or enters the public domain without breach of any obligation of confidence.

26. Amendments. This Agreement may be modified or amended only be written document executed by both Consultant and City's City Manager and approved as to form by the City Attorney. Such document shall expressly state that it is intended by the parties to amend the terms and conditions of this Agreement.

27. Entire Agreement. This Agreement, together with any other written document referred to or contemplated by it embody the entire Agreement and understanding between the parties relating to the

subject matter of it. The City Manager is authorized, in consultation with the City Attorney, to agree to non-material amendments to this Agreement. Neither this Agreement nor any of its provisions may be amended, modified, waived or discharged except in a writing signed by both parties.

28. Notices. Any notices required or permitted under this Agreement shall be effective when delivered in person; and effective one (1) business day after delivery by facsimile transmission; and effective five (5) days after mailing by U.S. Mail, postage prepaid and properly addressed as follows:

To Consultant:

**Allied Managed Care, Inc.
10445 Old Placerville Road
Sacramento, California, 95827
Attn: Dominic Russo, President & CEO
(916) 563-1900
(916) 563-1919 – fax.**

To City:

**City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Risk Manager
(310) 605-5647582
(310) 898-2096763-0895 – fax.**

In the event of any change of address, the moving party is obligated to notify the other party of the change of address in writing. Each party may amend, supplement and update the notice list to add, delete or replace any listed individuals; however, the amendment must be in writing.

30. Miscellaneous. No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision.

Should either party hereto, or any representative, successor or assign of either party hereto, resort to litigation to enforce the provisions of this Agreement, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its or their reasonable attorney's fees and costs in such litigation from the party or parties against whom enforcement is sought.

IN WITNESS WHEREOF, CONSULTANT has executed this Agreement, and the **CITY**, by its City Manager, who is authorized to do so, has executed this Agreement.

**ALLIED MANAGED CARE, INC.
CONSULTANT**

Dated: _____

By _____
Dominic Russo, President & CEO

CITY OF COMPTON

Approved by:

Dated: _____

By _____

Manager

~~Craig J. Cornwell~~Willie A. Hopkins, Jr., City

Approved as to form:

By _____ Dated: _____
~~Damon M. Brown, City Attorney~~Eric Perrodin, City Attorney–

ATTEST:

Dated: _____

City Clerk

By _____
~~Alita Godwin, City Clerk~~Vernell McDaniel,

July 2, 2024

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: BRYAN SPRAGG, DIRECTOR OF PARKS & RECREATION

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A DONATION AGREEMENT, IN PARTNERSHIP WITH DIOR SUNSET FOUNDATION, ACCEPTING A GRANT FROM KABOOM!. INC. OF THE PARTS AND INSTALLATION OF A NEW PLAYSPACE WORTH AN ESTIMATED VALUE OF EIGHTY THOUSAND DOLLARS (\$80,000) AT LUEDERS PARK.

SUMMARY

This Resolution authorizes the City Manager to enter into a Donation Agreement accepting a gift from KABOOM!, Inc. ("KABOOM!") for the parts and installation of a new playspace at Lueders Park, to be utilized by the City of Compton and Dior Sunset Foundation.

BACKGROUND

KABOOM! is a national, non-profit organization dedicated to giving all children, especially those children living in economically disadvantaged communities, safe and fun places to play. The organization brings people together from diverse backgrounds, from cities to corporations (including non-profits), to create great places to play for all children. KABOOM! serves communities with the purpose to help individuals feel more engaged, connected and united by the common cause of ensuring that all children can thrive every day and everywhere.

Dior Sunset Foundation is a nonprofit organization empowering children and young adults with the skills needed to become a productive member of the community. The organization specializes in teaching social skills, gang involvement prevention, and youth guidance on obtaining an overall healthy lifestyle.

The City Manager's office was contacted by KABOOM! for the purpose of partnering with a funding partner to build a new playspace at Lueders Park in the City of Compton. After successfully submitting interest, the Recreation Department was notified by KABOOM! that the Community Partner Application was approved and the City of Compton ("City") was selected to receive the KABOOM! Community Partner Program Playground Grant for 2024.

The City of Compton, in partnership with Dior Sunset Foundation, will collaborate with KABOOM! Inc. This year, the funding partner has not been identified yet but the project site is slated for Lueders Park. This will mark the fourth grant received from KABOOM! Inc. as the City was awarded a playground grant for its South Park in 2016, Gonzales Park in 2019, and Kelly Park in 2023. The grant contribution, through the funding partner unidentified is committed to donate approximately \$80,000 to cover the costs of supplies, equipment and other ancillary costs. The project would include the demolition of the existing playground, located at Lueders Park, and the coordination of a community build day to install a brand-new playspace.

STATEMENT OF ISSUE

The City of Compton desires to enter into a Donation Agreement with KABOOM! to accept and receive a grant to build a new playspace at Lueders Park. To facilitate the receipt of the grant, the City Council's authorization and acceptance of the grant is required. The proposed Donation Agreement (hereinafter referred to as the "Community Partner Playground Agreement") obligates the City to collaborate with KABOOM!, Dior Sunset Foundation, the unidentified funding partner, and the community residents to design, plan, and build the new playspace at Lueders Park. A summary of the specific obligations of the City and KABOOM! are as follows:

Obligations of the City and Dior Sunset Foundation:

- Fundraise by Dior Sunset Foundation: Dior Sunset Foundation to contribute \$8,500 to KABOOM! for the purpose of applying said funds directly to the purchase of playspace equipment.
- Project Site Provided by City: Community Partner shall provide KABOOM! with proof of land ownership evidenced by either a deed granting title to the property to the Community Partner or a letter from the property owner showing approval for the project.
- Design Day: To host a KABOOM!-facilitated "Design Day" with at least twenty (20) adult volunteers and twenty (20) youth.
- Prep Day: Community Partner shall ensure that the project site is safe for volunteers and children responsibilities includes: prep the site for two (2) weeks before build week, which may include removing existing equipment, footers and safety surfacing grading the land .
- Build Week: Scheduled for Post-July 2024. To recruit ninety (90) volunteers from the community to participate in a three-day installation event for the project.

Obligations of KABOOM!:

- Playspace Build: Provide technical and organizational leadership and guidance for the Project, including:
 - Coordinate funding partner participation, facilitate playground design, work with vendors to procure equipment and materials;
 - Manage construction logistics for the Project, coordinate playground site preparation;
 - Lead Build Day activities, including coordination of Build Day captains and volunteers;
 - Provide educational and promotional materials to support the project, including toolkits online Playground Planner, nametags and other general supplies.
- Inspections: KABOOM!, in conjunction with City, will secure a Certified Playground Safety Inspector to review playground structure at conclusion of Build Day to ensure structure is safe and built to appropriate standards and guidelines

Obligations of Funding Partner:

- Assist the Project with funding for all equipment, parts and supplies.
- There are no long-term obligations of the Funding Partner because the City assumes long term responsibility for the playspace.

FISCAL IMPACT

Funds in the amount of \$8,500 shall be provided by Dior Sunset Foundation at no cost to the City Of Compton.

RECOMMENDATION

It is Staff's recommendation that the City Council adopt the attached Resolution.

**BRYAN SPRAGG,
DIRECTOR OF PARKS AND RECREATION**

APPROVED FOR FORWARDING:

WILLIE A. HOPKINS, JR.
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A DONATION AGREEMENT, IN PARTNERSHIP WITH DIOR SUNSET FOUNDATION, ACCEPTING A GRANT FROM KABOOM!, INC. OF THE PARTS AND INSTALLATION OF A NEW PLAYSPACE WORTH AN ESTIMATED VALUE OF EIGHTY THOUSAND DOLLARS (\$80,000) AT LUEDERS PARK.

WHEREAS, KABOOM!, Inc., ("KABOOM!") is a national, non-profit organization dedicated to giving all children, especially those living in economically disadvantaged communities, safe and fun places to play; and

WHEREAS, the City Manager's office was contacted by KABOOM! for the purpose of partnering with a funding partner to build a new playspace at Lueders Park in the City of Compton; and

WHEREAS, the City is in partnership with Dior Sunset, a nonprofit organization empowering children and young adults with the skills needed to become a productive member of the community. The organization specializes in teaching social skills, gang involvement prevention, and youth guidance on obtaining an overall healthy lifestyle; and

WHEREAS, after successfully submitting interest, the Department of Recreation was notified by KABOOM! that the Community Partner Application was approved and the City of Compton ("City") was selected to receive the KABOOM! Community Partner Program Playground Grant for 2024; and

WHEREAS, the funding partner for this year has not been identified yet but the project site is slated for Lueders Park; and

WHEREAS, the grant contribution, through the funding partner unidentified, is committed to donate approximately Eighty Thousand Dollars (\$80,000.00) to cover the costs of supplies, equipment and other ancillary costs; and

WHEREAS, Dior Sunset Foundation will contribute \$8,500 towards the project; and

WHEREAS, the project would include the demolition of the existing playground located at Lueders Park and the coordination of a community build week to install a brand-new play space; and

WHEREAS, the City of Compton desires to enter into a Donation Agreement with KABOOM! to accept and receive a grant to build a new playspace at Lueders Park.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. That the City Council hereby accepts the KABOOM! Community Partner Program Playground Grant for 2024 for a new playspace at Lueders Park.

Section 2. That the City Manager, with the advice and approval of the City Attorney, is hereby authorized to enter into a Donation Agreement with KABOOM!, Inc. for the installation of a new playground at the Lueders Park with an estimated value of Eighty Thousand Dollars (\$80,000).

Section 3. That a certified copy of this Resolution shall be filed in the offices of the City Manager, City Attorney, City Controller, Parks and Recreation and the City Clerk.

Section 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

RESOLUTION NO. _____

PAGE 3

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the Clerk at a regular meeting thereof held on this _____ day of _____, 2024.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS -
NOES: COUNCIL MEMBERS -
ABSENT: COUNCIL MEMBERS -
ABSTAINS: COUNCIL MEMBERS -

CITY CLERK OF THE CITY OF COMPTON



COMMUNITY PARTNER AGREEMENT

May 14, 2024

KABOOM!, Inc. (referred to herein as KABOOM!) is pleased that Dior Sunset Foundation and the City of Compton (referred to herein as the Community Partner) has agreed to collaborate with KABOOM! and the Funding Partner in the construction of a new playspace at Lueders Park, 1500 Rosecrans Ave, Compton, CA 90221 (the "Project"). This Community Partner Agreement (this "Agreement"), which sets forth the Community Partner's obligations in connection with the Project and certain matters on which the parties have agreed, will, when executed by the duly authorized representatives of each party, supersede any prior agreements and represent the complete legally binding agreement between the parties regarding the Project. The Community Partner acknowledges and agrees the primary source of funding for the Project is a contribution from the Funding Partner. In the event that such a contribution is not funded, then this agreement shall immediately terminate upon written notice thereof from KABOOM!.

1. Obligations of the Community Partner. The Community Partner shall work with KABOOM! and the Funding Partner as well as community residents to design, plan, and build the Project. By executing this Agreement, the Community Partner is unconditionally agreeing to each of the following obligations, in each case meeting the requirements provided by KABOOM!:
 - (a) Contribution. In support of the Project, the Community Partner must contribute \$8,500 to KABOOM!, which will apply the funds directly to the purchase of the equipment. KABOOM! will invoice the Community Partner for such amount promptly following the execution of this Agreement, which amount must be paid in full at least thirty (30) days prior to the Project's Build Week (as defined below).
 - (b) Project Site.
 - (i) Ownership. At the time of execution of this Agreement, the Community Partner shall provide KABOOM! with proof of land ownership evidenced by either a deed granting title to the property to the Community Partner or a letter from the property owner showing approval for the Project. The Community Partner is the owner of the playspace in its entirety, for the lifetime of the product, including the equipment and/or safety surfacing at the time purchased by KABOOM! with the financial resources provided by the Funding Partner.
 - (ii) Permits. Prior to Build Week, the Community Partner shall obtain or cause to be obtained all necessary permits and licenses regarding the installation, possession, and use of the playspace in compliance with applicable laws and regulations.
 - (iii) Preparation. The Community Partner shall ensure that the Project site is safe for volunteers and children, which responsibility includes: (1) preparing the site for the installation of the Project at least two weeks before Build Week, which may include removing existing equipment, footers, and safety surfacing, grading the land, repairing existing surfacing and removing fencing (2) conducting up to two (2) utility checks as reasonably requested by KABOOM! with the appropriate utility companies, with the first test being completed before Design Day (as defined below) and with all utility check documentation provided upon completion to the KABOOM! Project Manager who shall supervise the planning and installation of the equipment (the "Project Manager"); and (3) conducting up to two (2) soil site tests as reasonably requested by KABOOM!, with the first test being completed before Design Day and with all soil check documentation provided to the Project Manager upon completion. The Community Partner is responsible

for undertaking any necessary risk mitigation should the soil be deemed unsafe for children and volunteers.

- (iv) Safety and Security. The Community Partner shall ensure the security of equipment, tools, supplies, and well-being of the adults and children from the beginning of the preparation activities until the conclusion of Build Week, including any postponement. The Community Partner shall also ensure that all volunteers sign a waiver and designate a CPR certified staff member or volunteer to serve as the safety leader onsite for the Build Week.
- (v) Maintenance. Maintenance of the facility and supervision of its use is the sole responsibility of the Community Partner. The Community Partner shall collaborate with KABOOM! during the Project planning process to develop a maintenance program (a copy of which has been provided) for the play equipment and, with the support of the property owner (if owner is a separate party), shall maintain the equipment and the property before and after the Build Week to ensure a safe and attractive playspace. It is also the responsibility of the Community Partner to ensure that no one enters the playground within 72 hours of the completion of the final Build Day. Anyone accessing and/or touching the playground within 72 hours of its completion could prevent the concrete from curing properly or the surfacing (if rubber) from setting properly, leading to long-term damage that would be the responsibility of the Community Partner to repair. In furtherance of the foregoing, in the event any equipment included in the Project no longer is permitted for any reason to be located at its original site of construction or such site is no longer controlled by the Community Partner for any reason, then the Community Partner promptly shall notify KABOOM! following its becoming aware of such situation and shall, at the Community Partner's sole cost and expense, take such steps as may be necessary to promptly and safely relocate the equipment (including any permanent signage and other fixtures) to an alternate site that serves children or to ensure that the successor controlling person of such site shall continue to make such equipment available to children in the same manner contemplated as of the Build Week and maintain (or permit the Community Partner to maintain) such play equipment in accordance with the maintenance program. In addition, if applicable, the Community Partner shall accept and maintain engineered wood fiber as play equipment safety surfacing, meeting standards established by Consumer Product Safety Commission guidelines, for the lifetime of the playspace. Guidance and materials for the purpose of developing a maintenance plan for the playspace are available, upon request, from the play equipment and safety surfacing manufacturers.
- (c) Design Day. The Community Partner agrees to host a KABOOM! facilitated Design Day event with at least twenty (20) adult volunteers and twenty (20) youth. Such adult volunteers shall remain engaged in the planning activities throughout the Project's planning process.
- (d) Build Week. The Community Partner shall recruit up to 90 total community volunteers to participate in a 3-day volunteer installation event (to be comprised of 30 volunteers on Day 1, 10 volunteers on Day 2 and 50 volunteers on Day 3) scheduled to occur on a mutually agreed upon date which will be referred to herein as the Build Week. The Community Partner shall ensure that all volunteers sign a waiver (a copy of which has been provided). During the Build Week, the Community Partner shall provide food, water, tools, dumpsters, music, hand washing and/or hand sanitizing facilities, and restroom facilities for all volunteers on each day.
- (e) Promotion; Intellectual Property. The Community Partner shall seek prior approval from KABOOM! and/or the Funding Partner for any materials that reference the Project or contain the name, trademarks, service marks, logos and other intellectual property (collectively, and together with all goodwill attached or which shall become attached to any of them, the "Marks") of KABOOM! and/or the Funding Partner, including press releases, fliers, and promotional materials. The Community Partner acknowledges and agrees that each of KABOOM! and the Funding Partner is the sole owner of all rights, title, and interest in and to its respective Marks. The parties acknowledge that KABOOM! and the Funding Partner may take all steps to protect their Marks as they deem appropriate. Any use of the Marks will inure to the sole benefit of KABOOM! or the Funding Partner (as applicable). The Community Partner shall not use the Marks in any manner that would

harm the reputation of KABOOM! or the Funding Partner or disparage or negatively reflect upon the Marks. Upon expiration of or termination of this Agreement for any reason, the Community Partner shall cease all use of the Marks. The Community Partner shall collaborate with KABOOM! and the Funding Partner to secure media coverage for the Project.

- (f) Signage. The Community Partner shall allow the names and logos of KABOOM! and the Funding Partner to be displayed on permanent signage (a copy of which has been provided) and shall be no greater than 19 ½ inches wide by 30 ¼ inches tall and mounted on poles in a mutually agreed location. If applicable, the Community Partner shall allow individual instructional signs to accompany the equipment.
- (g) Costs. The Community Partner is solely responsible for and shall hold KABOOM! and the Funding Partner harmless from any costs incurred by the Community Partner for any prior site preparation, upgrades, or improvements, or any equipment or materials purchased to supplement those secured by KABOOM!.
- (h) Warranty. The equipment and the safety surfacing related to the Project may be covered under warranty by the applicable manufacturers (a copy of which has been provided). The Community Partner acknowledges that any warranties and/or guarantees on any equipment or material are subject to the respective manufacturer's terms thereof, and the Community Partner agrees to look solely to such manufacturers for any such warranty and/or guarantee. Neither KABOOM! nor the Funding Partner nor any of their respective affiliates, directors, officers, managers, partners, members, shareholders, employees, agents or representatives, have made nor are in any manner responsible or liable for any representation, warranty, or guarantee, express or implied, in fact or in law, relative to any equipment or material, including its quality, mechanical condition or fitness for a particular purpose.
- (i) Insurance. The Community Partner (or such other appropriate entity to which KABOOM! consents in writing) shall obtain and maintain from no less than seven (7) days prior to the Build Week and through the first anniversary of the Build Week, commercial general liability insurance (providing coverage against liability for bodily injury, death, and property damage that may arise out of or be based upon the use of the equipment) with a limit of not less than one million dollars (\$1,000,000) per occurrence. The Community Partner shall also obtain and maintain worker's compensation insurance policies with statutory limits for the state in which the work is performed for their volunteer employees. Within seven (7) days from execution of this Agreement, the Community Partner shall provide to KABOOM! a copy of a certificate from its insurer indicating the nature, scope, duration, and amount of insurance coverage, and naming KABOOM! and the Funding Partner as additional insureds under such policy, which insurance shall be primary over any other insurance covering KABOOM! and the Funding Partner and which policy shall provide that KABOOM! and the Funding Partner is given at least thirty (30) days prior written notice of any change or cancellation of coverage.
- (j) Indemnification. The Community Partner shall indemnify and hold harmless KABOOM!, the Funding Partner and their respective affiliates, directors, officers, managers, partners, members, shareholders, employees, agents, and representatives from any and all losses, liabilities, claims, actions, fees, and expenses (including interest and penalties due and payable with respect thereto and reasonable attorneys' and accountants' fees and any other reasonable out-of-pocket expenses incurred in investigating, preparing, defending, or settling any action), including any of the foregoing arising under, out of or in connection with any breach of this Agreement, resulting from any actions taken by the Community Partner associated with this Project or resulting from the use of any play property and equipment, including those for personal injury, death, or property damage, except to the extent resulting from the gross negligence or willful misconduct of such indemnified person. This provision shall survive any termination or expiration of this Agreement.
- (k) Data and Reporting. The Community Partner shall distribute and complete play-related surveys, provided by KABOOM!, to its stakeholders, including parents/caregivers, volunteers, and staff (i) promptly following the execution of this agreement (ii) 2 weeks following the completion of the Project (iii) 12 months after the completion of the Project. Additionally, the Community Partner shall use its reasonable efforts to provide KABOOM! with any other information related to the Project that KABOOM! may request.

- (l) Code of Conduct. The Community Partner agrees to comply with the build site rules (a copy of which has been provided). The Community Partner shall allow the build site rules to be displayed on site and communicate and enforce the build site rules for all participants in the Project's Design Day and Build Week events.

2. Obligations of KABOOM!.

- (a) Project. KABOOM! shall provide technical and organizational leadership and guidance for the Project and shall:
 - (i) Coordinate Funding Partner participation, facilitate design, including regular planning meetings, and work with vendors to procure equipment and materials in a timely manner, except to the extent that safety surfacing other than engineered wood fiber is used, which shall be procured by the Community Partner.
 - (ii) On the behalf of and in collaboration with the Community Partner, KABOOM! shall manage construction logistics for the Project, coordinate site preparation activities with the Community Partner, inventory equipment and materials, and assure that the necessary small hand tools and materials and other general supplies are available on the Build Week; Lead the Build Week activities, including the coordination of Build Week volunteers.
 - (iii) Make available certain educational and promotional materials related to the Project.
- (b) Inspection. KABOOM!, in collaboration with the Community Partner, will secure an Installation Supervisor to review the structure at the conclusion of the Build Week to ensure that the structure is safe and built to all appropriate standards and guidelines, unless the installation is not completed during the Build Week due to failure of the Community Partner, in which case the Community Partner shall secure the Installation Supervisor.
- (c) Promotion. KABOOM! will provide proposed promotional materials relating to the Project for the Community Partner's review and approval, which approval shall not be unreasonably withheld or delayed.
- (d) Website Listing. KABOOM! will place the playspace on its list of KABOOM! builds on the KABOOM! website, and KABOOM! will send information to the Community Partner on maintenance programming and enhancements.

3. Build Week Postponement.

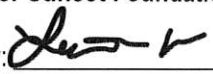
- (a) Public Health Compliance. KABOOM! will adhere to public health and safety guidelines as required. If health conditions do not allow project completion within close to the originally scheduled date, project will be rescheduled on a mutually agreed upon date or converted to a professional installation with no volunteers participating in building the playspace.
- (b) Weather or other conditions unrelated to Public Health. Build Week shall not be postponed except when weather or other conditions jeopardize the safety of the volunteers or threaten the structural integrity of the playspace. The decision to postpone the Build Week will be made by majority agreement of the representatives of KABOOM!, the Community Partner, and the Funding Partner, except where such decision must be made by KABOOM! on the construction site and representatives of the Community Partner and the Funding Partner are not available for consultation. In the event that the Build Week is postponed, KABOOM!, the Community Partner, and the Funding Partner shall develop a plan for rescheduling the Build Week at the next earliest date possible for each party. The Funding Partner shall be responsible for all additional expenses related to the rescheduled Build Week, including, without limitation, equipment, labor and materials, storage and travel costs and expenses; provided, however, that the Funding Partner shall be notified of the estimated amount of such additional expenses in connection with rescheduling of the Build Week. Notwithstanding the foregoing, in the event that the date of the Build Week is cancelled or changed as a result of the Community Partner's failure to satisfy its obligations in connection with the Project, then the Community Partner shall be

liable to KABOOM! and the Funding Partner for all such additional expenses related to the rescheduled Build Week.

4. Funding Partner Relations. KABOOM! has a separate contract with the Funding Partner pursuant to which the Funding Partner has agreed to provide financial and human resources for the Project. In recognition of the Funding Partner's contribution of such resources, the Funding Partner shall receive first placement on any recognition materials developed for the Project, including signage, banners, T-shirts, press releases, website and newsletter stories, and flyers, and the Community Partner shall not solicit sponsors or donors in relation to the Project whose products or services directly compete with the products or services of the Funding Partner as identified to the Community Partner by KABOOM! and/or the Funding Partner. In the event the Community Partner solicits other sponsors or donors, then the Community Partner shall not permit such sponsors or donors to compete with the Funding Partner for signage and sponsorship recognition.
5. Termination. In the event that the Community Partner fails to make the payments required under Section 1(a) or otherwise breaches this Agreement, KABOOM! may terminate this Agreement upon written notice to the Community Partner of such termination. Furthermore, if either party is delayed or prevented from fulfilling any of its obligations hereunder by any cause beyond its reasonable control, including acts of God, acts or omissions of civil or military authorities, fire, strike, flood, riot, act of terrorism, war, transportation delay, or inability due to such causes to obtain required labor, materials or facilities, such party shall not be liable hereunder for such delay or failure and either party may terminate this Agreement if the other is unable to perform any obligation hereunder for a period longer than ten (10) calendar days due to such force majeure event, in which case KABOOM! shall refund to the Community Partner any amounts paid to KABOOM!, less expenses already committed and/or incurred prior to the date of such termination. If, upon termination as provided herein, the sum due KABOOM! by the Community Partner exceeds the sum paid to KABOOM! hereunder, the Community Partner shall pay KABOOM! for any such additional sum due upon presentation of appropriate documentation within thirty (30) days of invoice. Except as set forth above, upon any termination, this Agreement shall become void and have no effect, and no party shall have any liability to the other party, except that nothing herein will relieve any party from liability for any intentional breach of this Agreement prior to such termination.
6. General Provisions. The Community Partner represents to KABOOM! that all information provided by it to KABOOM!, including in the application, is true, correct and complete in all respects and does not omit any information relevant to the Project. Each party has all requisite power and authority, including any necessary approval by its governing body, to execute and deliver this Agreement, and to perform its obligations hereunder. This Agreement may not be assigned or transferred by either party without the prior written consent of the other party hereto. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and permitted assigns, and where expressly stated, their affiliates and representatives. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to conflicts of laws principles to the extent that the application of the laws of another jurisdiction would be required thereby. This Agreement may be altered, modified, or amended only by a written document signed by both parties. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which, when taken together, shall constitute the same agreement and may be delivered by facsimile or electronic mail transmission with the same force and effect as if originally executed copies hereof were delivered. Any notices required or permitted to be given hereunder shall be sent by certified or registered United States mail, postage prepaid, by personal delivery addressed to the applicable party or by facsimile or electronic mail transmission (the receipt of which is confirmed) at the address set forth under such party's signature below. The Funding Partner shall be an intended third party beneficiary of Sections 1(b), (e), (f), (g), (h), (i), and (j) and Sections 2(b), 3, 4 and 6 of this Agreement and is entitled to enforce its rights under such sections as if it were a party to this Agreement.

By executing this Community Partner Agreement where indicated below, each of KABOOM! and the Community Partner agrees, as of the date identified above, to be legally bound by all of the terms and provisions set forth above.

Dior Sunset Foundation

By: 
Date: 05/14/24

Name: Latreasha Nolen
Title: South LA Clinical Director

Address:
1315 N Bullis Rd,
Compton Ca 90221
T: 562-537-7475
e-mail: latreasha@diorsunset.com

City of Compton

By: _____
Name: Willie A. Hopkins Jr.
Title: City Manager
T: 310-605-5585
e-mail: whopkins@comptoncity.org

By: _____
Name: Eric J. Perrodin
Title: City Attorney
T: (310) 605-5582
e-mail: eperrodin@comptoncity.org

By: _____
Name: Vernell McDaniel
Title: City Clerk
T: (310) 605-5530
e-mail: vmcdaniel@comptoncity.org

Address:
205 South Willowbrook Avenue
Compton, CA 90220

KABOOM!, Inc.

By: _____
Date: _____

Name: Gerry Megas
Title: Chief Financial Officer

Address:
7200 Wisconsin Avenue, Suite 400
Bethesda, MD 20814
T: (202) 464-6180
F: (202) 659-0210
e-mail: gmegas@kaboom.org

Contact information from the Community Partner who should receive KABOOM! invoices:

Name: Latreasha Nolen
Title: South LA Clinical Director
Telephone number: 562-537-7475
Mailing Address: 1315 N Bullis Rd, Compton Ca 90221
Email: latreasha@diorsunset.com

CITY OF COMPTON
DONATIONS ACCEPTANCE FORM

PART I: DONOR INFORMATION

Name/Title of Employee Completing Form: Bryan Spragg, Recreation Director Date: 06-14-2024

Name of Donor: KABOOM!, Inc.

Check box if donor is Anonymous: ☐ Official Date of Donation: May 2024

Tel: (202) 464-6180 Mailing Address: 7200 Wisconsin Avenue, Suite 400 Bethesda, MD 20814

Email address: gmegas@kaboom.org

Relationship of Donor to City or Foundation: None

Charitable Tax Receipt Received? ☐ Has the Donor requested Recognition for their gift? Y ☐ N ☒

Please check box if: Donation is being made to the “City” ☒ or the “Foundation” ☐

PART II: DESCRIPTION OF ITEM(S) DONATED: {Please check all applicable boxes. Attach Sheet for Additional Items}:

Cash/Check/Wire/ Payroll Deduction/ Or Credit Card ⁱⁱ ☐ (please circle one)		Other Financial Instrument {ie: Stocks, Bonds, Notes, etc...} ☐		Professional or Personal Services (see table below) ☐		Supplies or Equipment (see table below) ☐		Pledge of Periodic Payments (see table below) ☐		Other (i.e. Real Property, Artwork or please describe below) ⁱⁱⁱ ☐	
Item #	Description	Serial #; Model #; Original Title Obtained (Y/N)?	\$Dollar\$ Value On Date Received {Without documentation, dona will be recorded at \$1} (check box if external appraisal is require	Date(s) Received/ Or To-Be Received	Condition {New; Used; or Requires Modification}						
<u>1</u>	Donation is being made to upgrade the playground equipment at Lueders Park.	Title ☐	\$80,000	May 2024	N/A						
<u>2</u>		Title ☐									
		Total:	\$								

Will the Donated Item Require Any of the Following (please check all applicable boxes):

Service, Repair, Maintenance, or Certification? ☒ Costs for Storage, Pick-up, Installation? ☐

Safety Issue? ☐ Hazardous Materials Issue? ☐

Please Explain: Upon completion of the donated playground equipment, the (continued below)

CITY OF COMPTON
DONATIONS ACCEPTANCE FORM

City of Compton will be tasked with the future maintenance of the playground equipment at Lueders Park. The annual maintenance cost for the city is undetermined at this time

If the donated item(s) has a value of \$1,000 or more, has it been examined and determined that it has a useful life of at least one year and requires no repair or some form of maintenance? MARK THE BOX: NO YES

Equipment Inspected By (attach appraisal in PDF):
Date Inspected:
Final Location or Storage arrangement:

PART III: USE OF DONATED ITEM

This donation involves a: (Please check all applicable boxes)

Time Restriction Purpose Restriction Permanent Restriction Temporary Restriction
Gift is to be retained and used for designated Purpose Gift may be sold, proceeds used for designated purpose (if gift is sold within three (3) years of the date of contribution, IRS Form 8282 will be sent to the donor and the IRS)

What is the proposed use of the donated item(s)? What are the restrictions? Please explain or attach: (If unrestricted, please put N/A): The purpose of this donation is to replace and upgrade the playground equipment at Lueders Park.

CUSTOMER Name (please print):
CUSTOMER SIGNATURE:

Make check payable to City of Compton. Checks made payable to the City of Compton may not be tax deductible. Donor should consult their tax attorney
Credit card information section and signature line, pop up or drop down fields are preferred:

Enter credit card information. Visa Master card Discover American Express
* Credit Card Number: (enter numbers without spaces) Card Code:
* Expiration Date: (MM/YY)
* Total Amount: \$

CITY OF COMPTON
DONATIONS ACCEPTANCE FORM

PART IV*:

DEPARTMENT/PROGRAM RECEIVING BENEFIT OF GIFT (Please check all applicable boxes):

Table with 6 columns: ID, Department/Program, Check Box, ID, Department/Program, Check Box. Rows include Mayor and Council, City Attorney, City Clerk, City Controller, Public Works, Fire, Non-Departmental, Successor Agency, Others, City Manager, City Treasurer, Community Improvement Services, Community Development, Internal Services, Parks and Recreation, and Water.

REVENUE-TYPE (Please check all applicable boxes):

Table with 6 columns: ID, Revenue Type, Check Box, ID, Revenue Type, Check Box. Rows include Donations - Unrestricted*, Special Events, Fire Special Events, Special Annual Events, Cultural Special Events, Misc - Credit, Unrestricted Contributions- Goods*, Unrestricted Contributions- Services*, Restricted Contributions- Goods*, Restricted Contributions- Services*, and Restricted Contributions - CASH of Financial Instrument.

* Restricted means – Donor specified time and/or purpose of use

END OF FORM

i Make check payable to City of Compton. Checks made payable to the City of Compton may not be tax deductible. Donor should consult their tax attorney
ii Credit card information section and signature line, pop up or drop down fields are preferred:
Enter credit card information.
* Credit Card Number: (enter numbers without spaces) Zip Code:
* Expiration Date: (MM/YY) Card Code
* Total Amount:
iii If Artwork, then please contact the City Manager’s Department
iv If nothing is filled out, or if no restriction is specified here, then the donation is deemed “Unrestricted” automatically, and will be used at the discretion of the City Council.
v Restricted means – Donor specified time or purpose of use
vi Restricted means – Donor specified time or purpose of use
vii Restricted means – Donor specified time or purpose of use
viii Restricted means – Donor specified time or purpose of use

CITY OF COMPTON

DONATIONS ACCEPTANCE FORM

ⁱx IRS Form 8282 is for done organizations to report information to the IRS and donors about dispositions of certain charitable deduction property made within 3 years after the donor contributed the property.

July 2, 2024

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY CLERK

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE (3) YEAR AGREEMENT FOR THE RENEWAL OF COMPUTER SOFTWARE MAINTENANCE AND SUPPORT, AND AGENDA MEDIA SERVICES, AMEND THE FISCAL YEAR 2024-2025 CITY CLERK BUDGET, AND ESTABLISH A PURCHASE ORDER WITH HYLAND SOFTWARE, INC. FOR AGENDA DOCUMENT MANAGEMENT AND PUBLIC MEETING MANAGEMENT FOR DOLLAR AMOUNT OF NINETY-EIGHT THOUSAND, SIX HUNDRED THIRTY-FOUR DOLLARS AND TWENTY-SEVEN CENTS. (\$98,634.27).

SUMMARY

Adoption of the attached resolution will authorize the City Manager to enter into a three (3) year agreement with Hyland Software, Inc. for the renewal of computer software maintenance, support, and agenda media services for the City's paperless agenda software application and the public meeting management system, authorize a budget amendment to the FY2024-2025 City Clerk Department Budget, and authorize the establishment of a purchase order in the amount of Thirty Thousand Five Hundred Thirty-One Dollars and Two Cents (\$30,531.02).

BACKGROUND

In 2018, the City contracted with Hyland Software Inc. to provide computer software product maintenance, and support of an automated agenda system designed to provide for the effective processing, record keeping, and use of the City's website agenda access, and to provide streaming media management software and services that would facilitate the streaming and distribution of live and archived video and audio content from public meetings. This enhanced the City's government transparency and public access to its legislative bodies' meetings.

STATEMENT OF ISSUE

The City maintained a contract with Hyland Software for five years from 2018-2023. It is now crucial to renew the contract to maintain services throughout the City for the agenda process.

Funds for this expenditure of Thirty Thousand Five Hundred Thirty-One Dollars and Two Cents (\$30,531.02) for the first twelve months of the agreement will be available in the 2024-2025 fiscal year budget in Account No. 1001-470-000-4222. Funds for the remaining years of the agreement will be allocated in future City budgets.

RECOMMENDATION

It is recommended that the Council adopt the attached Resolution.

VERNELL MCDANIEL
CITY CLERK

APPROVED FOR FORWARDING:

WILLIE A. HOPKINS
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE (3) YEAR AGREEMENT FOR THE RENEWAL OF COMPUTER SOFTWARE MAINTENANCE AND SUPPORT, AND AGENDA MEDIA SERVICES, AMEND THE FISCAL YEAR 2024-2025 CITY CLERK BUDGET, AND ESTABLISH A PURCHASE ORDER WITH HYLAND SOFTWARE, INC. FOR AGENDA DOCUMENT MANAGEMENT AND PUBLIC MEETING MANAGEMENT FOR DOLLAR AMOUNT OF NINETY-EIGHT THOUSAND, SIX HUNDRED THIRTY-FOUR DOLLARS AND TWENTY-SEVEN CENTS. (\$98,634.27).

WHEREAS, in 2018, the City contracted with Hyland Software Inc. to provide computer software product maintenance and support of an automated agenda system designed to provide for the effective processing, record keeping, and use of the City's website agenda access, and to provide streaming media management software and services that would facilitate the streaming and distribution of live and archived video and audio content from public meetings; and

WHEREAS, the use of this software has enhanced the City's government transparency and public access to its legislative bodies' meetings; and

WHEREAS, Hyland Software, Inc. has consistently and satisfactorily serviced and maintained the current system and programs, and maintaining such specifications is vital to the effective operations of the City's business; and

WHEREAS, staff recommends authorization of a multi-year (i.e., 3 years) contract with Hyland Software, Inc.; and

WHEREAS, A budget amendment is being requested to amend the City Clerk Department's FY 2024-2025 Budget as follows:

Increase in appropriations to the following account:

Account No. 1001-470-000-4222, General Fund, Software Services, for an amount of \$98,634.27

Decrease in appropriations to the following account:

Account No. 1001-470-000-4262, General Fund ,Other Professional Services, for an amount of \$98,634.27

WHEREAS, the fees of \$30,531.02 for the first twelve (12) months of the agreement are available in the 2024-2025 Fiscal Year Budget ; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE:

Section 1. That the City Manager, upon the advice and approval of the City Attorney is hereby authorized to enter into a three (3) year renewal of computer software maintenance and support, and agenda media services agreement with Hyland Software, Inc. for the computer software systems and programs for the City's paperless agenda software application and the public meeting management system.

Section 2. That the three (3) year term of the agreement shall commence effective as of the date the agreement is fully executed by the parties, or late date mutually agreed upon by the parties.

Section 3. That a budget amendment is authorized to amend the City Clerk Department's FY2024-2025 budget as follows:

Increase in appropriations to the following account:
Account No. 1001-470-000-4222, General Fund, Software Services, for an amount of \$98,634.27

Decrease in appropriations to the following account:
Account No. 1001-470-000-4262, General Fund ,Other Professional Services, for an amount of \$98,634.27

Section 4. That a purchase order is authorized to be established in the amount of thirty thousand five hundred thirty-one dollars and two cents (\$30,531.02) for services rendered by Hyland Software, Inc. during the twelve (12) months of the agreement. Funds for the remaining years of the agreement will be allocated in future City budgets.

Section 5. That the funds for the agreement expenditures are available in the 2024-2025 Fiscal Year budget in Account No. 1001-470-000-4222

Section 6. That a copy of this Resolution shall be filled in the offices of the City Clerk, City Manager, City Attorney, City Controller, and Information Technology (IT).

Section 7. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor, and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____, 2024.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-

RESOLUTION NO. _____
PAGE 3

ABSTAIN: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

MAINTENANCE AND SUPPORT SUBSCRIPTION ORDER FORM

This Maintenance and Support Subscription Order Form ("Order Form ") is made and entered into effective as of the date that the last party to sign this Order Form has executed the same (as indicated by the date entered by such party with its signature below) ("Order Form Effective Date"), by and between Hyland Software, Inc. ("Hyland") and City of Compton ("Customer") and is governed by the Master Agreement with an Effective Date of February 7, 2018. Hyland and Customer agree that in the event a new agreement is executed by Hyland and Customer, and that such agreement governs the Software provided in this Order Form, then to the extent applicable the terms of the new agreement shall govern this Order Form.

1. DEFINED TERMS: Capitalized terms used in this Order Form and not defined herein are used herein with the same meanings given such terms under the Master Agreement between the parties for the Existing Software referenced in this Order Form.

2. PERMISSION TO ISSUE INVOICE: Customer acknowledges and agrees that, when this Order Form is signed by both parties, Hyland is permitted to invoice Customer for the matters described herein and as more particularly set forth in this Amendment. Commencing on or after the Order Form Effective Date, Hyland shall invoice Customer for the period commencing on June 1, 2024, and Customer shall pay such invoice in accordance with the terms of the Master Agreement.

3. SUBSCRIPTION FOR MAINTENANCE AND SUPPORT IN CONNECTION WITH THE SOFTWARE LICENSED BY CUSTOMER: The Master Agreement is extended for the period commencing on June 1, 2024 through May 31, 2027. Customer shall pay annual Maintenance and Support subscription fees of the Software outlined in Exhibit A in the amount of \$98,634.27 (as detailed in the tables below). Subscription fees are due prior to the commencement of the applicable annual period. On June 1, 2027, the Master Agreement will renew for successive terms of one year each (for subscription fees as invoiced by Hyland or otherwise mutually agreed by the parties), unless and until either party provides at least thirty days advance written notice of non-renewal, in which case this Order Form and associated Master Agreement, shall terminate at the end of the then current term.

Agenda Media Subscription fees:

	Subscription fees
June 1, 2024 – May 31, 2025	\$ 11,861.57
June 1, 2025 – May 31, 2026	\$ 12,751.19
June 1, 2026 – May 31, 2027	\$ 13,707.53

Software Subscription fees

	Subscription fees
June 1, 2024 – May 31, 2025	\$ 18,669.45
June 1, 2025 – May 31, 2026	\$ 20,069.65
June 1, 2026 – May 31, 2027	\$ 21,574.88
Total Amount	\$98,634.27

4. MAINTENANCE INVOICE LE01-291783: Pursuant to the terms of the Master Agreement, upon the Order Form Effective Date, Customer is obligated to pay to Hyland, Software License Fees as described under Agenda Media Invoice number LE01-291783 issued on February 14, 2023, in the amount of \$11,034.02. Failure to make such payment will result in breach of payment terms resulting in termination of this Order Form and Master Agreement.

IN WITNESS WHEREOF, the parties have executed this Order Form as of the day and year set forth after their respective names below:

CITY OF COMPTON

HYLAND SOFTWARE, INC.

By:

By:

Print Name:

Print Name:

Title:

Title:

Date:

Date:

Hyland Legal

Approved By:

Date:

EXHIBIT A

Product Name	Quantity
OnBase Agenda Concurrent Client	11
OnBase Agenda	1
Agenda To Go	1
Local Government Concurrent Client	5
Local Government Full-Text Indexing Concurrent Client for Autonomy IDOL	5
Local Government Full-Text Indexing Server for Autonomy IDOL	1
Local Government Office Business Application	1
Local Government Integration for Microsoft Outlook	1
Local Government Unity Client Server	1
Local Government Workflow Concurrent Client SL	5
Local Government Web Server	1
Unity Forms	1
Unity Integration Toolkit	1
Agenda Media Service - 750 kbps Streaming	1

July 2, 2024

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: CITY MANAGER

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
APPROVING A MUNICIPAL LAW ENFORCEMENT SERVICES
AGREEMENT WITH LOS ANGELES COUNTY FOR FISCAL YEARS
2024-2025 THROUGH 2028-2029**

SUMMARY

Council will consider approving a resolution authorizing the City Manager to execute a Municipal Law Enforcement Services Agreement with the County of Los Angeles for the provision of law enforcement services by the Sheriff's Department within the municipal boundaries of the City of Compton and approving the contract for the following Fiscal Years; 2024-25, 2025-26, 2026-27, 2027-28, 2028-29.

BACKGROUND

On September 12, 2000, the City entered into an agreement with Los Angeles County for provision of law enforcement services. The current Municipal Law Enforcement Services Agreement expired on June 30, 2024.

On June 25, 2024, City Council approved the Fiscal Year 2024-2025 Budget that allocated Twenty-Seven Million, Eight Hundred Thirty-Seven Thousand, and Eight Hundred Seventy-Two Dollars (\$27,837,872.00) to the Los Angeles County Sheriff's Department for law enforcement services. However, the City was still in negotiations regarding the terms of the agreement.

STATEMENT OF THE ISSUE

In order to continue law enforcement services, the City needs to execute a new five (5) years agreement with Los Angeles County. City staff has reviewed the proposed new agreement, which provides for general law enforcement services and lays out the overall framework under which those services will be provided. The City will work with the Station Captain to address individual City priorities and goals. The Contract would remain in force until June 30, 2029. The annual contract cost authorizes a specific service level and can be increased or decreased depending on City needs. The contract cost covers the sworn personnel, Station Captains, clerical support, vehicles, and equipment. The 5 year contract extension was emailed to the City Manager from Contract Law on Thursday, June 27, 2024.

FINANCIAL IMPACT

By taking this action, the Council will not increase the City's financial obligation for this Fiscal Year. Los Angeles County Sheriff services for this fiscal year have already been approved and will be paid from FY 2024-2025 Budget in Account No.1001-680-000-4271 in the amount of \$20,698,099.00 and 1004-680-000-4271 in the amount of \$1,888,041.00, 1033-680-000-4262 in the amount of \$150,866.00, 1033-680-000-4962 in the amount of \$866.00 and 2810-680-000-4271 in the amount of \$5,100,000.00 for a total of \$27,837,872.00.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution authorizing the City Manager to enter into a municipal law enforcement services agreement with the Los Angeles County for the period of July 1, 2024 through June 30, 2029.

WILLIE A. HOPKINS JR.
CITY MANAGER

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
APPROVING A MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT
WITH LOS ANGELES COUNTY FOR FISCAL YEARS 2024-2025 THROUGH
2028-2029**

WHEREAS, the City of Compton has contracted with the County of Los Angeles for the provision of law enforcement services by the Sheriff's Department within the municipal boundaries of the City of Compton since September 2000; and

WHEREAS, the current law enforcement services agreement expired on June 30, 2024; and

WHEREAS, on June 25, 2024, City Council approved the Fiscal Year 2024-2025 Budget that allocated Twenty-Seven Million, Eight Hundred Thirty-Seven Thousand, Eight Hundred Seventy-Two Dollars (\$27,837,872) to the Los Angeles County Sheriff's Department for law enforcement services for fiscal year 2024-25; and

WHEREAS, however the City was still in negotiations with Los Angeles County regarding the contract terms; and

WHEREAS, the City of Compton will enter into a five-year Law Enforcement Services agreement with the Los Angeles County Sheriff's Department for the period of July 1, 2024 through June 30, 2029; and

WHEREAS, the City Council wishes to continue to contract with the County of Los Angeles for the provision of law enforcement services by the Sheriff's Department within the municipal boundaries; and

WHEREAS, funds for payment of services have been allocated in the Fiscal Year 2024-2025 Budget in Account No.1001-680-000-4271 in the amount of \$20,698,099.00 and 1004-680-000-4271 in the amount of \$1,888,041.00, 1033-680-000-4262 in the amount of \$150,866.00, 1033-680-000-4962 in the amount of \$866.00 and 2810-680-000-4271 in the amount of \$5,100,000.00 for a total of \$27,837,872.00.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES
HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City Manager, upon the advice and approval of the City Attorney is authorized to execute a Municipal Law Enforcement Services Agreement with the County of Los Angeles for the provision of law enforcement services by the Sheriff's Department within the municipal boundaries of the City of Compton.

SECTION 2. That the term of the Municipal Law Enforcement Services Agreement shall be from July 1, 2024 through June 30, 2029.

SECTION 3. That funds for payment of services rendered during Fiscal Year 2024-2025 have been allocated in Account No.1001-680-000-4271 in the amount of \$20,698,099.00 and 1004-680-000-4271 in the amount of \$1,888,041.00, 1033-680-000-4262 in the amount of \$150,866.00, 1033-680-000-4962 in the amount of \$866.00 and 2810-680-000-4271 in the amount of \$5,100,000.00 for a total of \$27,837,872.00.

SECTION 4. That future payments for the remaining years of the Agreement will be appropriated at the adoption of future City budgets.

SECTION 5. That a certified copy of this Resolution shall be filed in the offices of the City Clerk, City Manager, City Attorney, City Controller, and the Los Angeles County Sheriff's Department, Compton Station.

SECTION 6. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Vernell McDaniel, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council, signed by the Mayor, and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____, 2024.

That said Resolution was adopted by the following vote:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAINS: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

**MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND CITY OF COMPTON**

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**MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND CITY OF COMPTON**

This Municipal Law Enforcement Services Agreement ("Agreement") is made and entered into this _____ day of _____, 2024 by and between the County of Los Angeles ("County") and the City of Compton ("City").

RECITALS

- A. Whereas, the City is desirous of contracting with the County for the performance of municipal law enforcement services by the Los Angeles County Sheriff's Department ("Sheriff's Department"); and
- B. Whereas, the County is agreeable to rendering such municipal law enforcement services on the terms and conditions set forth in this Agreement; and
- C. Whereas, this Agreement is authorized by Sections 56½ and 56¾ of the County Charter and California Government Code Section 51301.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties mutually agree as follows:

1.0 SCOPE OF SERVICES

- 1.1 The County, by and through the Sheriff's Department, agrees to provide general law enforcement services within the corporate limits of the City to the extent and in the manner hereinafter set forth in this Agreement.
- 1.2 Except as otherwise specifically set forth in this Agreement, such services shall only encompass duties and functions of the type coming within the jurisdiction of and customarily rendered by the Sheriff's Department under the County Charter, State of California statutes, and the City municipal codes.
- 1.3 General law enforcement services performed hereunder may include, if requested by the City, supplemental security support, supplemental sworn officer support, and supplemental professional civilian support staff.

2.0 ADMINISTRATION OF PERSONNEL

- 2.1 During the term of this Agreement, the Sheriff or his designee shall serve as the Chief of Police of the City and shall perform the functions of the Chief of Police at the direction of the City.
- 2.2 The rendition of the services performed by the Sheriff's Department, the standards of performance, the discipline of officers, and other matters incident to the performance of such services and the control of personnel so employed shall remain with the County. The City understands and agrees that, at the Sheriff's Department's sole discretion, the Sheriff's Department may redeploy personnel for mutual aid purposes pursuant to the California Emergency Services Act, codified at California Government Code Sections 8550-8668. Absent exigent circumstances, any sustained deployment of more than fifty percent (50%) of the City's contracted items, with the calculation determined by service unit type, requires consultation with the City manager or his/her designee. For the purpose of this section, exigent circumstances are defined as such cases where the immediacy of deployment is of such nature where prior consultation is materially detrimental to public safety and the length of such deployment does not exceed 24 hours.
- 2.3 In the event of a dispute between the parties to this Agreement as to the extent of the duties and functions to be rendered hereunder, or the minimum level or manner of performance of such service, the City shall be consulted and a mutual determination thereof shall be made by both the Sheriff's Department and the City. The City shall first consult with the Station Captain, Division Commander, and Division Chief, in an effort to reach a mutual determination. If a mutual determination cannot be realized at a subordinate level, then the matter will be elevated to a Sheriff's Department Assistant Sheriff or the Sheriff.
- 2.4 With regard to Paragraphs 2.2 and 2.3 above, the Sheriff's Department, in an unresolved dispute, shall have final and conclusive determination as between the parties hereto.
- 2.5 All City employees who work in conjunction with the Sheriff's Department pursuant to this Agreement shall remain employees of the City and shall not have

any claim or right to employment, civil service protection, salary, or benefits or claims of any kind from the County based on this Agreement. No City employees as such shall become employees of the County unless by specific additional agreement in the form of a merger agreement which must be concurrently adopted by the City and the County. The Sheriff's Department will provide approved City employees with the required training necessary to access authorized County programs (i.e. CAD, MDC, etc.), so such City employees can perform the functions of their positions.

- 2.6 While performing law enforcement services and functions under this Agreement, every Sheriff's Department employee shall be authorized to enforce all City laws and regulations, including all City codes and ordinances.
- 2.7 The City shall not be called upon to assume any liability for the direct payment of any Sheriff's Department salaries, wages, or other compensation to any County personnel performing services hereunder for the City. Except as herein otherwise specified, the City shall not be liable for compensation or indemnity to any County employee or agent of the County for injury or sickness arising out of the performance of services under this Agreement.
- 2.8 As part of its compliance with all applicable laws and regulations relating to employee hiring, the County agrees that the County Civil Service Rules to which it is subject and which prohibit discrimination on the basis of non-merit factors, shall for purposes of this Agreement be read and understood to prohibit discrimination on the basis of sexual orientation.

3.0 DEPLOYMENT OF PERSONNEL

- 3.1 Services performed hereunder and specifically requested by the City shall be developed in conjunction with the Sheriff's Department and indicated on Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement.
- 3.2 The City, or its designated representative, shall meet with its respective Sheriff's Department Station Captain when requesting law enforcement services to be performed in the City, and provide direction to the Sheriff's Department Station Captain regarding the method of deployment for such services. The City and the

Sheriff's Department shall also determine a minimum daily standard of staffing needs for services rendered to ensure an adequate personnel presence during station operation and patrol. The City and the Station Captain shall meet to discuss the minimum daily standard which is documented in Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement. The Station Captain shall endeavor to meet this standard without increased cost to the City. The Sheriff's Department shall ensure that all services are delivered in a manner consistent with the priorities, annual performance objectives, and goals established by the City.

- 3.3 The Sheriff's Department shall make every attempt to avoid deployment deficiencies (i.e., "busting" of cars) by following the daily minimum standard of staffing, as stipulated in Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement. Should deployment deficiencies occur, the Sheriff's Department should make every effort to reallocate those resources to the shift where the deficiencies occurred. Should the Sheriff's Department determine that a temporary increase, decrease, and/or realignment in the deployment methodologies is necessary, the Sheriff's Department shall promptly notify the City of this change in advance. In the event that prior notice is not possible, the City shall be notified of the change within two (2) City business days. If monthly service compliance falls below ninety-eight percent (98%) for each service unit type, then the Sheriff's Department Station Captain shall meet with the City to discuss compliance and identify a plan for resolution. If the quarterly and/or year-to-date (September 30th, December 31st, March 31st, and June 30th) service compliance falls below ninety-eight percent (98%) for each service unit type, then the respective Sheriff's Department Division Chief shall meet with the Sheriff's Department Station Captain and the City to discuss compliance and identify a plan for resolution. If the City is dissatisfied with the outcome of either resolution process, the matter will be elevated to a Sheriff's Department Assistant Sheriff or the Sheriff until all City concerns are fully resolved. Resolution may include, but is not limited to, the use of overtime, staffing adjustments, and/or City-initiated service suspensions, at no additional cost to the

City. If the City determines it is unnecessary, the City may waive either dispute resolution process discussed above.

- 3.3.1 The Sheriff's Department shall monitor and make every attempt to backfill vacant and impaired (to include loaned) sworn supervisorial overhead positions by the beginning of the following quarter.
 - 3.3.2 The Sheriff's Department will work with the City to provide an appropriate tool and/or reports to demonstrate adequate service level compliance under this Agreement. Such service level compliance reports include, but not limited to, daily staffing levels, service levels, deployment of service units, daily deputy activity, or similar type data that is reasonably available.
- 3.4 A new Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement shall be authorized and signed annually by the City and the Sheriff or his designee effective each July 1, and attached hereto as an Amendment to this Agreement.
- 3.5 Should the City request a change in the level of service other than pursuant to the annual July 1 readjustment, a revised Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement shall be signed and authorized by the City and the Sheriff or his designee and attached hereto as an Amendment to this Agreement.
- 3.6 The most recent dated and signed Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement shall be the staffing level in effect between the County and the City.
- 3.7 The City is not limited to the services indicated in Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement. The City may also request any other service or equipment in the field of public safety, law, or related fields within the legal power of the Sheriff's Department to provide. Such other services and equipment shall be reflected in a revised Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement under the procedures set forth

in Paragraphs 3.4 and 3.5 above.

- 3.8 With regard to any public safety equipment requested by the City and set forth on Attachment A, Los Angeles County Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement, the City shall adhere to the terms and conditions set forth in Attachment C, Public Safety Equipment Use Requirements, of this Agreement.
- 3.9 When a contracted service unit, requiring the procurement of a vehicle at the onset of service, is deleted from the Service Level Authorization (SH-AD-575) , and the City reinstates said service unit within a 24-month period, the City will not be required to procure a vehicle.

4.0 PERFORMANCE OF AGREEMENT

- 4.1 For the purpose of performing general law enforcement services under this Agreement, the County shall furnish and supply all necessary labor, supervision, equipment, technology, communication facilities, and supplies necessary to maintain the agreed level of service to be rendered hereunder.
- 4.2 Notwithstanding the foregoing, the City may provide additional resources for the County to utilize in performance of the services.

4.2.1 All bailments require a separate Bailment Agreement governing the County's use of the bailed equipment. Such Bailment Agreements shall be administered at the station level. A bailment is a legal arrangement where one party (City) temporarily transfers possession of specific property or assets to another party (County) to facilitate the provision of certain services.

4.2.2 All donations made by a City to the County will be governed by the most current Sheriff's Department donation procedures.

4.2.3 The County, through the Sheriff's Department, acknowledges its obligation to maintain an inventory of all non-vehicle equipment owned by the City ("City Equipment") provided to the County for its use. The inventory shall include, but not limited to, a detailed description of each item of City Equipment, its serial number (if applicable), its condition upon receipt, and its location. The County shall be responsible for regularly updating and maintaining the inventory of City Equipment, including documenting any changes in the status, condition, or location

of equipment. The inventory shall be kept current and accurate at all times during the term of this Agreement. Upon request by the City, the County shall provide access to the inventory records and facilitate any necessary inspections or audit of the City Equipment. The County shall cooperate fully with the City in verifying the accuracy and completeness of the inventory. In the event of loss, damage, or theft of any City Equipment while under the custody or control of the County, the County shall promptly notify the City in writing and provide a detailed explanation of the circumstances surrounding the incident. All inventory records shall be completed and maintained at the station level.

- 4.3 When and if both parties to this Agreement concur as to the necessity of maintaining a law enforcement headquarters or Sheriff's Department substation within the City which would not normally be provided by the Sheriff's Department, the City shall furnish at its own cost and expense all necessary office space, and the Sheriff's Department shall have authority to negotiate with the City regarding which entity shall pay for furniture and furnishings, office supplies, janitor service, telephone, light, water, and other utilities.
- 4.4 It is expressly further understood that in the event a local office or building is maintained in the City, such local office or building may be used by the Sheriff's Department in connection with the performance of its duties in territory outside of the City, provided, however, that the performance of such outside duties shall not be at any additional cost to the City.
- 4.5 Notwithstanding the foregoing, it is mutually agreed that in all instances where special supplies, stationery, notices, forms, and the like must be issued in the name of the City, the same shall be supplied by the City at its own cost and expense.

5.0 INDEMNIFICATION

- 5.1 The parties hereto have executed an Assumption of Liability Agreement approved by the County Board of Supervisors on December 27, 1977, and/or a Joint Indemnity Agreement approved by the County Board of Supervisors on October 8, 1991. Whichever of these documents the City has signed later in time is currently in effect and hereby made a part of and incorporated into this Agreement as if set out in full herein.

- 5.2 The parties hereto have also executed a County-City Special Indemnity Agreement approved by the County Board of Supervisors on August 25, 2009. This document is made a part of and incorporated into this Agreement as if set out in full herein.
- 5.3 In the event the County Board of Supervisors later approves a revised Joint Indemnity Agreement and the City executes the revised agreement, the subsequent agreement as of its effective date shall supersede the agreement previously in effect between the parties hereto.
- 5.4 Notwithstanding anything to the contrary contained in the Agreement, the indemnification term under this section shall be in effect for a period of nine (9) months, through and including March 31, 2025, with an automatic six-month (6) renewal thereafter, through and including September 30, 2025 (“Indemnification Extension”), unless: (a) this section is amended at any time prior to September 30, 2025; or (b) the entire Agreement is terminated earlier, pursuant to Section 7.0 of this Agreement. If the parties continue to perform under the Agreement after the expiration of the Indemnification Extension without any amendment to this section in accordance with Section 11.0, then the indemnification term under this section will be automatically renewed and incorporated herein for the entire duration of this Agreement.

6.0 TERM OF AGREEMENT

- 6.1 The term of this Agreement shall be from July 1, 2024 through June 30, 2029, unless sooner terminated or extended as provided for herein.
- 6.2 At the option of the County Board of Supervisors and with the consent of the City Council, this Agreement may be renewed or extended for successive periods not to exceed five (5) years each.
- 6.3 Nine (9) months prior to the expiration of this Agreement, the parties shall meet and confer in good faith to discuss the possible renewal or extension of this Agreement pursuant to Paragraph 6.2 above. The parties shall reach an agreement as to the terms of any renewal or extension period no later than six (6) months prior to the expiration of this Agreement. Absent mutual agreement by the parties within that time frame, this Agreement shall expire at the conclusion of the then-existing term.

7.0 RIGHT OF TERMINATION

- 7.1 Either party may terminate this Agreement as of the first day of July of any year upon notice in writing to the other party of not less than one hundred eighty (180) calendar days prior thereto.
- 7.2 Notwithstanding any provision herein to the contrary, the City may terminate this Agreement upon notice in writing to the County given within sixty (60) calendar days of receipt of written notice from the County of any increase in the rate for any service to be performed hereunder, and in such an event this Agreement shall terminate sixty (60) calendar days from the date of the City's notice to the County.
- 7.3 This Agreement may be terminated at any time, with or without cause, by either party upon written notice given to the other party at least one hundred eighty (180) calendar days before the date specified for such termination.
- 7.4 In the event of a termination, each party shall fully discharge all obligations owed to the other party accruing prior to the date of such termination, and, except as otherwise provided herein, each party shall be released from all obligations which would otherwise accrue subsequent to the date of termination.
- 7.5 In the case of termination of this Agreement, the Sheriff will provide only such duties as are required by law.

8.0 BILLING RATES

- 8.1 The City shall pay the County for the services and equipment provided under the terms of this Agreement at the billing rates set forth on Attachment B, Contract City Law Enforcement Services and Equipment Master Rate Sheet, of this Agreement, as established by the County Auditor-Controller.
- 8.2 The billing rates set forth on Attachment B, Contract City Law Enforcement Services and Equipment Master Rate Sheet, of this Agreement shall be readjusted by the County Auditor-Controller annually effective July 1 of each year, published by the County, and attached hereto as an Amendment to this Agreement, to reflect the cost of such service in accordance with the policies and procedures for the determination of such rates as adopted by the County Board of Supervisors.
- 8.3 The City shall be billed at the current fiscal year's billing rates based on the service level provided within the parameters of Attachment A, Los Angeles County

Sheriff's Department Service Level Authorization (SH-AD 575) Form, of this Agreement.

- 8.4 The billing rates for other services and equipment requested pursuant to Paragraph 3.7 of this Agreement and not set forth on Attachment B, Contract City Law Enforcement Services and Equipment Master Rate Sheet, of this Agreement shall be determined by the County Auditor-Controller in accordance with the policies and procedures established by the County Board of Supervisors and then set forth and published on a revised Attachment B, Contract City Law Enforcement Services and Equipment Master Rate Sheet, of this Agreement.

9.0 PAYMENT PROCEDURES

- 9.1 The County, through the Sheriff's Department, shall render to the City, after the close of each calendar month, a summarized invoice which covers all services performed during said month, and the City shall pay the County for all undisputed amounts within sixty (60) calendar days after date of the invoice.
- 9.2 If such payment is not delivered to the County office which is described on the invoice within sixty (60) calendar days after the date of the invoice, the County is entitled to recover interest thereon. For all disputed amounts, the City shall provide the County with written notice of the dispute including the invoice date, amount, and reasons for dispute within ten (10) calendar days after receipt of the invoice. The parties shall memorialize the resolution of the dispute in writing. For any disputed amounts, interest shall accrue if payment is not received within sixty (60) calendar days after the dispute resolution is memorialized.
- 9.3 Interest shall be at the rate of ten percent (10%) per annum or any portion thereof, calculated from the due date of the invoice for the month in which the services were performed, or in the case of disputed amounts, calculated from the date the resolution is memorialized.
- 9.4 Notwithstanding the provisions of California Government Code Section 907, if such payment is not delivered to the County office which is described on said invoice within sixty (60) calendar days after the date of the invoice, or in the case of disputed amounts, from the date the resolution is memorialized, the County may satisfy such indebtedness, including interest thereon, from any funds of the City on

deposit with the County without giving further notice to the City of the County's intention to do so.

10.0 NOTICES

10.1 Unless otherwise specified herein, all notices or demands required or permitted to be given or made under this Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first class registered or certified mail, postage prepaid, addressed to the parties at the following addresses and to the attention of the person named. Addresses and persons to be notified may be changed by either party by giving ten (10) calendar days prior written notice thereof to the other party.

10.2 Notices to the County shall be addressed as follows:

Los Angeles County Sheriff's Department
Contract Law Enforcement Bureau
Attn: Unit Commander
211 W. Temple Street, 7th Floor
Los Angeles, California 90012
Phone #: 213-229-1647

10.3 Notices to the City of Compton shall be addressed as follows:

City of Compton
Attn: City Manager
205 S. Willowbrook Avenue
Compton, California 90220
Phone #: (310) 605-5585

11.0 AMENDMENTS

11.1 Except for changes pursuant to Paragraphs 8.2 and 8.4 of this Agreement, all changes, modifications, or amendments to this Agreement must be in the form of a written Amendment duly executed by the County Board of Supervisors and an authorized representative of the City.

11.2 Notwithstanding Paragraph 11.1 above, the Sheriff or his designee is hereby authorized to execute, on behalf of the County, any Amendments and/or supplemental agreements referenced in Sections 3.0, 4.0, and 9.0 of this Agreement.

11.3 In accordance with Paragraphs 8.2 and 8.4 of this Agreement, the Sheriff or his

designee is hereby authorized to publish, on behalf of the County, the annual revised Attachment B, Contract City Law Enforcement Services and Equipment Master Rate Sheet, of this Agreement. The revised Attachment B, Contract City Law Enforcement Services and Equipment Master Rate Sheet, of this Agreement shall serve as an Amendment to this Agreement, but shall not require the signature of either party.

12.0 AUTHORIZATION WARRANTY

12.1 The City represents and warrants that the person executing this Agreement for the City is an authorized agent who has actual authority to bind the City to each and every term, condition, and obligation of this Agreement and that all requirements of the City have been fulfilled to provide such actual authority.

12.2 The County represents and warrants that the person executing this Agreement for the County is an authorized agent who has actual authority to bind the County to each and every term, condition, and obligation of this Agreement and that all requirements of the County have been fulfilled to provide such actual authority.

13.0 ENTIRE AGREEMENT

This Agreement, including Attachment A, Attachment B, and Attachment C, and any Amendments hereto constitute the complete and exclusive statement of understanding of the parties which supersedes all previous agreements, written or oral, and all communications between the parties relating to the subject matter of this Agreement. No change to this Agreement shall be valid unless prepared pursuant to Section 11.0, Amendments, of this Agreement.

**MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND CITY OF COMPTON**

IN WITNESS WHEREOF, the County of Los Angeles, by order of its Board of Supervisors, has caused this Agreement to be executed by the Sheriff of Los Angeles County, and the City has caused this Agreement to be executed by its duly authorized representative, on the dates written below.

COUNTY OF LOS ANGELES

By _____
ROBERT G. LUNA
Sheriff

Date _____

CITY OF COMPTON

By _____

Date _____

ATTEST:

By _____
City Clerk

APPROVED AS TO FORM:
DAWYN R. HARRISON
County Counsel

By _____ APPROVAL ON FILE _____
Principal Deputy County Counsel

APPROVED AS TO FORM:
CITY ATTORNEY

By _____



LOS ANGELES COUNTY SHERIFF'S DEPARTMENT
CONTRACT LAW ENFORCEMENT SERVICES
SERVICE LEVEL AUTHORIZATION (SH-AD 575)

Attachment A

CITY: Compton FISCAL YEAR: 2024-2025 EFFECTIVE DATE: 7/1/2024

RANK, RELIEF FACTOR	SERVICE CODE	NEW	PREV.	QING.	ANNUAL RATE	ESTIMATED TOTAL ANNUAL COST	LIABILITY 12.5%	TOTAL ANNUAL COST W/LIABILITY	ANNUAL HOURS PER SERVICE UNIT	ANNUAL HOURS SCHEDULED	ANNUAL MINUTES SCHEDULED	PERSONNEL REQUIRED
DEPUTY SHERIFF SERVICE UNIT												
Deputy Sheriff, 70-Hour Unit	308	32.00	32.00	0.00	\$ 645,616.00	\$ 20,659,712.00	\$ 2,582,464.00	\$ 23,242,176.00	3,650	116,800	7,008,000	65.28
Special Assignment Deputy, Non-Relief	278	8.00	8.00	0.00	\$ 335,385.00	\$ 2,683,080.00	\$ 335,385.00	\$ 3,018,465.00	1,789	14,312	858,720	8.00

DEPUTY SHERIFF SERVICE UNIT (BONUS)

GROWTH DEPUTY UNIT

GRANT DEPUTY UNIT

SUPPLEMENTAL POSITIONS

Sergeant, Supplemental, Non-Relief	353	2.00	2.00	0.00	\$ 307,637.00	\$ 615,274.00	\$ -	\$ 615,274.00	1,789	3,578	214,680	2.00
Motor Deputy, Non-Relief	305A	2.00	2.00	0.00	\$ 335,385.00	\$ 670,770.00	\$ 83,846.25	\$ 754,616.25	1,789	3,578	214,680	2.00
Community Services Assistant (w/ veh), Non-Relief	325	1.00	1.00	0.00	\$ 84,226.00	\$ 84,226.00	\$ 10,528.25	\$ 94,754.25	1,789	1,789	107,340	1.00
Security Assistant, Non-Relief	362	1.00	1.00	0.00	\$ 67,750.00	\$ 67,750.00	\$ 8,468.75	\$ 76,218.75	1,789	1,789	107,340	1.00

Estimated Cost for Service Units: \$	24,780,812.00	Total Liability (12.5%): \$	3,020,692.25	Estimated Subtotal: \$	27,801,504.25
Public Safety Equipment Cost (See page 3): \$					27,801,504.25
Estimated Total Annual Cost:					\$ 27,801,504.25

The terms of this Service Level Authorization (SH-AD 575) will remain in effect until a subsequent SH-AD 575 is signed and received by LASD. Notwithstanding, annual rates shall be revised annually per Sections 8.2 and 11.3 of the MLESA.

LASD Approval By:

Report Prepared By:

UNIT COMMANDER NAME SIGNATURE DATE
Jason R Lee SERGEANT 6/6/2024 DATE

City Approval By:

"I certify that I am authorized to make this commitment on behalf of the City."

Processed at CLEB By:

CITY OFFICIAL NAME SIGNATURE DATE
SERGEANT DATE



LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

Attachment A

CONTRACT LAW ENFORCEMENT SERVICES

SERVICE LEVEL AUTHORIZATION (SH-AD 575)

DEPLOYMENT OF PERSONNEL

CITY: Compton FISCAL YEAR: 2024-2025 EFFECTIVE DATE: 7/1/2024

SERVICE UNIT	TOTAL UNITS PURCHASED	GENERAL LAW			TRAFFIC LAW			MOTOR DEP	SAD	D.B.	TEAM LEADER	TOTAL UNITS ASSIGNED
		EM	AM	AM	EM	AM	PM					
DEPUTY SHERIFF SERVICE UNIT												
Deputy Sheriff, 70-Hour Unit	32.00	6.00	9.00	13.00	1.00	1.00	2.00					32.00
Motor Deputy, Non-Relief	2.00							2.00				2.00
Special Assignment Deputy, Non-Relief	8.00								8.00			8.00

Routine City Helicopter Agreement

YES ☐ NO ☐

License Detail - Business & Renewal Applications

YES ☐ NO ☐

License Detail - Acts on Violations Observed within the City

YES ☐ NO ☐

Other Supplemental Services

YES ☐ NO ☐

NOTE: License Detail is billed on an hourly basis and billed monthly as service is provided.

Sworn						
	Lieutenant	Sergeant	Bonus Deputy	Motor Deputy	Deputy	SAD
Hours	0	3,578	0	3,578	116,800	14,312
Minutes	0	214,680	0	214,680	7,008,000	858,720
Personnel	0.000	2.000	0.000	2.000	65.280	8.000
Total						
						138,268
						8,296,080
						77.280

Civilian			
	SSO	LET/CSA/CA/PCO	Clerical
Hours	1,789	1,789	0
Minutes	107,340	107,340	0
Personnel	1.000	1.000	0.000
Total			
			3,578
			214,680
			2.000

Agreement

City Official: _____

Unit Commander: _____

Compton 575 for FY 2024-2025 DRAFT



LOS ANGELES COUNTY SHERIFF'S DEPARTMENT
CONTRACT LAW ENFORCEMENT SERVICES
SERVICE LEVEL AUTHORIZATION (SH-AD 575)
PUBLIC SAFETY EQUIPMENT

Attachment A

CITY: Compton FISCAL YEAR: 2024-2025

Equipment				
MDC Type	SERVICE CODE	#	RATE	TOTAL COST

ALPR With Install	SERVICE CODE	#	RATE	TOTAL COST
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Total Public Safety Equipment Cost: \$	0.00
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Compton 575 for FY 2024-2025 DRAFT

**CONTRACT LAW ENFORCEMENT SERVICES AND EQUIPMENT
MASTER RATE SHEET**

Liability Rate: 12.5%

Deputy Sheriff Service Unit Rates		
Rank / Relief Factor	Annual Rate	Service Code
Deputy Sheriff, Non-Relief	\$ 335,385.00	310
Deputy Sheriff, 40-Hour Unit	\$ 368,924.00	306
Deputy Sheriff, 56-Hour Unit	\$ 516,493.00	307
Deputy Sheriff, 70-Hour Unit	\$ 645,616.00	308
Special Assignment Deputy, Non-Relief	\$ 335,385.00	278
Catalina Deputy, Non-Relief	\$ 334,861.00	324

Deputy Sheriff Service Unit (Bonus) Rates		
Rank / Relief Factor	Annual Rate	Service Code
Deputy Sheriff, Bonus I, Non-Relief	\$ 361,026.00	305
Deputy Sheriff, Bonus I, 40-Hour Unit	\$ 397,128.00	301
Deputy Sheriff, Bonus I, 56-Hour Unit	\$ 555,980.00	302
Deputy Sheriff, Bonus I, 70-Hour Unit	\$ 694,975.00	303

Growth Deputy Unit Rates		
Rank / Relief Factor	Annual Rate	Service Code
Growth Special Assignment Deputy, Non-Relief	\$ 233,680.00	204
Growth Deputy Generalist, Non-Relief	\$ 233,680.00	335
Growth Deputy Generalist, 40-Hour Unit	\$ 272,471.00	573
Growth Deputy Generalist, 56-Hour Unit	\$ 381,366.00	582
Growth Deputy Generalist, 70-Hour Unit	\$ 476,707.00	583
Growth Motor Deputy, Non-Relief	\$ 252,024.00	424
Growth Deputy Bonus I, Non-Relief	\$ 254,004.00	336

Grant Deputy Unit Rates		
Rank / Relief Factor	Annual Rate	Service Code
Grant Special Assignment Deputy	\$ 233,680.00	312
Grant Motor Deputy, Non-Relief	\$ 252,024.00	422
Grant Deputy Generalist, Non-Relief	\$ 233,680.00	386
Grant Deputy Bonus I, Non-Relief	\$ 254,004.00	384

Supplemental Positions Rates		
Rank / Relief Factor	Annual Rate	Service Code
Captain, Non-Relief	\$ 457,914.00	321
Lieutenant, Non-Relief	\$ 364,606.00	342
Sergeant, Patrol, Non-Relief	\$ 389,902.00	631
Sergeant, Supplemental, Non-Relief	\$ 307,637.00	353
Motor Sergeant, Non-Relief	\$ 324,341.00	348
Motor Deputy, Non-Relief	\$ 335,385.00	305A
Watch Deputy, Non-Relief	\$ 249,796.00	354
Community Services Assistant (w/ veh), Non-Relief	\$ 84,226.00	325
Community Services Assistant (w/out veh), Non-Relief	\$ 80,327.00	327
Crime Analyst, Non-Relief	\$ 166,637.00	329
Custody Assistant, Non-Relief	\$ 136,462.00	331
Forensic ID Specialist II, Non-Relief	\$ 206,497.00	356
Information Systems Analyst I, Non-Relief	\$ 181,206.00	332
Intermediate Clerk, Non-Relief	\$ 89,517.00	338
Law Enforcement Technician (w/ veh), Non-Relief	\$ 123,400.00	340
Law Enforcement Technician (w/out veh), Non-Relief	\$ 122,440.00	339
Operations Assistant I, Non-Relief	\$ 118,285.00	343
Operations Assistant II, Non-Relief	\$ 146,942.00	344
Operations Assistant III, Non-Relief	\$ 168,289.00	345
Secretary V, Non-Relief	\$ 128,003.00	346
Security Assistant, Non-Relief	\$ 67,750.00	362
Security Officer, Non-Relief	\$ 105,091.00	347

Senior Information Systems Analyst, Non-Relief	\$ 237,072.00	334
Station Clerk II, Non-Relief	\$ 111,495.00	351
Skynight Observer, Non-Relief	\$ 361,026.00	349
Supervising Station Clerk, Non-Relief	\$ 134,799.00	352

MDC Type Rates		
Equipment	Annual Rate	Service Code
MDC New Purchase, Data & Maintenance - FZ-40	\$ 9,839.00	198
MDC New Purchase, Data & Maintenance - GETAC V110	\$ 8,805.00	164
MDC Data & Maintenance Only	\$ 1,780.00	595

ALPR With Install Rates		
Equipment	Annual Rate	Service Code
ALPR New Install 1st Year (5yr Program)	\$ 5,000.00	680
ALPR System 2nd Year	\$ 5,000.00	680A
ALPR System 3rd Year	\$ 5,000.00	680B
ALPR System 4th Year	\$ 5,000.00	680C
ALPR System 5th Year	\$ 5,000.00	680D

Annual revised rates shall be readjusted annually per Sections 8.2 and 11.3 of the MLESA.