

Members of the public may address the City Council on any item shown on the agenda or matter of the Council's authority after completion of "Request to Address the Council Form" available in the lobby of the Council Chambers or in the City Clerk's office. This form must be completed 15 minutes prior to the scheduled meeting time. Pursuant to Section 54957.5 of the California Government Code, Any writings (Except for those writings which are exempt from disclosure) which are distributed to all or a majority of the members of the City Council are available for public inspection in the lobby of the City Council Chambers and in the office of the City Clerk during regular business hours.

COMPTON CITY COUNCIL AGENDA

06/17/2025

**5:30 PM – PUBLIC MEETING
5:45 PM – PUBLIC HEARING**

**205 S. WILLOWBROOK AVE
COMPTON, CA 90220**

HEARING(S)

PUBLIC HEARING:
WATER BILL DELINQUENCIES TO LA COUNTY TAX ROLL

OPENING

ROLL CALL

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

PRESENTATIONS

1. A REQUEST TO RECEIVE AND FILE THE FISCAL YEAR 2022-2023 AUDITED FINANCIAL STATEMENTS, THE FISCAL YEAR 2022-2023 SINGLE AUDIT REPORT, AND THE FISCAL YEAR 2022-2023 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CITY OF COMPTON

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

2. APRIL 1, 2025

CITY MANAGER

3. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO INVESTIGATIVE, LEGAL, AND PROFESSIONAL SERVICE AGREEMENTS WITH LIEBERT CASSIDY WHITMORE AND JL GROUP, LLC, FOR PROVISION OF ADMINISTRATIVE INVESTIGATION SERVICES ON AN "AS-NEEDED" BASIS FOR FISCAL YEARS 2024-2025 AND 2025-2026

REGULAR AGENDA

NEW BUSINESS

4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ADOPTING THE BUDGET FOR FISCAL YEAR 2025-2026
5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH WEAVER AND TIDWELL LLP (\$164,550) FOR PROJECT MANAGEMENT SERVICES FOR THE IMPLEMENTATION OF THE CITY'S ENTERPRISE RESOURCE PLANNING SOFTWARE, AND TO ISSUE A PURCHASE ORDER IN THE AMOUNT OF ONE-HUNDRED SIXTY-FOUR THOUSAND FIVE-HUNDRED FIFTY DOLLARS (\$164,550) TO WEAVER AND TIDWELL, LLP.
6. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTROLLER'S DEPARTMENT FY2024-2025 BUDGET, AND TO ISSUE AN ADDITIONAL PURCHASE ORDER OF TWENTY-THREE THOUSAND FOUR-HUNDRED SIXTEEN DOLLARS (\$23,416) FOR EADIE AND PAYNE FOR PROVIDING NEEDED SERVICES BEYOND THE TERMS OF THE AGREEMENT IN ASSISTING WITH THE PREPARATION OF THE FY 2022-2023 AUDIT.
7. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTROLLER'S DEPARTMENT BUDGET, AND TO ISSUE AN ADDITIONAL PURCHASE ORDER OF EIGHTEEN THOUSAND FIVE-HUNDRED TWENTY-TWO DOLLARS

(\$18,522) FOR EADIE AND PAYNE FOR SERVICES BEYOND THE TERMS OF THE AGREEMENT IN ASSISTING WITH THE PREPARATION OF THE FY2023-2024 AUDIT.

COUNCIL COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: 6/24/2025 5:30 PM

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



City of Compton Lien Process

June 17, 2025

Republic Services Team



Business Unit – Gardena

- Dawn Benton– Manager Municipal Sales
- Ricky Chowdhury – Municipal Supervisor



Area – Southwest

- Mayra Lugo – A/R Center Supervisor



Community: Beautification Initiative

Compost and Mulch contributions at Compton High School’s exterior, including parking lots, walkways, and sports fields.

Fleet: Refuse Trucks

2025: 3 New Vehicles Added to Compton Fleet

2026: Additional Electric Vehicles Pending Deployment

Service: Missed Pickups per 10,000 Customers



Meeting Agenda

- Introductions
- Current Customer Lien Status
- Lien Event Timing Review

Current lien eligible status and collection efforts

Current scope of lien eligible customers (Over 180 days past due balance is >\$25)

- Lien Eligible = 144 accounts or \$316,974.68

Collection efforts status

- We have sent 720 collection letters to past due customers
- We have sent 2,448 automated calls to past due customers
- Our collection centers have made manual touchpoints (phone calls, emails, etc.)
- **Parcel data**
 - Full data validation performed on customer accounts and addresses

Standard Collection Process

Step	Action	Description	Recipient	Days Past Due
1	Mail	Past Due Notification Notice	Billing	8
2	Dialer	Collections Call 1	Billing	10
3	Dialer	Collection Call 2	Billing	15
4	Dialer	Collection Call 3	Billing	20
5	Mail	Past Due Notification Notice	Billing	20
6	Dialer	Collection Call 4	Billing	25
7	Dialer	Collection Call 5	Billing	30
8	Dialer	Collection Call 6	Billing	35
9	Dialer	Collection Call 7	Billing	40
10	Dialer	Collection Call 8	Billing	45
11	Dialer	Collection Call 9	Billing	50
12	Mail	Final Demand Notice	Billing	50
13	Dialer	Collection call 10	Billing	60
14	Dialer	Collection call 11	Billing	70
15	Dialer	Collection call 12	Billing	75
16	Dialer	Collection call 13	Billing	80
17	Dialer	Collection call 14	Billing	85
18	Mail	Pre-Lien Notice	Property Owner	90
19	Dialer	Collection call 15	Billing	90
20	Dialer	Collection call 16	Billing	95
21	Mail	Public Hearing Notice	Property Owner	120
22	Dialer	Final Demand Call	Billing	115

- Customers have at least 22 touchpoints from Republic Services prior to sending delinquent accounts to lien
- Communications include:
 - Invoice number and due date detail
 - Telephone number to call with questions (Republic)
 - All payment channels
 - Return-address envelope (for letters)
- Customer-facing teams are trained in Compton specific collection policies and statutes



Thank you

June 17, 2025

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: CITY CONTROLLER

SUBJECT: A REQUEST TO RECEIVE AND FILE THE FISCAL YEAR 2022-2023 AUDITED FINANCIAL STATEMENTS, THE FISCAL YEAR 2022-2023 SINGLE AUDIT REPORT, AND THE FISCAL YEAR 2022-2023 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CITY OF COMPTON

SUMMARY

Adoption of this Resolution will formally acknowledge the receipt and filing of the Fiscal Year 2022-2023 Single Audit Report and the issuance of related financial statements.

BACKGROUND

Eadie & Payne LLP has audited the Fiscal Year 2022-2023 financial statements for the City of Compton as is required by the City to remain compliant with bond contractual requirements and granting agency requirements.

The audit consisted of the examination of the financial statements of the governmental activities, business related activities, use of each major fund, and the aggregate remaining fund information. The audit report includes the comprised related notes to the financial statements for the City of Compton as of June 30, 2023. The auditor performed tests of the City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. The audit additionally included services to report on supplementary information other than the Required Supplementary Information (RSI) that accompanies City of Compton's financial statements. Services, such as comparing and reconciling accounting information and other records used to prepare the financial statements in accordance with the auditing standards generally accepted in the United States of America, were provided. Upon completion of the audit, Eadie & Payne LLP provided a written report and an opinion of the financial statements.

The objective of their audit was to provide an opinion as to whether the City's financial statements are appropriately and accurately presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The objective also includes reporting on the precedence of internal controls over financial reporting in accordance to the laws and regulations set by the Government Auditing Standards.

The City has prepared its Management's Discussion and Analysis for Fiscal Year 2022-2023 (the "MD&A") to accompany the audited financial statements; however, the MD&A was not prepared and submitted to Eadie & Payne LLP in time to be included in its review of the City's financial statements. The audit letter submitted by Eadie & Payne LLP states

that, while the missing MD&A is required by the Governmental Accounting Standards Board as an essential part of the financial reporting for placing the City's basic financial statements in an appropriate operational, economic, or historical context, the opinion provided by Eadie & Payne LLP on the City's basic financial statements is not affected by the missing information.

STATEMENT OF THE ISSUE

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, the auditor performed tests on the City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements.

The Uniform Guidance requires that the auditor plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. The purpose of these procedures was to express an opinion of the City of Compton's compliance with requirements applicable to each of its major programs in their report on compliance issued pursuant to the Uniform Guidance.

Financial Highlights:

- The assets and the deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the Fiscal Year 2022-2023 by approximately \$79.1 million (*net position*), which is approximately \$60.3 million higher than the previous year's net position. This is due primarily to decreases in expenses of Governmental Activities of \$22.5 million, Business-Type activity expense decreases of \$2.1 million, increases in property taxes of \$4.7 million, increases in investment earnings of \$5.3 million, and increases in utility user taxes of \$2.7 million. The unrestricted portion of net position as of June 30, 2023 increased by approximately \$37.0 million to (\$219.0) million accumulating more resources that may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds (e.g. General Fund, Capital Projects Funds, Special Revenue Funds, etc.) reported combined fund balances of approximately \$218.7 million, an increase of approximately \$28.2 million from the prior year. Of this amount, \$197.7 million, or approximately 90.4%, of total fund balances are reported as either "Nonspendable" (\$1.7 million), "Assigned" (\$142 thousand), "Committed" (\$552 thousand), or "Restricted" (\$195.3 million) fund balances. The increase in the City's governmental funds combined fund balances reported was primarily driven by increases in tax revenue (by approximately \$6.7 million).
- The City's net capital assets (land, buildings, equipment, infrastructure, less accumulated depreciation) were at \$209.9 million as of June 30, 2023, increasing

by \$1.4 million over the previous year due mainly to an increase in infrastructure capital assets.

- The City's net long-term liabilities increased by \$10.6 million to \$416.2 million, primarily as a result of the increase in the Pension liability of approximately \$51.4 million, combined with a decrease in Other Post Employment Benefits Payable (OPEB) liability of \$35.2 million as well as a decrease in long term Bonds and notes payable of approximately \$5.5 million, for Fiscal Year 2022-2023.
- The City's deferred inflow on resources decreased by \$25.5 million to \$64.5 million, primarily as a result of a combination of a decrease of Pension deferred inflows of approximately \$46.5 million in net differences between projected and actual earnings on pension plan investments, as well as an increase in OPEB deferred inflows of \$19.6 million from the difference between the expected and actual experience of the OPEB plan, as well as from changes in assumptions in the OPEB plan. Additionally, the City's deferred outflows increased by \$13.3 million, or 22.8% due to a combination of an increase of \$25.9 million from Net Difference between Projected and Actual Earnings on Pension Plan Investments and pension plan changes in assumptions, with a decrease of \$12.6 million from OPEB plan changes of assumptions.
- During FY 2022-2023, Sales Taxes decreased by approximately \$6.8 million or 19.5%. The City saw a decrease in Sales Tax due to a decrease in spending.
- Utility User Taxes increased by approximately \$2.7 million, or 22.2%, during FY 2022-2023, as a result of increased commercial and industrial activity within the City.
- Investment earnings increased by \$5.6 million or 441.1% during Fiscal Year 2022-2023, primarily due to an increase in market interest rates.

Audit Findings:

In addition to the unqualified opinion on the audited financial statements, the City received an updated list of auditor findings. Auditor findings are deficiencies found by the auditors while conducting the audit in areas of internal control, accounting errors, and non-compliance with grant, legal, or contractual requirements.

Corrective Action Plan:

The City Controller and the City Manager have provided responses as well as a corrective action plan to the auditor to address the findings. In order for the City to overcome these findings the City Controller's Department is currently working with the City Manager's Department to do the following:

- Implement new policies and procedures,
- Fiscal Sustainability Plan implementation
- Fee Study implementation

**Staff Report – Resolution to Receive and File the Fiscal Year 2022-2023 Audit
June 17, 2025**

- Implement new financial accounting software and to program reports where needed
- Provide continued training to staff

Implementing the corrective action plan provided to the auditors, as well as the steps described above will remove audit findings so that the City can operate more efficiently and effectively, obtain more opportunities for outside financing, and become a model for other cities to follow. The audit findings signify that some existing City practices allow for the opportunity for the misappropriation of City assets, as well as the possibility of losing granting opportunities.

FISCAL IMPACT

The impact of completing the Fiscal Year 2022-2023 Audit and releasing the Fiscal Year 2022-2023 Audited Financial Statements as well as the FY 2023 Single Audit Report by the City's auditors allows the City to remain in compliance with grant and contractual requirements. Adoption will also greatly assist with removing the City from the State of California Auditor Department's list of cities with the greatest fiscal risk in the State of California.

RECOMMENDATION

It is the recommendation of staff that the City Council receive and file the attached set of Audited Financial Statements for Fiscal Year 2022-2023, the Single Audit Report for Fiscal Year 2022-2023, and the MD&A for Fiscal Year 2022-2023.

**SHARON RAHBAN NAVIZADEH
CITY CONTROLLER**

APPROVED FOR FORWARDING:

Willie A. Hopkins Jr.

RESOLUTION NO. _____

**A REQUEST TO RECEIVE AND FILE THE FISCAL YEAR 2022-2023
AUDITED FINANCIAL STATEMENTS, THE FISCAL YEAR 2022-2023 SINGLE
AUDIT REPORT, AND THE FISCAL YEAR 2022-2023 UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CITY OF
COMPTON**

WHEREAS, adoption of this Resolution will formally acknowledge the receipt and filing of the Fiscal Year 2022-2023 Single Audit Report and the issuance of related financial statements; and

WHEREAS, the audit consisted of the examination of the financial statements of the governmental activities, business related activities, use of each major fund, and the aggregate remaining fund information. The audit report includes the comprised related notes to the financial statements for the City of Compton as of June 30, 2023. The auditor performed tests of the City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. The audit additionally included services to report on supplementary information other than RSI that accompanies City of Compton's financial statements. Services, such as comparing and reconciling accounting information and other records used to prepare the financial statements in accordance with the auditing standards generally accepted in the United States of America, were provided. Upon completion of the audit, Eadie & Payne LLP provided a written report and an opinion of the financial statements.

WHEREAS, the objective of the audit was to provide an opinion as to whether the City's financial statements are appropriately and accurately presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The objective also includes reporting on the precedence of internal controls over financial reporting in accordance to the laws and regulations set by the Government Auditing Standards.

WHEREAS, the City has prepared its Management's Discussion and Analysis for Fiscal Year 2022-2023 (the "MD&A") to accompany the audited financial statements; however, the MD&A was not prepared and submitted to Eadie & Payne LLP in time to be included in its review of the City's financial statements. The audit letter submitted by Eadie & Payne LLP states that, while the missing MD&A is required by the Governmental Accounting Standards Board as an essential part of the financial reporting for placing the City's basic financial statements in an appropriate operational, economic, or historical context, the opinion provided by Eadie & Payne LLP on the City's basic financial statements is not affected by the missing information.

WHEREAS, an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, their audit involved judgment about the number of transactions to be examined and the areas to be tested. 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.

WHEREAS, an audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, the auditor communicated to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

WHEREAS, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the auditor performed tests of City of Compton's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures was not to provide an opinion on overall compliance and they did not express such an opinion in the City's report on compliance issued pursuant to *Government Auditing Standards*.

RESOLUTION NO. _____

WHEREAS, the Uniform Guidance requires that the auditor also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Their procedures consisted of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City of Compton's major programs. The purpose of these procedures was to express an opinion on City of Compton's compliance with requirements applicable to each of its major programs in their report on compliance issued pursuant to the Uniform Guidance.

WHEREAS, the auditors provided an "unqualified" opinion on the financial statements.

WHEREAS, a qualified opinion on the prior financial statements did change to an unqualified opinion in the FY2021-2022 Audit when prior matters were rectified. The City's Accounting Division performed the accounting research and work necessary to correct these matters.

WHEREAS, in addition to the unqualified opinion on the audited financial statements, the City received an updated list of auditor findings. Auditor findings are deficiencies found by the auditors while conducting the audit in areas of internal control, accounting errors, and non-compliance with grant or contractual requirements.

WHEREAS, the City Controller and the City Manager have provided responses as well as a corrective action plan to the auditor to address the findings. In order for the City to overcome these findings the City Controller's Department is currently working with the City Manager's Department to do the following:

- Implement new policies and procedures,
- Fiscal Sustainability Plan implementation
- Fee Study implementation
- Implement new financial accounting software and to program reports where needed
- Provide continued training to staff

WHEREAS, implementing the corrective action plan provided to the auditors, as well as the steps described above will remove audit findings so that the City can operate more efficiently and effectively, obtain more opportunities for outside financing, and become a model for other cities to follow. The audit findings signify that some existing City practices allow for the opportunity for the misappropriation of City assets, as well as the possibility of losing granting opportunities.

WHEREAS, the impact of completing the Fiscal Year 2022-2023 Audit and releasing the Fiscal Year 2022-2023 Audited Financial Statements as well as the Fiscal Year 2022-2023 Single Audit Report by the City's auditors allows the City to remain in compliance with grant and contractual requirements. Adoption will also greatly assist with removing the City from the State of California Auditor Department's list of cities with the greatest fiscal risk in the State of California.

WHEREAS, it is the recommendation of staff that the City Council adopt this Resolution to receive and file the attached set of Audited Financial Statements for Fiscal Year 2022-2023, and the Single Audit Report for Fiscal Year 2022-2023.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Receive and File the Fiscal Year 2022-2023 Audited Financial Statements, Fiscal Year 2022-2023 Single Audit, and the unaudited MD&A.

Section 2. That a copy of this Resolution shall be filed in the offices of the City Clerk, City Attorney, City Manager, and City Controller.

RESOLUTION NO. _____

Section 3. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2024.

EMMA SHARIF
MAYOR OF THE CITY OF COMPTON

ATTEST:

SATRA D. ZURITA
CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Satra D. Zurita, 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 this _____ day of _____, 2024.

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

AYES: COUNCILMEMBERS -
NOES: COUNCILMEMBERS -
ABSTAIN: COUNCILMEMBERS -
ABSENT: COUNCILMEMBERS -

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2023

As management of the City of Compton, California (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2023.

A) FINANCIAL HIGHLIGHTS

- The assets and the deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the Fiscal Year 2022-2023 by approximately \$79.1 million (*net position*), which is approximately \$60.3 million higher than the previous year's net position. This is due primarily to decreases in expenses of Governmental Activities of \$22.5 million, Business-Type activity expense decreases of \$2.1 million, increases in property taxes of \$4.7 million, increases in investment earnings of \$5.3 million, and increases in utility user taxes of \$2.7 million. The unrestricted portion of net position as of June 30, 2023 increased by approximately \$37.0 million to (\$219.0) million accumulating more resources that may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's Governmental Funds (e.g. General Fund, Capital Projects Funds, Special Revenue Funds, etc.) reported combined fund balances of approximately \$218.7 million, an increase of approximately \$28.2 million from the prior year. Of this amount, \$197.7 million, or approximately 90.4%, of total fund balances are reported as either "Nonspendable" (\$1.7 million), "Assigned" (\$142 thousand), "Committed" (\$552 thousand), or "Restricted" (\$195.3 million) fund balances. The increase in the City's governmental funds combined fund balances reported was primarily driven by increases in tax revenue (by approximately \$6.7 million).
- The City's net capital assets (land, buildings, equipment, infrastructure, less accumulated depreciation) were at \$209.9 million as of June 30, 2023, increasing by \$1.4 million over the previous year due mainly to an increase in infrastructure capital assets.
- The City's net long-term liabilities increased by \$10.6 million to \$416.2 million, primarily as a result of the increase in the Pension liability of approximately \$51.4 million, combined with a decrease in Other Post Employment Benefits Payable (OPEB) liability of \$35.2 million as well as a decrease in long term Bonds and notes payable of approximately \$5.5 million, for Fiscal Year 2022-2023.
- The City's deferred inflow on resources decreased by \$25.5 million to \$64.5 million, primarily as a result of a combination of a decrease of Pension deferred inflows of approximately \$46.5 million in net differences between projected and actual earnings on pension plan investments, as well as an increase in OPEB deferred inflows of \$19.6 million from the difference between the expected and actual experience of the OPEB plan, as well as from changes in assumptions in the OPEB plan. Additionally, the City's deferred outflows increased by \$13.3 million, or 22.8% due to a combination of an increase of \$25.9 million from Net Difference between Projected and Actual Earnings on Pension Plan Investments and pension plan changes in assumptions, with a decrease of \$12.6 million from OPEB plan changes of assumptions.
- During FY 2022-2023, Sales Taxes decreased by approximately \$6.8 million or 19.5%. The City saw a decrease in Sales Tax due to a decrease in spending.
- Utility User Taxes increased by approximately \$2.7 million, or 22.2%, during FY 2022-2023, as a result of increased commercial and industrial activity within the City.
- Investment earnings increased by \$5.6 million or 441.1% during Fiscal Year 2022-2023, primarily due to an increase in market interest rates.

B) OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2023

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, environmental and human services and debt service. The business-type activities of the City include operations of its Water, Sewer and Solid Waste utilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also activities of three legally separate component units: the Successor Agency of the City of Compton, the Compton Public Finance Authority, and the Compton Housing Authority. Because the City Council acts as (or appoints) the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmentwide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 134 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Retirement Fund, and the Compton Housing Successor Capital Projects Fund, each of which are considered to be major funds. Data from the other 131 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Additional Financial Information section of this report.

CITY OF COMPTON, CALIFORNIA
Management's Discussion and Analysis (UNAUDITED)
June 30, 2023

The City adopts an annual appropriated budget for its General Fund, each of its special revenue funds, its debt service fund, and its capital projects fund. A budgetary comparison statement is provided for each of the City's major governmental funds or groups of funds to demonstrate compliance with this budget. The budgetary comparison statement for the General Fund and the Retirement Fund is located in the basic financial statements.

The basic governmental fund financial statements can be found on pages 8-11 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmentwide financial statements. The City uses Enterprise Funds to account for its Water, Sewer and Solid Waste utilities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the following activities:

- Equipment Usage and Rental
- Central Duplication, and
- Self-Insurance

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmentwide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Solid Waste funds, each of which is considered a major fund of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Additional Financial Information section of this report. The basic proprietary fund financial statements can be found starting at page 12 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 - 69 of this report.

Other Information

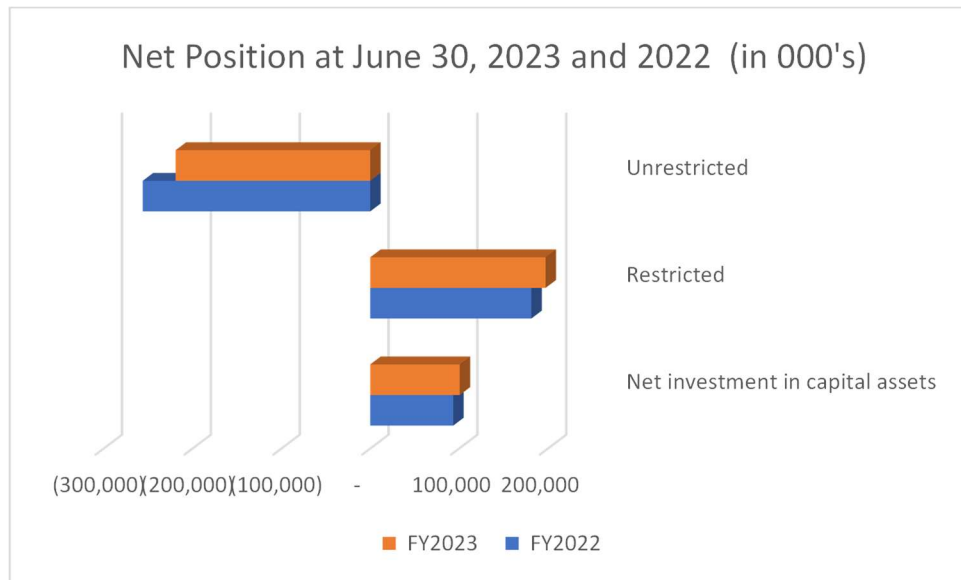
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 70 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, together with information on the Retirement Fund budget comparison, are presented immediately following the required supplementary information on pensions and other postemployment benefits.

C) GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$79.1 million at the close of Fiscal Year 2022-2023.

A large portion of the City's net position, \$100.8 million reflects its net investment in capital assets (e.g., land, buildings, utility and general government infrastructure, machinery and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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Another large portion of the City's net position, \$197.4 million is restricted and, as noted earlier, is restricted to meet the City's ongoing obligations to creditors, grantors, and special-levy tax payers. A negative portion of the City's net position, (\$219.0 million) represents a deficit in resources that need to be set aside to cover long term liabilities. At the end of the fiscal year, due to the City's financial position and despite the impacts of the COVID-19 pandemic on the City's revenues, the City is able to report improvements in balances in net position for both its governmental activities as well as its business activities.

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City of Compton, California (000's)						
As of June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 235,753	182,711	51,342	43,952	287,095	226,663
Noncurrent Assets	22,823	34,738	26,208	25,729	49,031	60,467
Capital assets	170,367	166,236	39,542	42,262	209,909	208,498
Total assets	<u>428,943</u>	<u>383,685</u>	<u>117,092</u>	<u>111,943</u>	<u>546,035</u>	<u>495,628</u>
Deferred outflows of resources	<u>67,204</u>	<u>53,627</u>	<u>4,497</u>	<u>4,772</u>	<u>71,701</u>	<u>58,399</u>
LIABILITIES						
Current liabilities	49,090	31,823	8,779	7,773	57,869	39,596
Long-term liabilities, net of current portion	346,301	331,840	69,932	73,779	416,233	405,619
Total liabilities	<u>395,391</u>	<u>363,663</u>	<u>78,711</u>	<u>81,552</u>	<u>474,102</u>	<u>445,215</u>
Deferred inflows of resources	<u>59,080</u>	<u>84,916</u>	<u>5,456</u>	<u>5,074</u>	<u>64,536</u>	<u>89,990</u>
NET POSITION						
Net investment in capital assets	100,757	93,453	-	-	100,757	93,453
Restricted	189,027	172,752	8,356	8,644	197,383	181,396
Unrestricted	<u>(248,108)</u>	<u>(277,473)</u>	<u>29,066</u>	<u>21,446</u>	<u>(219,042)</u>	<u>(256,027)</u>
Total net position	<u>\$ 41,676</u>	<u>(11,268)</u>	<u>37,422</u>	<u>30,090</u>	<u>79,098</u>	<u>18,822</u>

The City's governmental current assets increased by \$53.0 million (primarily due to an increase in property tax revenues of \$4.7 million, an increase in investment earnings of \$5.3 million, an increase in Charges for services of \$1.3 million, and a decrease in Governmental Activities expenses of \$22.5 million) to \$235.7 million, while current assets for business-type activities increased by \$7.4 million to \$51.3 million. Net capital assets minimally increased to \$209.9 million at June 30, 2023. Long-term liabilities increased by \$10.6 million to \$416.2 million primarily as a net result of the increase in the Pension liability of approximately \$51.6 million, a decrease in OPEB liability of approximately \$35.2 million, and a decrease in Bonds and Notes Payable of approximately \$5.5 million, for Fiscal Year 2022-2023. Further, Deferred outflows of resources increased by \$13.3 million to \$71.7 million primarily because of a combination of an increase of \$25.9 million from Net Difference between Projected and Actual Earnings on Pension Plan Investments and pension plan changes in assumptions, with a decrease of \$12.6 million from OPEB plan changes of assumptions.

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City of Compton, Change in Net Position (000's)						
For the Years Ended June 30, 2023 and 2022						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 18,863	17,551	29,473	28,244	48,336	45,795
Op. grants & cont.	9,268	9,229	-	-	9,268	9,229
Cap. Grants & cont.	7,317	7,534	-	-	7,317	7,534
General Revenues						
Taxes						
Property*	60,300	55,643	-	-	60,300	55,643
Sales	28,023	34,824	-	-	28,023	34,824
Utility user taxes	15,263	12,541	-	-	15,263	12,541
Franchise Taxes	3,399	2,649	-	-	3,399	2,649
Special Assessments	4,227	4,188	-	-	4,227	4,188
Transient occupancy taxes	82	64	-	-	82	64
Real property transfer taxes	203	318	-	-	203	318
Intergovernmental not restricted to specific programs	5,904	8,673	-	-	5,904	8,673
Investment earnings	3,988	(1,305)	325	41	4,313	(1,264)
Other Income	306	707	-	-	306	707
Transfer in from fiduciary fund	42	(7)	(42)	7	-	-
Total Revenues*	157,185	152,609	29,756	28,292	186,941	180,901
Expenses						
General government	23,597	27,104	-	-	23,597	27,104
Public Safety	46,880	43,593	-	-	46,880	43,593
Public Works	13,403	12,598	-	-	13,403	12,598
Management Services	2,574	29,131	-	-	2,574	29,131
Environmental and Human Services	15,234	11,656	-	-	15,234	11,656
Interest on long-term debt	2,554	2,682	-	-	2,554	2,682
Water	-	-	13,306	15,794	13,306	15,794
Rubbish	-	-	6,826	6,350	6,826	6,350
Sewer	-	-	2,292	2,362	2,292	2,362
Total Expenses	104,242	126,764	22,424	24,506	126,666	151,270
Prior Year Adjustment	-	(16,093)	-	183	-	(15,910)
Transfers	-	-	-	-	-	-
Change in Net Position*	52,944	25,847	7,332	3,786	60,276	29,633
Net Position, July 1 (as restated)	(11,268)	(37,115)	30,090	26,304	18,822	(10,811)
Net position, June 30*	\$ 41,676	(11,268)	37,422	30,090	79,098	18,822

Total revenues increased from an adjusted amount of \$180.9 million for Fiscal Year 2021-2022 to \$187.0 million for Fiscal Year 2022-2023, an increase of \$6.0 million or 3.3%. The City experienced an increase of 1.1% in tax revenues or \$1.3 million. While Franchise Tax, and Special Assessment Taxes saw increases of \$750 thousand (28.3% from \$2.7 million to \$3.4 million), and \$38 thousand (.91% from \$4.2 million to \$4.23 million) respectively, certain tax revenues were less affected by the Covid-19 pandemic. Sales Taxes decreased due to a reduction in spending trends, recording a \$6.8 million decrease (19.5% from \$34.8 million to \$28.0 million). Additionally, Property Tax increased by \$4.7 million or 8.4% to \$60.3 million primarily due to an increase in total assessed values (a 6.69% increase as shown in the Proposition 111 Analysis of the Office of the Assessor of Los Angeles County). Total expenses decreased by \$24.6 million from \$151.3 million in fiscal year 2021-2022 to \$126.7 million in fiscal year 2022-2023 or 16.3%. This decrease in expenses is primarily due to a \$19.2 million increase in Deferred outflows related to

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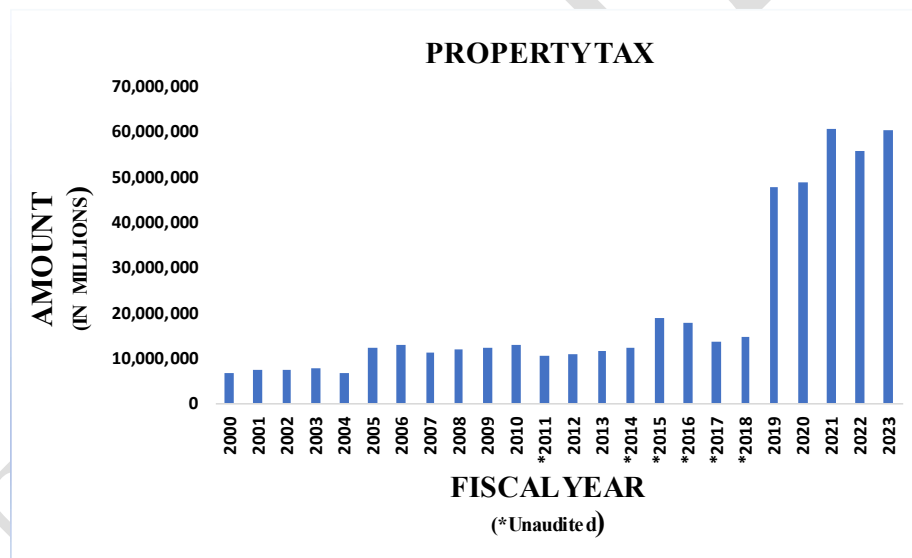
Pension in Governmental Activities, as well as a \$1.9 million decrease Governmental Activities expenses mainly due to a decrease in the OPEB liability.

Governmental Activities

The total growth in net position for the Governmental Activities of the City was \$53.0 million for the fiscal year ended June 30, 2023 compared to the amount of \$9.8 million in fiscal year ended June 30, 2022, a \$43.2 million increase. This was mainly due to a decrease on Management Services expenditures by approximately \$26.6 million related to a \$19.2 million increase in Deferred outflows related to Pension in Governmental Activities, as well as a \$1.9 million decrease Governmental Activities expenses mainly due to a decrease in the OPEB liability. Total general revenues and transfers increased \$3.4 million compared to the prior year primarily due to the increases in tax revenue. The City of Compton has three major tax sources, sales, property, and utility users' tax. While these sources generally provide for a diversified and stable tax base, which reduces reliance on any one source, this year the City did see significant increases in both utility user tax and property tax, further described below.

Property Tax

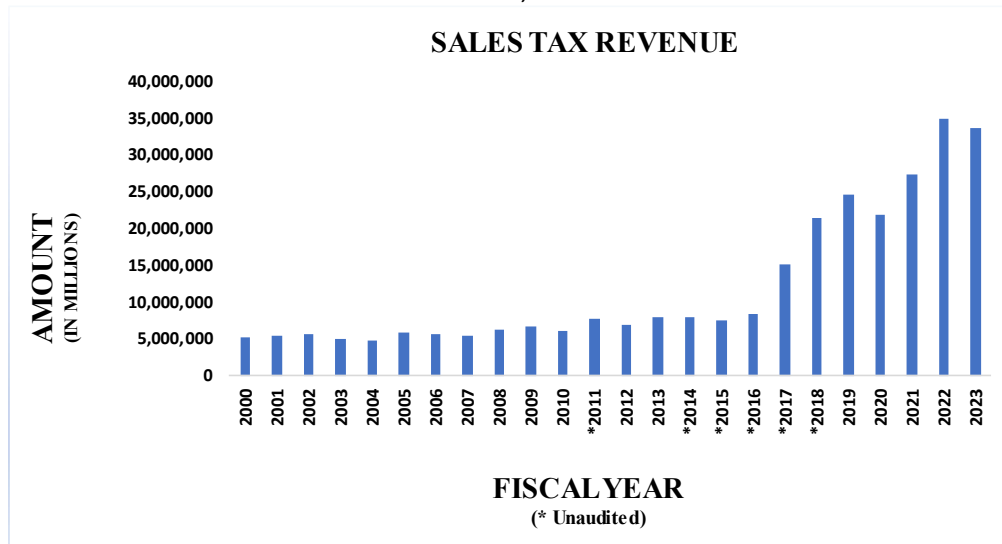
Property taxes are levied based on assessed values, which grew 6.69% (as shown in the Proposition 111 Analysis of the Office of the Assessor of Los Angeles County for new non-residential growth) this past year. This reflects a real estate market in the City of Compton that continues to gain strength resulting in a \$4.7 million or 8.4% increase in property tax revenues to a total of \$60.3 million from the previous amount of \$55.6 million.



Sales Tax

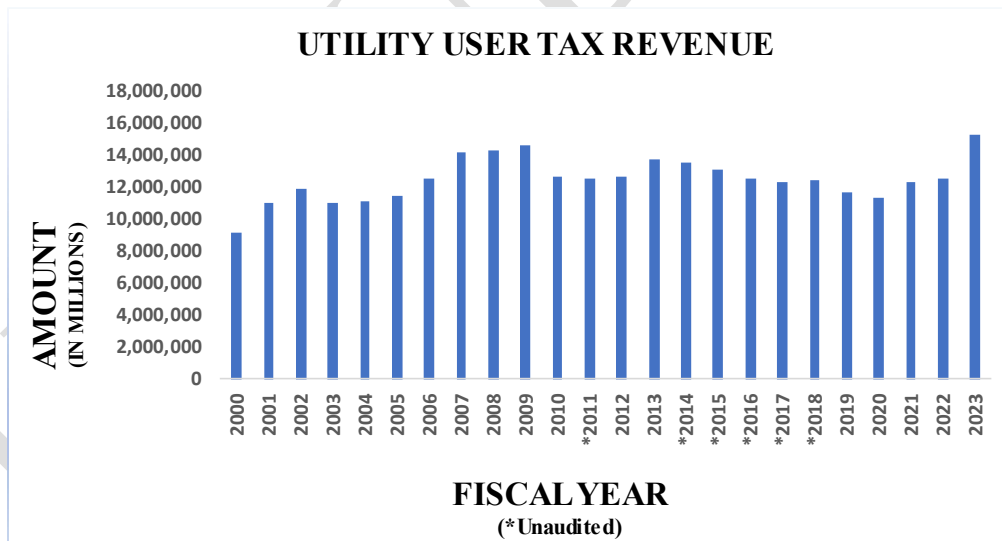
Sales tax revenue decreased by approximately \$6.8 million or 19.5% to \$28.0 million in Fiscal Year 2022-2023 compared to Fiscal Year 2021-2022, primarily due to a reduction in spending.

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Utility User Taxes

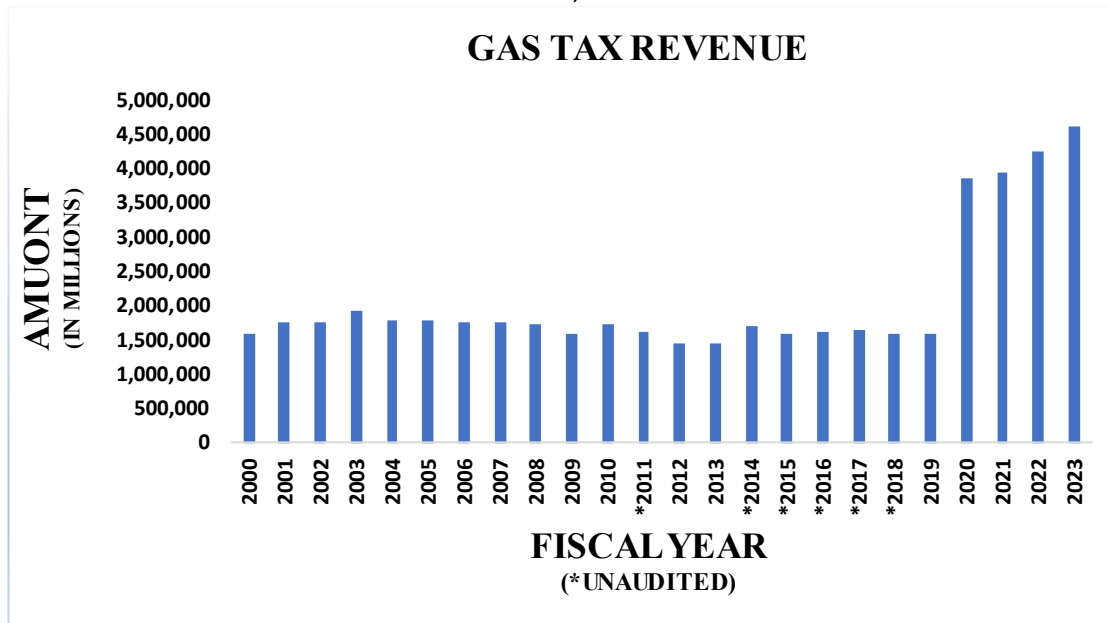
Utility User tax revenue also increased in Fiscal Year 2022-2023 to \$15.3 million, increasing approximately \$2.7 million or 21.7% from \$12.5 million in the prior Fiscal Year. For commercial, industrial, retail and certain other categories of utility user tax, the utility user tax is computed on units of utility usage. As a result, there was an increase in commercial and industrial activities.



Gas Taxes

Gas tax revenues for Fiscal Year 2022-2023 increased by approximately \$358 thousand or 8.4% for a total of approximately \$4.6 million versus prior year actual receipts of \$4.2 million. The increase in revenue is primarily driven by the increase in the cost of gas that occurred during FY2022-2023.

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Franchise Taxes

Franchise tax revenues for Fiscal Year 2022-2023 increased by approximately \$750 thousand or 28.32% for a total of \$3.4 million versus prior year actual receipts of \$2.65 million. The increase in revenue is primarily driven by an increase in commercial and industrial activities.

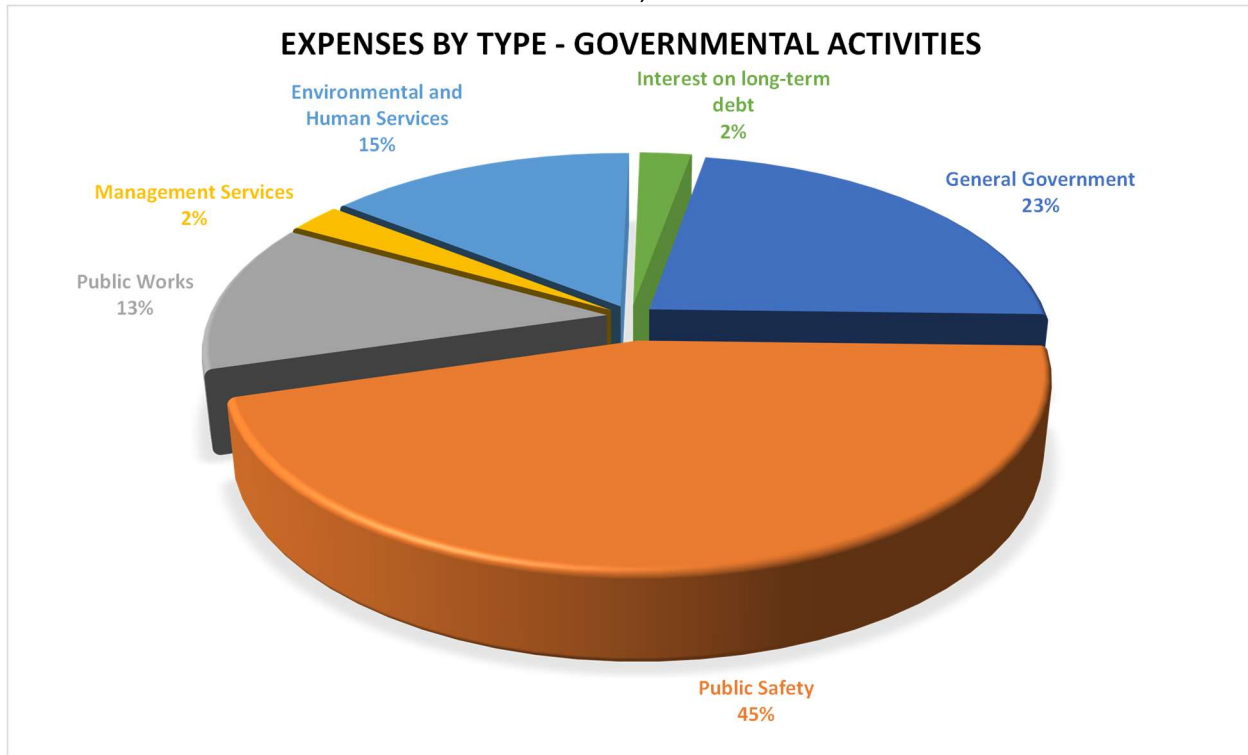
Investment revenues

Investment revenues for Governmental Activities also increased by \$5.3 million or 415.4% due to increases in market rates.

Expenses of Governmental Activities

The City continued its efforts to maintain effective cost controls during Fiscal Year 2022-2023, as it did during Fiscal Year 2021-2022. Governmental Activities expenses during Fiscal Year 2022-2023 were allocated as shown in the following chart:

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Public safety expenses

Public Safety expenses increased by \$3.3 million or 7.5% to \$46.9 million primarily due to increases in expenditures for salaries and in LA County Sherriff contract costs, approximately \$2.1 million combined.

Public works expenses

Public works expenses increased 6.4% to \$13.4 million primarily due an increase in depreciation expenses related to capital assets for Public Works activities.

Management services expenses

Management Services Expenses decreased 91.2% to \$2.6 million, primarily due to a \$19.2 million increase in Deferred outflows related to Pension, as well as a \$1.9 million decrease in the OPEB liability

General government expenses

General government expenses decreased 12.9% from \$27.1 million to \$23.4 million mainly due to decreases in federal grant spending by approximately \$3.1 million.

Environmental and human services expenses

Environmental and human services expenses increased 30.7% from \$11.7 million to \$15.2 million primarily from a variety of increases in governmental activities. One such activity that saw an increase was the Compton Housing Successor which had development costs of approximately \$2.3 million. Additionally there were increases in Federal, State, and County grant expenditures of approximately \$613 thousand, \$187 thousand, and \$81 thousand, respectively. Lastly, there were also increases in Recreation activity salary expenditures in comparison to Fiscal Year 2021-2022.

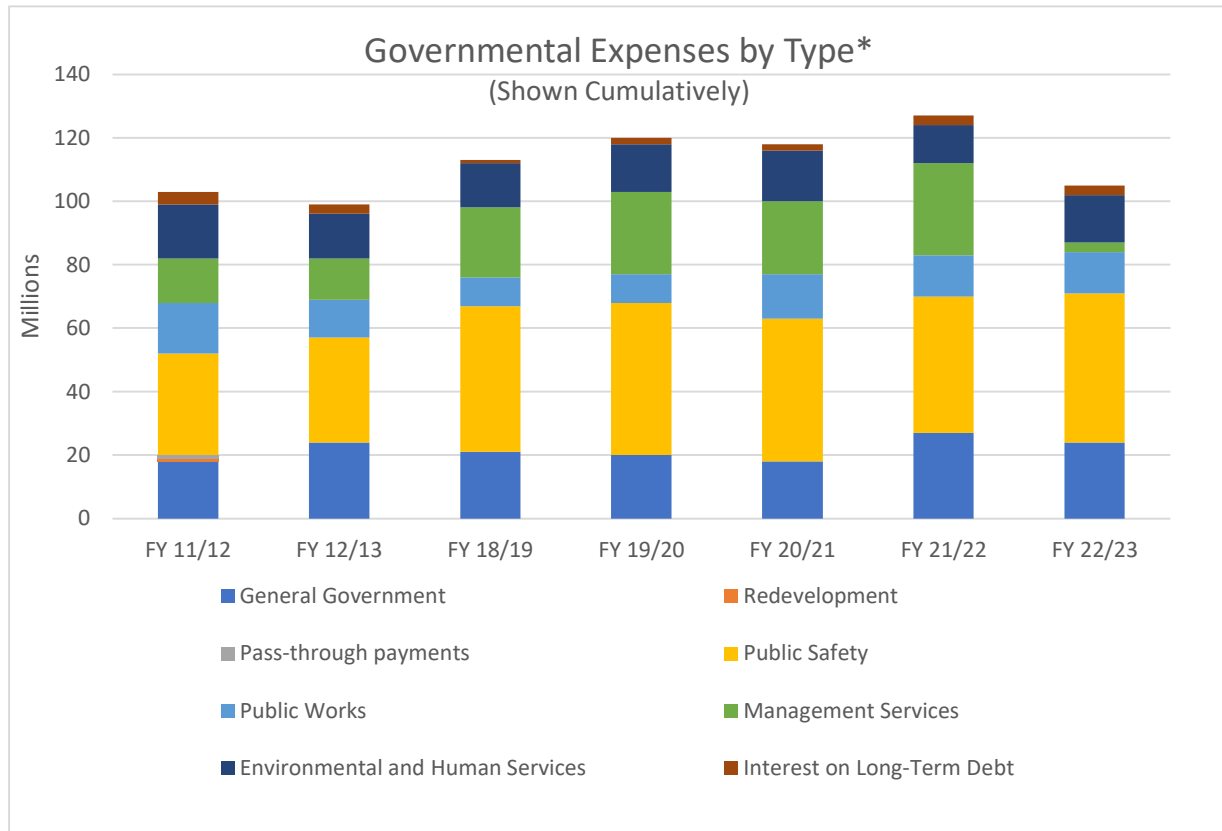
Interest on long-term debt

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Interest on long-term debt for Governmental Activities decreased 4.8% to \$2.6 million, with debt service payments of \$2.9 million, as a result of debt-service structures.

The following chart examines the City's governmental (i.e. non-business type) expenses over the past several years:

Governmental Expenses by Type



Business-type Activities

Business-type activities increased the City's net position by \$7.3 million in Fiscal Year 2022-2023 to \$37.4 million.

Key factors related to business-type activities include:

Total revenues for business-type activities were slightly changed, with an increase of approximately \$1.5 million compared to the previous year.

Total operating expenses in the business-type activities decreased \$2.4 million compared to the prior Fiscal Year due primarily to a decrease of \$2.8 million in the Water Enterprise Fund of Pension and OPEB costs.

D) FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the 2022-2023 Fiscal Year, the City's governmental funds report combined ending fund balances of \$218.7 million, an increase of \$28.2 million over the prior year, or 14.8%. Increases in tax and special assessment revenue for the current year provided a \$6.6 million or 6.3% increase in revenues to \$111.5 million. Additionally, Use of Money and Property revenue increased by \$5.2 million to \$3.9 million. Governmental funds also had a decrease in capital outlay expenditures of approximately \$3.9 million, or 19.2%. Debt service payments for Governmental funds also decreased by \$1.4 million to \$2.9 million for Fiscal Year 2022-2023.

Fund Balance

The components of fund balance include the following line items:

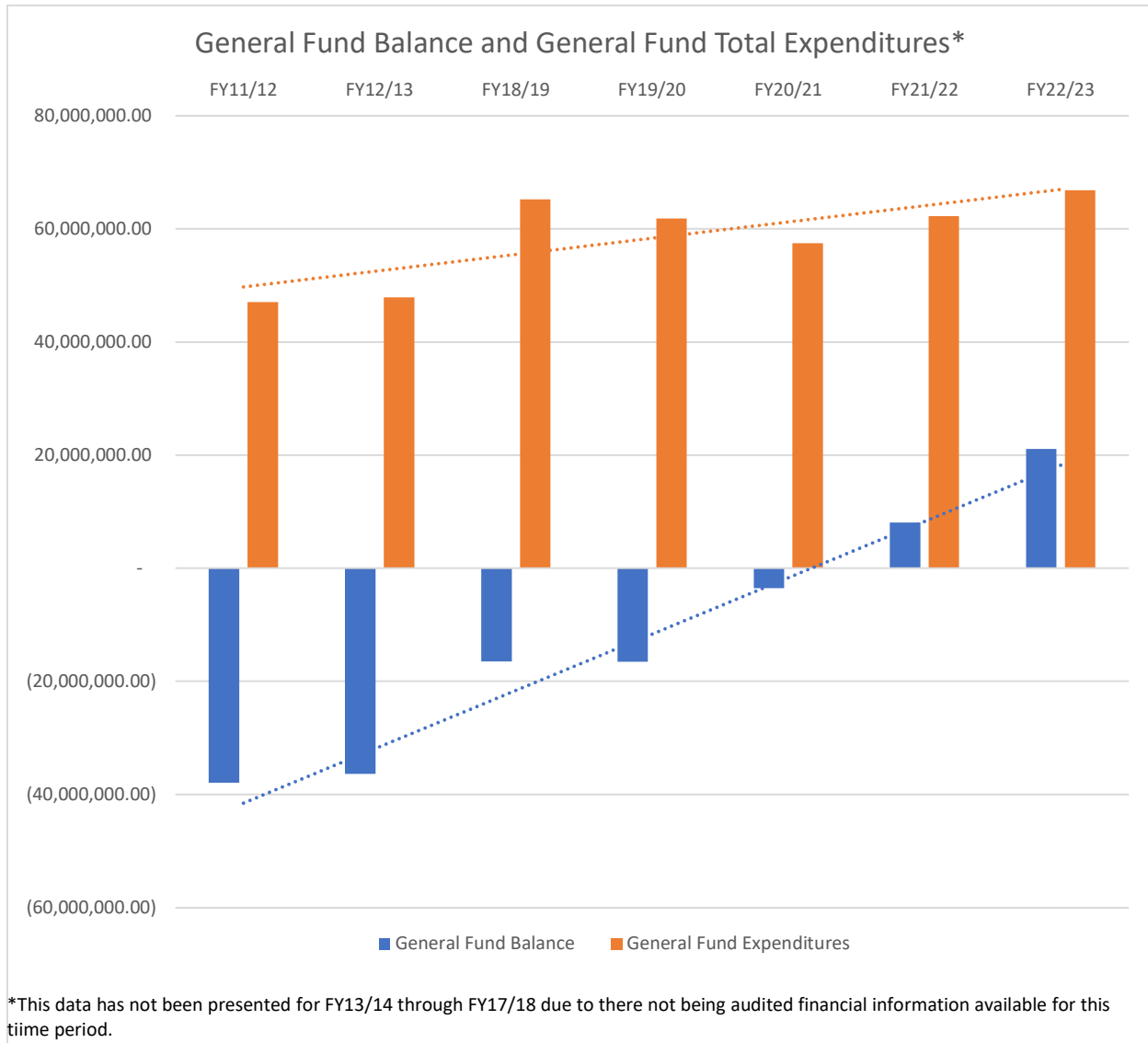
- a) **Nonspendable fund balance** - \$1.7 million (inherently non-spendable) include the portion of net resources that cannot be spent because of their form, such as long-term receivables, and the portion of net resources that cannot be spent because they must be maintained intact.
- b) **Restricted fund balance** - \$195.3 million (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other government
- c) **Committed fund balance** - \$552 thousand (self-imposed limitation set in place prior to the end of the period) Limitation imposed at the highest level of decision making that requires formal action at the same level to remove.
- d) **Assigned fund balance** - \$142 thousand (limitation resulting from intended use) consists of amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Based on the City Charter, the City Manager is the designated official.
- e) **Unassigned fund balance** - \$20.9 million, consists of fund balance in excess of the other components of fund balance.

The fund balance of the City's General Fund increased by \$13.0 million during the current Fiscal Year. Revenues exceeded expenditures by approximately \$16.6 million in Fiscal Year 2022-2023. Expenditures in the General Fund increased by \$4.6 million. The increase in General Fund expenses were driven by increases in Capital outlay and Public Safety activities. Additionally, Transfers In were exceeded by Transfers Out (which were primarily for debt service payment funding of \$3.6 million) by approximately \$3.6 million.

The fund balance of the City's Housing Successor Capital Projects Fund decreased by \$1.2 million, primarily due to an increase in expenditures made to the Successor Agency development purposes (approximately \$2.3 million).

Perhaps the best measure of the City's effectiveness in weathering an economic downturn and building sustained growth for the future is its ability to catch up on building fund reserves. As a rule of thumb, a city should maintain sufficient reserves to weather the worst potential emergency scenarios. In the accompanying chart, the changes in the fund balance of the City's General Fund and the changes in total expenditures (excluding transfers out) is presented. As this chart demonstrates, the actions taken by the City have effectively improved revenues, controlled expenditures and allowed the City to increase its reserves for future needs. As shown in the chart below, in Fiscal Year 2011-2012 the fund balance was approximately negative \$38 million while total General Fund expenditures were \$48 million. By the end of Fiscal Year 2022-2023, on the other hand, the General Fund fund balance was approximately a positive \$21.1 million while total expenditures were \$66.9 million.

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Enterprise Funds

The City's enterprise funds account for financial transactions of the City's business-type function that primarily serve external customers. Total net position of the enterprise funds totaled \$37.8 million, an increase of \$7.8 million or 25.9%. The increase to total net position is the result of effective rate setting and managing available resources.

Other factors concerning the finances of these funds are as follows:

Operating revenues for the Water Enterprise decreased by approximately 4.2% to \$19.1 million due to the effect of heavy rains during FY2022-2023. Residential, Commercial, Industrial, and Multi-family consumption all decreased in a comparable manner compared to the consumption of the prior year. Operating expenses decreased by \$2.7 million, or 20.0% during Fiscal Year 2022-2023 primarily due to a decrease of Pension and OPEB costs of \$2.7 million. After factoring in non-operating items, net position in the Water Enterprise still displays an increase of \$6.3 million to \$33.4 million.

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Operating revenues for the Sewer Enterprise decreased by approximately \$112 thousand or 4.0%, also due to heavy rains during FY2022-2023. Operating expenses decreased by 11.1% or by \$154 thousand primarily due to approximately \$120 thousand decrease in contractual services compared to the prior year.

Operating revenues for the Solid Waste Enterprise increased \$2.2 million (40.0%) from \$5.5 million in prior Fiscal Year to \$7.6 million in current fiscal year. This increase is due to a delay in revenue billing that occurred during Fiscal Year 2021-2022, where additional billings were issued in FY2022-2023 to recuperate the prior delayed billings. Operating expenses increased \$460 thousand to \$6.8 million, or 7.3%. Overall, the net position in the Solid Waste Enterprise Fund increased \$797 thousand to \$(1.5 million).

Internal Service Funds

The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Equipment Rental, Central Duplication, and Self-Insurance Services provided. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Factors concerning the finances of the internal service funds have already been addressed in the discussion of the City's governmental activities.

E) BUDGETARY HIGHLIGHTS

The City adopts annual appropriated operating budgets for its governmental funds (General Fund, special revenue funds, debt service fund, and Housing Successor capital projects fund), and reports the results of operations on a budgetary comparison basis for the General Fund and Retirement fund only. The City also uses annual financial plans as a management tool for its enterprise and internal service funds, although the City does not report the results of these funds on a budgetary comparison basis.

When preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the Fiscal Year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs. During the course of the year, the City Council can amend the originally adopted budget to re-appropriate prior year approved projects and expenditures, increase legal and professional services, move up the timing of expenditures for capital projects, and provide additional funding for community support.

General Fund

The General Fund reflected a positive net budget variance of \$15.4 million when comparing actual amounts to the final budget for the 2022-2023 Fiscal Year. This budget variance reflects actual revenues exceeding the final budget by \$9.9 million and total actual expenditures of \$5.5 million less than the final budget.

F) CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets and CIP for its governmental and business-type activities amounts to approximately \$209.9 million net of accumulated depreciation and construction in progress as of June 30, 2023, which is a net increase of \$1.4 million (0.7%) over the amount of the prior year total of \$208.5 million.

Capital assets, net of accumulated depreciation, for governmental activities, increased from \$166.2 million at June 30, 2022 to \$170.4 million at June 30, 2023; a net increase of \$4.1 million or 2.5%. Capital asset net additions totaled

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\$10.7 million, and depreciation expense totaled \$8.6 million. Significant additions include capital projects for streets and pavement (\$9.3 million).

Capital assets, net of accumulated depreciation, for business-type activities, decreased from \$42.3 million at June 30, 2022 to \$39.5 million at June 30, 2023; a net decrease of \$2.7 million or 6.4%. Depreciation expense totaled \$2.7 million. Additional information on the City's capital assets can be found in Note IIID to the basic financial statements on page 41 of this report.

As of June 30, 2023 and 2022						
City of Compton's Capital Assets, Net of Accumulated Depreciation (000's)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 88,425	88,425	162	162	88,587	88,587
Buildings	60,603	59,352	3,836	3,836	64,439	63,188
Infrastructure	130,711	123,487	70,285	70,285	200,996	193,772
Machinery and Equipment	21,534	21,283	3,654	3,654	25,188	24,937
Construction in Progress	14,468	13,522	0	-	14,468	13,522
Right of use assets	1,009	-	0	-	1,009	-
Accumulated Depreciation	(146,383)	(139,834)	(38,395)	(35,675)	(184,778)	(175,509)
Total capital assets, net	\$ 170,367	166,235	39,542	42,262	209,909	208,497

Long-term Debt

At the end of the current Fiscal Year, the City had total long-term bonded debt outstanding of \$113.4 million, down by \$5.5 million from the prior year. The decrease is comprised of bond repayments.

Other long-term obligations include pension obligations of \$157.2 million, other post-employment benefits of \$125.4 million, employee-compensated absences of \$4.4 million, and outstanding claims of \$19.5 million.

City of Compton's Outstanding Long-Term Debt (000's)						
As of June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds Payable	\$ 69,611	72,744	49,133	51,285	118,744	124,029
Mortgage Loan Payable	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Installment Payment Agreement	-	39	-	-	-	39
Compensated Absences	3,999	4,360	419	444	4,418	4,804
Claims Payable	19,497	19,970	-	-	19,497	19,970
Net Pension Liability	148,386	99,580	8,823	6,252	157,209	105,832
Total other postemployment benefits	111,372	142,499	13,989	18,104	125,361	160,603
Total debt	\$ 352,865	339,192	72,364	76,085	425,229	415,277

G) PRIOR PERIOD ADJUSTMENTS

At the end of Fiscal Year 2022-2023, the City had no prior period adjustments, an increase of \$15.9 million, from \$(15.9 million) in prior period adjustments during Fiscal Year 2021-2022. The prior period adjustments during Fiscal

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Year 2021-2022 were primarily due to the effects of the City's capital assets valuation that was performed with effective date during FY 2021-2022. However, during Fiscal Year 2022-2023, there were no prior period adjustments.

H) AMERICAN RESCUE PLAN ACT AWARD

The City of Compton was awarded funds from the American Rescue Plan Act (ARPA) in calendar year 2022. The first installment of the award was for \$17,212,501.50 received on June 10, 2021. The second installment was received on September 26, 2022 for an amount of \$17,212,501.50. As of June 30, 2023, \$8.4 million was spent or obligated towards qualifying expenditures. For a description of expenditures that qualify for the use of ARPA funds, please see the file at the following link:

<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

I) ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

While the adopted General Fund budget for Fiscal Year 2022-2023 reflected projected revenues plus a portion of reserves meeting operating expenditures, the overall result was an excess of revenues over expenditures of \$13.0 million when factoring in interfund transfers in and out. Transfers included a \$3.6 million transfer out to the Debt Service Fund to make bond repayments for the 2008 and 2016 Lease Revenue Bonds. Due to the uncertainty of the economic environment due to the COVID-19 recovery, Fiscal Year 2022-23 total revenues were forecasted conservatively and cost cutting measures were implemented during Fiscal Year 2020-2021 and such measures gradually receded during Fiscal Year 2022-2023 in order to increase service levels to the public. Despite the contraction in staffing and other cost cutting measures from prior budgets, the adopted Fiscal Year 2022-2023 budget provided for enhancement of the robust services to the community for which Compton strives to achieve annually. This endeavor also continued throughout Fiscal Year 2023-2024.

J) REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sharon Rahban Navizadeh, City Controller, City of Compton, 205 S. Willowbrook Avenue, City Controller's Office, Compton, California 90220. Additional information, including the prior year's audited financial statements and prior and current year budgets are available on the City's website at <https://www.comptoncity.org/departments/city-manager/budget-information>.



City of Compton

Audit Reports for FY 2023

Presented to the City Council
June 17, 2025

Presented by
Eden Casareno, Partner
Panida Kongpetch, Senior Manager
EadiePayne



Agenda

- Independent Auditor's Reports
 - Report on the Financial Statements
 - Report Required by *Government Auditing Standards*
 - Report Required by Uniform Guidance
- Schedule of Findings and Questioned Costs
- Other Required Communication with Board of Governance
- Q&A

Independent Auditor's Reports

2

- **Report on the Financial Statements (page 1 of Financial Statements with Independent Auditor's Report)**

“In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Compton, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

- Auditing standards
 - Generally accepted in the U.S. (GAAS)
 - *Government Auditing Standards*
- Management responsibilities
- Auditor's responsibilities
- Required supplementary information
- Supplementary information

Financial highlights (discussed by City Controller)

Independent Auditor's Reports (Continued)

3

- **Report Required by Government Auditing Standards (page 1 of Single Audit Report)**

Report on internal control over financial reporting

- We do not express an opinion on the effectiveness of the City's internal control.
- Not designed to identify all deficiencies in internal control.
- We did identify deficiencies that we consider to be material weaknesses and significant deficiencies (Slide 6 & 7)

Report on compliance and other matters

- Compliance with certain provisions of laws, regulations, contracts and grant agreements
- Non-compliance could have a direct and material effect on the financial statements
- We reported instances of non-compliance (Slide 7)

Independent Auditor's Reports (Continued)

4

- **Report Required by Uniform Guidance (page 3 of Single Audit Report)**

“In our opinion, City of Compton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.”

- Compliance audit
- Required by Single Audit Act and Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- Major federal program audited: Section 8 Housing Choice Vouchers
- Management responsibilities
- Auditor's responsibilities
- We noted instances of non-compliance and internal control deficiencies (Slide 5)
- Schedule of expenditures of federal awards (page 7 of Single Audit Report)

Schedule of Findings and Questioned Costs

5

- Major Federal Award Programs

General

- 2023-001 Filing of Single Audit Report
- 2023-002 Procurement Policy
- 2023-003 Lack of Risk Assessment

Section 8 Housing Choice Vouchers

- 2023-004 Lack of Reporting
- 2023-005 Delayed Approval of Compensation Rates
- 2023-006 Lack of Oversight Due to Management Turnover

Schedule of Findings and Questioned Costs (Continued)

6

- Financial Statements

- 2023-007 Delay and Errors in Bank Reconciliation
- 2023-008 Lack of Segregation of Duties Around Permit Revenue Process
- 2023-009 Insufficient Qualified Personnel
- 2023-010 Information Technology Controls
- 2023-011 City-wide Implementation of Policies and Procedures
- 2023-012 Lack of Communication Regarding Contingent Liabilities

Schedule of Findings and Questioned Costs (Continued)

7

- Financial Statements

- 2023-013 Delay in Recording Step Increases in Salaries
- 2023-014 Uncollected Grants Receivable
- 2023-015 Record Retention
- 2023-016 Internal Audits
- 2023-017 Noncompliance with Bond Reporting Requirements
- 2023-018 Noncompliance with Annual Investment Policy Requirement

Other Required Communication With Board of Governance

- Planned scope and timing
 - We had to modify and extend the scope and timing of our audit
- Significant risks identified
 - Management override of internal controls.
 - Improper revenue recognition due to fraud.
 - Invalid expenditures due to fraud.
 - Negative fund cash is not actively monitored and adjusted.
 - Understatement of payables and expenditures.
 - Understatement of contingent liabilities.

Other Required Communication With Board of Governance (Continued)

- New accounting pronouncements
 - GASB 96, Subscription Based on IT Arrangements (SBITA)
- Significant accounting estimates
 - Allowance for doubtful accounts
 - Pension liabilities
 - OPEB liability
 - Self-insurance claims
- Significant Disclosures
 - Note II G, Noncompliance with debt covenants (page 51)
 - Note II I, Net position and fund balance (page 53)
 - Note V B, City's financial condition and management plans (page 66)

Other Required Communication With Board of Governance (Continued)

- Significant Difficulties
 - Incorrect audit schedules
 - Supporting documentation not readily available
- Corrected Material Misstatements
 - Governmental Activities: To reduce lease liability and debt service offset accounts for \$104,934.
 - Fiduciary: To increase land held for sale to lower of cost or market for \$984,715.
 - Internal Service Fund: To increase accrued legal liability and legal expenses for \$580,900.

Other Required Communication With Board of Governance (Continued)

- Uncorrected Misstatements
 - General fund: Revenue for vehicle license fee was over stated by \$98,525
 - Nonmajor fund:
 - Revenue for highway user tax was over stated by \$53,418
 - Revenue for property taxes was over stated by \$97,767.
- No disagreements with management
- Representations requested from management



QUESTIONS?



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THANK YOU

APRIL 1, 2025

The Compton City Council meeting was called to order at 5:40 p.m. by Mayor Emma Sharif in the Council Chambers of City Hall. The Moment of Silence and Pledge of Allegiance Ceremonies were also led by Mayor Emma Sharif.

ROLL CALL

Council Members Present: D. Duhart, J. Bowers, L. Darden, Mayor E. Sharif

Council Members Absent: A. Spicer

Other Officials Present: S. Zurita, W. Hopkins, Jr.

Other Officials Absent: E. Perrodin, B. Mims

PRESENTATIONS

1. **CERTIFICATE PRESENTATION IN THE MEMORY OF CESAR CHAVEZ, “LEADING THE WAY AWARD” – Mayor Sharif (TABLED)**

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

Mayor Sharif reiterated the rules of decorum in Council Chambers.

Silvia Avalos, business owner, addressed the City Council regarding the alley adjacent to her home at San Luis St. and Brazil St. She also inquired about a response to her emails and phone calls concerning the street conditions in her neighborhood.

Bishop Guillory questioned the controversy surrounding a video from 2007. He argued that if it were truly hate speech, it would have been removed from YouTube. He defended his right to free speech and questioned why he faced calls for removal when he prioritized public safety.

Brianna Maldonado requested a Spanish translator. City Manager Hopkins Jr. informed Ms. Maldonado that in accordance with the Brown Act, speakers are not entitled to a Spanish translator if they can speak English. She chose to address the City Council in Spanish.

Paul Perrodin expressed his concerns regarding street sweeping on Central Avenue. He questioned why the street sweepers are not using water or effectively picking up trash. He also inquired about the City’s decision to allocate \$300,000 from Republic globally, rather than providing rebates to dissatisfied citizens.

Abril Villanueva, Army Veteran, encouraged the City Council to publicly reaffirm the Council Chambers as a safe space for all community members. She emphasized the importance of fostering an environment where all voices can be heard without intimidation. She also highlighted her commitment to standing up for freedom and supporting her community members’ call for unity and accountability.

Aaron Diaz called on the City to reaffirm its commitment to being a safe and inclusive space for all residents. He urged the City Council to make a public statement against discrimination and reinforce Compton as a welcoming home for everyone.

Kinsey Jones suggested adding a walkway, benches, and lighting where a McDonald's restaurant once stood. He reminisced about the area’s previous well-maintained condition and advocated for landscaping improvements to enhance the City’s appearance.

Lynn Boone expressed her appreciation to the community for their support. She also accused the City Manager of overstepping his authority with an agenda to undermine the City Attorney.

Tanya Lewis commended City Manager Hopkins Jr. for doing a commendable job compared to previous city managers. She also announced the Hub City Autism Network’s event on April 19 at Compton Airport. She went on to praise David Bennett from the Water Department for promptly addressing a maintenance request.

Missy Barbara spoke in support of City Manager Hopkins Jr. She highlighted his efforts to be transparent, combat corruption and improve the City's financial situation. She also acknowledged the challenges faced by previous administrations and encouraged residents to attend council meetings to better understand the issues at hand.

Vanessa Cain announced the Hub City Autism Network's event on April 19. She also echoed the sentiments of Tanya and Missy regarding past city representation. She went on to advocate for a complete overhaul of City Hall staff to ensure the right people are in place.

Richard Earl spoke in opposition to any plans to replace the Compton Par 3 Golf Course with housing. He emphasized the importance of preserving historical and recreational sites in Compton for future generations. He also voiced his support for the City Manager's efforts to improve the City and highlighted the need for walking paths on Greenleaf Blvd.

Benjamin Holifield recalled efforts in the past to maintain flowers and cleanliness around City Hall. He called for continued efforts to enhance the City's appearance as well as fostering community spirit.

Jumana A., representing a solar energy company, introduced a power purchase agreement that allows homeowners to switch to solar energy. She provided brochures in the lobby.

HEARING(S) - JOINT PUBLIC HEARING: CITY COUNCIL AND UCDC 2025 PHA ANNUAL PLAN

On motion by Darden, seconded by Duhart, to open the joint public hearing at 6:29 p.m. by the following vote on roll call:

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

NOES: Council Members/Commissioners – None

ABSENT: Council Members/Commissioners – None

Cecil Flournoy, Director of Community Development, presented the required Five-Year Administrative Plan and the 2025 Annual Plan report as mandated by HUD. The administrative plan outlines the policies, rules, and requirements for the Public Housing Agency (PHA) operations, focusing on serving the needs of very low and extremely low-income families. Mr. Flournoy highlighted two proposed changes to the administrative plan. First, the authority to pay a \$1,000 landlord incentive when funds are available, and second, the authority to administer project-based vouchers for projects under construction in the City. These project sites include the Tropicana Motel, the former Willow Tree Inn, a former motel on 1118 S. Long Beach Blvd, 1434 W. Compton Blvd, and 16208 Atlantic Ave.

Public noticing activities were conducted over a 45-day period through various channels, including the Compton Bulletin, the City's website, and social media, with notices available in English and Spanish. No public comments were received during this period.

PUBLIC COMMENTS ON THE PUBLIC HEARING

Tanya Lewis inquired about the status of Willow Tree Inn. **Mr. Flournoy** explained that while the physical construction is complete, authorization from HUD is needed to administer project-based vouchers, which will remain with the units and require qualified participants.

Missy Barbara suggested adding more retail establishments to the administrative plan, such as restaurants, particularly at Central Ave. and Compton Blvd. She also asked the City to clean the lot at 156th St. and Central Ave. and bill the property owner if necessary. **Mr. Flournoy** stated that plans are underway to address the Surplus Land Act for four proposed sites. He asserted that their intention is not solely to develop housing, but potentially mixed-use projects aimed at attracting national tenants and restaurant chains.

Kinsey Jones inquired about the remodeling of the motel on Long Beach Blvd. **Mr. Flournoy** explained that the property would serve as permanent supportive housing for extremely low and very low-income individuals and families. He also stated that security will be a requirement at the facility.

Lynn Boone questioned the use of the Compton Bulletin as part of the public noticing requirement. She also inquired about rent control, adding that some apartment buildings charge high fees without improving services. **Mr. Flournoy** stated that public notices were placed at City Hall, Compton Library, and Dollarhide Community Center. He expressed his willingness to explore rent stabilization or rent control if directed by the City Manager/Executive Director or City Council/Commission.

Mark Smith inquired about using the vacant lot on Central Ave. and Compton Blvd. for church parking. He also suggested the installation of a jumbotron in front of City Hall for public notifications. **Mr. Flournoy** confirmed that temporary use of the lot is acceptable. He also mentioned previous discussions with the church regarding limitations.

On motion by Duhart, seconded by Darden, to close the joint public hearing at 6:45 p.m. by the following vote on roll call:

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

COUNCIL/COMMISSION COMMENTS ON THE PUBLIC HEARING

Councilmember/Commissioner Bowers emphasized the importance of prioritizing new restaurants in the city.

Councilmember/Commissioner Darden inquired about the shortage of housing units for Section 8 tenants. **Mr. Flournoy** explained that there is always a shortage compared to the number of available vouchers. He explained that the City currently has 803 vouchers, and if approved for project-based vouchers, this number will increase to 1,043.

Councilmember/Commissioner Darden questioned the appeal of the program considering the proposed cuts from Washington, D.C. **Mr. Flournoy** acknowledged that emergency housing vouchers would soon be discontinued, affecting the City's response to COVID-19 and homelessness.

Councilmember/Commissioner Duhart raised concerns about a neglected lot at 156th St. and Central Ave. She recommended the property owner be urged to maintain, develop, or sell the property, given its long-standing impact on the community's appearance.

Mayor/Chairperson Sharif inquired about the number of people on the Section 8 waiting list. **Mr. Flournoy** reported that there are a few hundred individuals left on the list from 2016, with approximately 5,000 on the list for 2017.

REGULAR AGENDA

CITY MANAGER'S REPORT

2. REQUEST TO AUTHORIZE TRAVEL FOR ELECTED OFFICIALS – 2025 REGIONAL CONFERENCE AND JOURNAL ASSEMBLY, PALM DESERT, CA APRIL 30 – MAY 1

On motion by Duhart, seconded by Darden, the travel request was approved by the following vote on roll call:

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

ATTENDEES POLL

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

UNFINISHED BUSINESS

3. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ACCEPT THE ESTIMATE OF INNOVATIVE PLAYGROUNDS CO. INC., AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONSTRUCTION CONTRACT WITH INNOVATIVE PLAYGROUNDS CO., INC., AND AMENDING THE GRANTS DEPARTMENT FY2024-2025 BUDGET TO ESTABLISH A PURCHASE ORDER FOR THE LUEDERS PARK PLAYGROUND IMPROVEMENT PROJECT FOR THE AMOUNT OF \$697,517.33

Mayor Sharif inquired about the pricing and contract details for this project.

City Manager Hopkins Jr. explained that this project involves construction and other services with the contract to follow upon City Council approval.

On motion by Duhart, seconded by Bowers, **Resolution #26,218** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ACCEPT THE ESTIMATE OF INNOVATIVE PLAYGROUNDS CO., INC., AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONSTRUCTION CONTRACT WITH INNOVATIVE PLAYGROUNDS CO., INC., AND AMENDING THE GRANTS DEPARTMENT FY2024-2025 BUDGET TO ESTABLISH A PURCHASE ORDER FOR THE LUEDERS PARK PLAYGROUND IMPROVEMENT PROJECT FOR THE AMOUNT OF \$697,517.33**” was approved by the following vote on roll call:

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

4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE GRANTS MANAGEMENT DEPARTMENT’S 2024-2025 FISCAL YEAR BUDGET AND APPROPRIATE FUNDS WITHIN THE FY2020 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND AND ISSUE A PURCHASE ORDER TO CREATIVE BUS SALES IN THE AMOUNT OF (\$272,304,96) FOR THE PURCHASE OF TWO (2) GAS FILLED BUSES FOR THE DIAL-A-RIDE PROGRAM

Councilmember Bowers asked if there was an alternative to purchasing gasoline buses.

City Manager Hopkins Jr. explained that the decision was driven by the need to utilize old Community Block Grant (CDBG) funds and the urgent need for transportation solutions for seniors and youth. He highlighted the challenges in acquiring alternative fuel vehicles and the City’s efforts to adjust bus driver compensation to attract qualified candidates.

On motion by Duhart, seconded by Darden, **Resolution #26,219** entitled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ACCEPT THE ESTIMATE OF INNOVATIVE PLAYGROUNDS CO., INC., AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONSTRUCTION CONTRACT WITH INNOVATIVE PLAYGROUNDS CO., INC., AND AMENDING THE GRANTS DEPARTMENT FY2024-2025 BUDGET TO ESTABLISH A PURCHASE ORDER FOR THE LUEDERS PARK PLAYGROUND IMPROVEMENT PROJECT FOR THE AMOUNT OF \$697,517.33**” was approved by the following vote on roll call:

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

COUNCIL COMMENTS

Councilmember Duhart offered the following communications/announcements:

- Recognition, Events, & Updates: Councilmember Duhart highlighted the importance of community participation in City Council meetings. On March 29, Councilmember Duhart hosted Mocktails and Masterpieces where community members gathered for an afternoon of creativity, good food, and great conversations. Councilmember Duhart inquired about lifeguard recruitment and water aerobics for seniors. City Manager Hopkins Jr. answered that he would provide an update at a future meeting.
- District 1 Townhall Meeting: On April 5, Councilmember Duhart will host a District 1 Townhall meeting at Neighborhood Housing Services.
- Earth Day: On April 19, the Beautification Committee in collaboration with the Recreation Department will be celebrating Earth Day at Gonzales Park from 10:00am to 2:00pm.
- Support for Local Economy: Councilmember Duhart encouraged everyone to eat, shop, and buy Compton to help create a safe, clean, and friendly City.
- Memorials: Councilmember Duhart requested the meeting be adjourned in memory of Tracy Filer, beloved sister of the honorable Judge Kelvin Filer.

Councilmember Bowers offered the following communications/announcements:

- Recognition & Events: On March 29, Councilmember Bowers hosted the Third District Townhall meeting which highlighted the City's progress under the current administration.
- Alondra Gateway Park Ribbon-Cutting Ceremony: On April 10, Assemblymember Mike Gipson and the San Gabriel Lower Los Angeles Rivers & Mountains Conservative will host a ribbon-cutting ceremony celebrating new green space development next to the Compton Creek and Cliffs' Texas Style Burrito Eatery.
- Delta Sigma Theta Sorority Fundraiser: On April 18, Delta Sigma Theta will host their Annual Fish-Fry Fundraiser from 11:30am to 6:00pm. \$20/lunch and \$25/dinner. Contact Lashaun at 213-399-7820 to place your order. Proceeds from the fundraiser will support the organization's various community initiatives.
- Autism Event: On April 19, Hub City Autism Network will host an Autism Event at Compton Airport beginning at 9:00am.
- Woodlawn Cemetery Cleanup: Volunteers are needed for grounds maintenance cleanup on April 19 at Woodlawn Cemetery beginning at 9:00am.
- Memorials: Councilmember Bowers requested the meeting be adjourned in memory of Willie H. M., a long-time Compton resident.

Councilmember Darden offered the following communications/announcements:

- Recognition & Events: Councilmember Darden commented on the success of the following meetings: Quarterly Business Round Table, Compton Entertainment Chamber of Commerce Business Mixer, and the East Rancho Dominguez Neighborhood Association & Rising Communities meeting hosted by Los Angeles County Assessor Jeff Prang. Councilmember Darden attended the grand opening of the Angels for Sight Vision Clinic in Long Beach, and the Positive Results Center's Annual Prom Dress Giveaway at the Dollarhide Community Center.

- Community Block Club Meeting: On April 3, the City will host this event at the Dollarhide Community Center from 6:00pm to 8:00pm. This meeting will address existing block clubs, inactive block clubs, and residents aspiring to start a block club.
- Trash Disposal Reminder: Councilmember Darden reminded residents that Republic Services offers exclusive waste and recycling collection. For more information, please call 800-299-4898.
- Memorials: Councilmember Darden requested the meeting be adjourned in memory of Carolyn German, wife of Reverend William German - founders of Optimal Christian Academy.

Mayor Sharif offered the following communications/announcements:

- Recognition & Events: Mayor Sharif commented on the success of the Compton College Job Fair, Kelly Elementary's Career Day, and Councilmember Duhart’s Mocktails and Masterpieces event. Mayor Sharif also expressed her appreciation for the individuals responsible for coordinating the Positive Results Center's Prom Dress Giveaway and Annual Women's Luncheon in Carson.
- Community Block Club Meeting: On April 3, the City will host this event at the Dollarhide Community Center from 6:00pm to 8:00pm. This meeting will address existing block clubs, inactive block clubs, and residents aspiring to start a block club.
- Senior Spring Brunch: On April 25, Mayor Sharif will host a Senior Spring Brunch at Dollarhide Community Center from 10:30am to 1:30pm. Reservations can be made by visiting or calling Dollarhide at 310-605-5688. Space is available on a first-come, first-served basis.
- Congresswoman Maxine Waters Visit: On April 19, Congresswoman Maxine Waters will visit Compton to discuss federal policies and community action for meaningful change. Details will be provided soon. Inquiries can be directed to 310-605-5662.
- Clergy Breakfast: On May 2, Mayor Sharif will host a Clergy Breakfast in City Hall Chambers from 10:00am to 1:00pm. This event invites pastors and clergy members from Compton to connect and discuss community support strategies. Interested participants can call 424-344-0961 for more information.
- Immigration Unity Resource Fair: Mayor Sharif reported that this event will provide guidance on legal services, community programs, and other essential resources. Further details will be announced. For more information contact the Mayor's liaison at 310-605-5662.
- Mayor Sharif emphasized the City's commitment to building a stronger Compton.

ADJOURNMENT

On motion by Duhart, seconded by Darden, the meeting was adjourned in memory of **Tracy Filer, Willie H. M. and Carolyn German** at 7:26 p.m., by the following vote on roll call:

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

SATRA D. ZURITA CITY CLERK OF THE CITY OF COMPTON	EMMA SHARIF MAYOR OF THE CITY OF COMPTON
--	---

June 17, 2025

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**FROM: WILLIE A. HOPKINS, JR.
CITY MANAGER**

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO
INVESTIGATIVE, LEGAL, AND PROFESSIONAL SERVICE
AGREEMENTS WITH *LIEBERT CASSIDY WHITMORE AND JL
GROUP, LLC*, FOR PROVISION OF ADMINISTRATIVE
INVESTIGATION SERVICES ON AN “AS-NEEDED” BASIS FOR
FISCAL YEARS 2024-2025 AND 2025-2026**

SUMMARY

This resolution is to present and reinstate the contracted remainder of the 2024-2025 Fiscal Year budget for past and current investigative services and its companies' corresponding invoices, and to continue the use of such contracted services for the Human Resources Department into the new Fiscal Year of 2025-2026 budget. Liebert Cassidy Whitmore and JL Group, LLC, provide services “as-needed” by Department staff on a monthly basis for many services, including administrative, investigative, legal, and professional.

BACKGROUND

Liebert Cassidy Whitmore is a law firm that provides a variety of legal, investigative, and training representation for the City of Compton and its parallel departments. JL Group, LLC, is a company that provides comprehensive investigative and administrative services, newly requested by the Human Resources Department for “as-needed” advisory services.

STATEMENT OF ISSUE

The City of Compton and its parallel departments, mainly the City Manager's Office, the Legal Division of the City, and the Human Resources Department, utilize such law firms and companies on a monthly basis for indispensable investigation and legal services. As such, the Human Resources Department is often assigned to induce such services with each corresponding party.

As a result, the Department is invoiced on a continuous basis based on the companies' payment schedules, a maximum of Four Hundred, Forty Dollars (\$440.00) an hour for

Liebert Cassidy Whitmore and Four Hundred, Fifty Dollars (\$450.00) an hour for JL Group, LLC.

A new Resolution is required to continue the use of such services for both 2024-2025 and 2025-2026 Fiscal Years. The City Manager's authority has surpassed the dollar amount of the 2024-2025 budget for Liebert Cassidy Whitmore and the previous Resolution from the Human Resources Department is no longer valid due to the surpassing.

In addition to the reinstatement of Liebert Cassidy Whitmore's contract, the instatement of JL Group, LLC. as a new contracted vendor will assist the Human Resources Department further with more comprehensive investigative services.

FISCAL IMPACT

The continued use of such contracted services shall have a moderate impact to the City's General Fund, specifically 1001-560-000-4266 (**Human Resources – Contract Services**), for the remainder of Fiscal Year 2024-2025 and its continuation into Fiscal Year 2025-2026.

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution to continue such investigative and legal services.

DONALD J. GRADY
HUMAN RESOURCES DEPARTMENT

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 INVESTIGATIVE,
LEGAL, AND PROFESSIONAL SERVICE AGREEMENTS WITH *LIEBERT
CASSIDY WHITMORE AND JL GROUP, LLC*, FOR PROVISION OF
ADMINISTRATIVE INVESTIGATION SERVICES ON AN “AS-NEEDED” BASIS
FOR FISCAL YEARS 2024-2025 AND 2025-2026**

WHEREAS, Section 702 of the Compton City Charter authorizes the City Council to contract with outside attorneys to assist the City Attorney with professional legal services including ongoing legal advice and in the handling of various complex legal matters of the City; and

WHEREAS, historically, the City of Compton has retained the services of various law firms to assist the Office of the City Attorney with specific cases and in specialized areas of the law; and

WHEREAS, the City has identified the need to secure expert transactional advisory litigation support services to assist the City on an “as-needed” basis with specialized projects such as conflict of interest matters, municipal labor and employment practices, labor negotiations, administrative and municipal hearings, and investigation services; and

WHEREAS, the Human Resources Department is often tasked with the responsibility of administrative investigations to be conducted; and

WHEREAS, depending on the nature and complexity of the claim or matter to be investigated, the City may have Department staff conduct the investigation or employ an outside/external investigator; and

WHEREAS, Department staff solicited proposal/quotes for provision of administrative investigation services and received proposals from Liebert Cassidy Whitmore and JL Group, LLC; and

WHEREAS, both Liebert Cassidy Whitmore and JL Group, LLC offer specialized administrative and workplace investigations, thus Department staff recommend contracting with both firms based on availability and complexity of issues involved; and

WHEREAS, funds for these services, if and when utilized, are available in the 2024-2025 and 2025-2026 Fiscal Year budgets.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON
DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. That the City Manager, on the advice and approval of the Legal Division, is hereby authorized to enter into a professional service agreement with Liebert Cassidy Whitmore and JL Group, LLC to provide expert impartial fact-finding administrative investigations for the City on an “as-needed” basis for the remainder of Fiscal Year budget 2024-2025 and continuation into Fiscal Year budget 2025-2026.

Section 2. That legal services performed pursuant to the referenced legal agreement shall be paid from account number 1001-560-000-4266 (**Human Resources – Contract Services**); in amounts not to exceed that which is allocated in the 2024-2025 and 2025-2026 Fiscal Year budgets of the Human Resources Department.

Section 3. That the hourly rates shall not exceed Four Hundred, Forty Dollars (\$440.00) an hour for Liebert Cassidy Whitmore; that the hourly rates shall not exceed Four Hundred, Fifty Dollars (\$450.00) an hour for JL Group, LLC.

Section 4. That a duly certified copy of this Resolution shall be delivered to the offices of the City Manager, City Controller, Legal Division, City Clerk, and Human Resources.

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

ADOPTED this _____ day of _____, 2025.

EMMA SHARIF
MAYOR OF THE CITY OF COMPTON

ATTEST:

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

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

I, Satra D. Zurita, 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 this _____ day of _____, 2025.

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

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

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

AGREEMENT FOR SPECIAL SERVICES

This agreement is entered into between the law firm of LIEBERT CASSIDY WHITMORE, A Professional Corporation (“Attorney”), and the CITY OF COMPTON, A Municipal Corporation (“City”).

1. Conditions

This agreement will not take effect, and Attorney will have no obligation to provide services, until City returns a properly signed and executed copy of this Agreement.

2. Attorney’s Services

Attorney agrees to provide City with consulting, representational, and legal services pertaining to human resources matters, employment relations matters, including investigation services, representation in negotiations, and in administrative and court proceedings, as requested by City or otherwise required by law.

3. Fees, Costs, Expenses

City agrees to pay Attorney the sums billed monthly for time spent by Attorney in providing the services, including reasonable travel time.

The current range of hourly rates for Attorney time is from Two Hundred, Seventy, to Four Hundred, Forty Dollars (\$270.00-\$440.00). See Schedule I attached for full Fee Schedule. Attorney reviews its hourly rates on an annual basis, and if appropriate, adjusts them effective July 1. Attorney will provide the City with written notification of any adjustment in the range of rates. Attorney bills its time in minimum units of one-tenth of an hour.

For Litigation Matters

See Schedule II attached for a description of Attorney’s Litigation and E-Discovery Management.

Other Expenses

City agrees to reimburse Attorney for necessary costs and expenses incurred by Attorney on behalf of City. Attorney bills photocopying charges at Fifteen Cents (\$0.15) per page. See Schedule I attached.

Payment by City against monthly billings is due upon receipt of statements, and is considered delinquent if payment is not received within thirty (30) days of the date of the invoice.

4. Professional Liability Insurance

The California Business & Professions Code requires us to inform you whether we maintain errors and omissions insurance coverage applicable to the services to be rendered to you. We hereby confirm that the firm does maintain such insurance coverage.

5. Arbitration of Professional Liability or Other Claims

Disputes

If a dispute between City and Attorney arises over fees charged for services, the controversy will be submitted to binding arbitration in accordance with the rules of the California State Bar Fee Arbitration Program, set forth in California Business and Professions Code, sections 6200 through 6206. The arbitrator or arbitration panel shall have the authority to award to the prevailing party attorneys' fees, costs, and interest incurred. Any arbitration award may be served by mail upon either side and personal service shall not be required.

If a dispute between City and Attorney arises over any other aspect of the attorney-client relationship, including, without limitation, a claim for breach of professional duty, that dispute will also be resolved by arbitration. It is understood that any dispute as to any alleged breach of professional duty (that is, as to whether any legal services rendered under this agreement were allegedly unnecessary, unauthorized, omitted entirely, or were improperly, negligently or incompetently rendered) will be determined by submission to arbitration as provided by California law, and not by a lawsuit or resort to court process except as California law provides for judicial review of arbitration proceedings. Both parties to this agreement, by entering into it, are giving up their constitutional right to have any such dispute decided in a court of law before a jury, and instead are accepting the use of arbitration. Each party is to bear its own attorneys' fees and costs.

6. File Retention

After our services conclude, Attorney will, upon City's request, deliver the file for the matter to City, along with any funds or property of City's in our possession. If City requests the file for the matter, Attorney will retain a copy of the file at the City's expense. If City does not request the file for this matter, we will retain it for a period of seven (7) years after this matter is closed. If City does not request delivery of the file for this matter before the end of the seven (7) year period, we will have no further obligation to retain the file and may, at our discretion, destroy it without further notice to City. At any point during the seven (7) year period, City may request delivery of the file.

7. Assignment

This Agreement is not assignable without the written consent of City.

8. Independent Contractor

It is understood and agreed that Attorney, while engaged in performing the terms of this Agreement, is an independent contractor and not an employee of City.

9. Authority

The signators to this Agreement represent that they hold the positions set forth below their signatures, and that they are authorized to execute this Agreement on behalf of their respective parties and to bind their respective parties hereto.

10. Term

This Agreement is effective July 1, 2024, ongoing and may be modified by mutual agreement of the parties. This agreement shall be terminable by either party upon thirty (30) days written notice.

LIEBERT CASSIDY WHITMORE,
A Professional Corporation

CITY OF COMPTON,
A Municipal Corporation

By: _____

By: _____

Name: Melanie L. Chaney

Name: Donald J. Grady

Title: Co-Managing Partner

Title: Human Resources Director

Date: _____

Date: _____

Approved as to:

By: _____

By: _____

Name: Willie A. Hopkins, Jr.

Name: Legal Division

Title: City Manager

Date: _____

Date: _____

ATTEST:

By: _____

Name: Satra D. Zurita

Title: City Clerk

Date: _____



JL GROUP, LLC
WORKPLACE SOLUTIONS

30025 ALICIA PARKWAY, #327
LAGUNA NIGUEL, CA 92677
TELEPHONE: (949) 282-8181
FACSIMILE: (626) 771-0044
E-MAIL: JLOVE@JLGROUP.NET

PRINCIPALS

Jeffrey B. Love, Esq. P.C.*

* A Professional Corporation

Jeffrey Johnson, Esq.

March 12, 2025

Sent by E-Mail

Mr. Donald Grady
Director of Human Resources
City of Compton

RE: Matter 25024RK

Dear Mr. Grady,

Thank you for utilizing our firm to conduct neutral fact-finding workplace administrative investigation(s). The following is an agreement for legal/professional services.

The City of Compton, ("COMPTON") (Client) has retained the JL Group, LLC and an independent investigator from JL Group, LLC (Workplace Investigator) to conduct an independent investigation(s) of workplace conduct concerning one or more of its employee(s). The Client will determine the scope of the investigative assignment(s), which will include reaching factual findings and/or determinations of violations of COMPTON's workplace rules concerning the conduct of one or more of COMPTON's employees. The assigned Workplace Investigator will perform the investigation(s) and all professional services. Workplace Investigator will engage an independent transcription service to transcribe recorded statements taken during the course of this investigation.

Client has authorized Workplace Investigator to act as a Workplace Investigator to perform a "limited scope legal services workplace investigation." Workplace Investigator and JL Group, LLC have been retained in their capacity as Workplace Investigators to bring his/her skill, training, and professional judgment to bear in conducting an impartial investigation of the above-described allegations. Client understands that JL Group, LLC has not been retained to represent Client in litigation, to advocate on behalf of Client or to advise Client in regard as to any steps Client should take based on the investigation results. It is expressly agreed that Client will look to their own legal counsel for such services, as well as for advice with respect to issues which may arise relating to the investigation, including, to create and preserve any privilege, the consequences of any decision to reveal all or part of the results of the investigation to third parties, the need for any interim measures, such as the propriety of placing employees on administrative leave during the pendency of the investigation, any steps Client should take to preserve evidence, the proper scope (i.e., issues to be investigated) of the investigation, the propriety and scope of any confidentiality admonitions in light of the current law,

Mr. Donald Grady
Director of Human Resources
City of Compton

the propriety of any electronic searches, any obligations under state or federal fair credit reporting laws and any need for any specialized workplace "threat assessment(s)." By this contract, Client grants its informed consent for Workplace Investigator to perform the limited scope legal services, as described above.

Workplace Investigator and JL Group, LLC are not employees of COMPTON and are not entitled to Worker's Compensation benefits or any benefits afforded to employees of COMPTON.

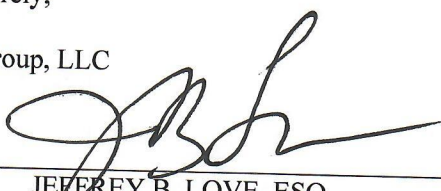
Client and Workplace Investigator agree that the objective of this engagement is for Workplace Investigator to conduct an impartial investigation into the conduct of COMPTON's employee(s), and that Workplace Investigator fulfills his/her duty to Client by conducting this investigation impartially and objectively. Workplace Investigator does not guarantee any particular result or finding. Rather, Workplace Investigator will reach findings based on an impartial and professional evaluation of the evidence available to him/her. Client understands that its obligation to pay fees and costs does not depend on the outcome of the investigation.

The fee for the Workplace Investigator's service is as identified in the attached rate sheet, identified as *Item A*. In the event the Workplace Investigator is required to provide testimony or other services after the completion of the investigation such as any post-investigation hearing, deposition, mediation, meetings and/or trial(s) related to the matter investigated, the fee is \$450 per hour (four-hour minimums) plus expenses. Such post investigation services may be required by either Client or compelled by another party to a matter and/or judge, hearing officer or referee. The Client shall be invoiced on a thirty-day basis for all services provided by the Workplace Investigator. Invoices are due upon receipt. Invoices are due upon receipt. Invoices paid later than 60 days of submission are subject to a 5% late fee.

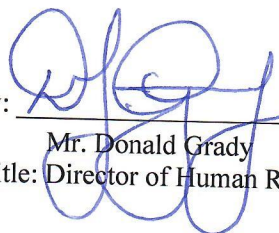
Please acknowledge your approval of the agreement in the place provided and return an original signed copy to: Jeffrey B. Love and the JL Group, LLC, 30025 Alicia Parkway #327, Laguna Niguel, CA 92677 or by email copy to Jlove@jlgrou.net.

Sincerely,

JL Group, LLC

By: 

JEFFREY B. LOVE, ESQ.
Attorney/Principal
JL Group, LLC

Approved by: 

Date: 3-20-25

Mr. Donald Grady
Title: Director of Human Resources

Mr. Donald Grady
Director of Human Resources
City of Compton

Rate Structure*

(*Effective 1/1/2025)

Regular Billing Rate (Attorney Investigator) - \$375.00 per hour – portal to portal

Regular Billing Rate (Private Investigator) - \$275.00 per hour – portal to portal

Mileage Rate - at the IRS Federal Rate

Transcripts – Actual cost

Post Investigation Billing Rate (Hearing, Deposition, Trial, Legal Representation etc.) - \$450.00 per hour (4-hour minimums)

Paralegal/Legal Assistant Fees - \$145.00 per hour

Other Forensic Experts – as quoted with permission from the Client sought before engagement of needed services.

Hearing Standby Fee: 4 hours per day of standby/on-call at the regular billing rate for any hearing, trial or proceeding related to Attorney's services to Client.

Item A

June 17, 2025

TO: MAYOR AND COUNCIL MEMBERS

FROM: CITY MANAGER

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
ADOPTING THE BUDGET FOR FISCAL YEAR 2025-2026**

SUMMARY

The Fiscal Year 2025/2026 Proposed Budget for the City of Compton is hereby transmitted to the City Council for review and adoption. The estimated revenues have been supplied by the City Controller. Available Special Funds Fund Balances from prior year surplus have also been provided by the City Controller and utilized to balance the Budget. The projected expenditures recommended by the City Manager are in balance with the Controller's estimated revenue. The City Manager and City Controller, along with all the Budget Team members, have worked diligently to balance this proposed Budget. This balanced Budget is recommended to the Mayor & City Council for approval.

BACKGROUND

The Compton City Charter, Section 1407, requires that City Manager present an Annual Budget for adoption by City Council on or before June 30, 2025. A Public Hearing (June 3, 2025) was held to discuss the proposed Fiscal Year 2025-2026 Budget. Four City Council Budget Workshop discussions were scheduled on the City Council Agenda and held on February 12, 2025, February 13, 2025, February 19, 2025 and February 20, 2025.

STATEMENT OF THE ISSUE:

The City organizes the Annual Budget by Fund and by Department. The Citywide Fiscal Year 2025-2026 Proposed Budget, which includes combined (all) Funds and Departments, totals **\$262,319,033**. Expenditures are offset by City-wide revenues and Special Funds Fund Balances totaling **\$262,319,033**. The City-wide Budget includes the General Fund. The General Fund, which includes the Measure "P" 1% Sales Tax, is the fund which provides for most of the typical public services which Compton citizens rely on, such as Law Enforcement, Fire Protection, Recreation, Street Repair, and General City Administration. The General Fund Budget equals: **\$75,127,598**. Measure P General Fund Resources equal: **\$14,585,901**. All General Fund Resources (*inclusive of Measure P*) equal **\$89,713,499**.

Quarterly Budget Review, Reporting & Compliance

Ongoing monitoring of revenue and expenditures will result in Quarterly Budget review and appropriate adjustments. The City Manager and City Controller intend to conduct a “Mid-year” Budget Review and Workshops with the City Council, updating revenue estimates and expenditures.

FINANCIAL IMPACT

	<u>PROPOSED BUDGET</u> <u>FY 2025-2026</u>
<u>CITYWIDE BUDGET</u>	
TOTAL EXPENSES	\$262,319,033
REVENUES & Prior Year Fund Balance/Retained Earnings	\$262,319,033
<u>TOTAL GENERAL FUND BUDGET, Inclusive of Measure P</u>	
EXPENSES	\$ 89,713,499
REVENUES	\$ 89,713,499

RECOMMENDATION

Staff recommends that the Council accept the proposed 2025/2026 City of Compton Budget for public comments, revisions, and adoption.

WILLIE A. HOPKINS JR.
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
ADOPTING THE BUDGET FOR FISCAL YEAR 2025-2026

WHEREAS, the Compton City Charter Section 1407 requires that an annual Budget be presented and adopted by City Council on or before June 30th; and

WHEREAS, The Compton City Charter, Section 1407, requires that City Manager present an Annual Budget for adoption by City Council on or before June 30, 2025. A Public Hearing (June 3, 2025) was held to discuss the proposed Fiscal Year 2025-2026 Budget. Four City Council Budget Workshop discussions were scheduled on the City Council Agenda and held on February 12, 2025, February 13, 2025, February 19, 2025 and February 20, 2025; and

WHEREAS, the City Council has fixed the time and place for holding a public Hearings on the proposed 2025-2026 Fiscal Year Budget, has caused notice of said Hearings to be published, and the proposed 2025-2026 Fiscal Year Budget has been available for inspection at the City Clerk’s Office consistent with Compton City Charter, Section 1405; and

WHEREAS, following notice duly given, the City Council held a Public Hearing on June 3, 2025, regarding the adoption of the Budget for Fiscal Year 2025-2026 and considered all information, documents and comments presented.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the proposed Fiscal Year 2025-2026 Annual Budget of the City of Compton, as set forth in the proposed Annual Budget document, including amendments, approved by the City Council as reflected in this meeting’s minutes, is hereby adopted pursuant to Section 1407 of the Compton City Charter and made effective July 1, 2025.

SECTION 2. That the financial impact of the Fiscal Year 2025-2026 Annual Budget is as follows:

	<u>PROPOSED BUDGET</u> <u>FY 2025-2026</u>
<u>CITYWIDE BUDGET</u>	
TOTAL EXPENSES	\$262,319,033
REVENUES & Prior Year Fund Balance/Retained Earnings	\$262,319,033
<u>TOTAL GENERAL FUND BUDGET, Inclusive of Measure P</u>	
EXPENSES	\$ 89,713,499
REVENUES	\$ 89,713,499

SECTION 3. That a certified copy of this Resolution, along with this meeting’s approved minutes evidencing City Council adopted amendments, if any, shall be attached to the Fiscal Year 2025-2026 Annual Budget and the same shall be filed with the City Manager, City Controller and City Treasurer and that a copy of said Resolution and Annual Budget shall be placed and shall remain on file in the office of 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 _____, 2025.

EMMA SHARIF
MAYOR OF THE CITY OF COMPTON

ATTEST:

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Satra D. Zurita, 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 _____, 2025.

That said Resolution was adopted by the following vote:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAINS: COUNCIL MEMBERS-

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

June 17, 2025

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY CONTROLLER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON TO AUTHORIZE AN AMENDMENT TO THE CITY CONTROLLER'S FY2024-2025 BUDGET, AND TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH WEAVER AND TIDWELL, LLP (\$164,550) FOR PROJECT MANAGEMENT SERVICES FOR THE IMPLEMENTATION OF THE CITY'S ENTERPRISE RESOURCE PLANNING AND PAYROLL SOFTWARE, AND TO ISSUE A PURCHASE ORDER IN THE AMOUNT OF ONE HUNDRED SIXTY-FOUR THOUSAND FIVE HUNDRED FIFTY DOLLARS (\$164,550) TO WEAVER AND TIDWELL, LLP.

SUMMARY

Staff is requesting that the City Council consider adopting a Resolution authorizing the City Manager to enter into a professional services agreement with Weaver and Tidwell, LLP to provide Project Management Services for the implementation of the City's Enterprise Resource Planning and Payroll Software (\$164,550), and to issue a Purchase Order for the amount of One Hundred Sixty-Four Thousand Five Hundred Fifty Dollars (\$164,550), for services to be provided.

BACKGROUND

The City currently uses the ONESolution module system, which is a software provided by CentralSquare Technologies LLC, to electronically record and maintain its financial accounting data. The City's departments rely heavily on this finance software in their operations daily. Such operations include making payments to vendors, recording financial information, providing financial reports to governmental auditors and decision makers, responding to public requests, and many other facets of the City's daily operations. Currently, the City's financial software is maintained by CentralSquare Technologies, LLC. Further, the City's Payroll software is currently provided by ADP, and earlier this year, with the adopted Resolution #26,238, Human Resources Department received approval to hire Neogov for Human Resources and Payroll software.

On July 23, 2024, Resolution #26,096, authorized the City Manager to enter into a new agreement with CentralSquare Technologies LLC for the maintenance of the City's financial module. The maintenance process will provide upgrades to some of the current software, as well as implement new software that is more modern, which will increase communication between the Controller's department and other City departments related to the City's Account Receivables, Fixed Assets, and Project Ledgers. With the use of the

OneSolution software, the Controller's department oversees the City's financial management and provides detailed reports for City staff, residents, and stakeholders. Information generated from the OneSolution software assist the City with budgeting and forecasting by providing data for financial analysis and internal control monitoring, which provides financial information for the City's decision makers. The City's software has not been upgraded since 1998.

STATEMENT OF ISSUE

The City's financial software is pivotal for the daily operations of the City Controller's office, as well as for deliverables to other City departments. The implementation of the upgraded and newer software will help staff to be more efficient, provide timely and more detailed reports, and increase effectiveness in responding to public request. The process of implementing a financial software mainframe can be complexed and time consuming. The implementation process can take over a year. Staff is aware of the potential challenges, attention to detail, and the time needed to implement and test the financial software, and believes it is in the best interest of the City to hire a Project Manager to ensure the software implementation will meet the City's needs and expectations. The cost of services for the project management for the implementation of the Financial software is estimated at \$140,730. The estimated cost to help with the implementation of the Payroll software is \$23,820, therefore the total being requested is \$164,550.

The scope of work for the Project Manager will include the following:

- Mitigating risks posed by the software provider by monitoring progress and managing scope changes.
- Provide a team with specialized knowledge and experience that makes sure the implementation is in alignment with organizational goals and vendor promises, specific to functionality, timing, and design.
- Enhance efficiency and accountability of the software vendor. This places the burden on the Project Manager and team; which allows the City to focus more on resolution and the end product.
- Oversees project coordination and smooth implementation.
- Conducts risk management and gap analyses; taking current state and future state processes in consideration.
- Ensures effective change management processes.
- Offers continuous monitoring, reporting, support, and training.
- On-going communication with the software provider.
- Be a mediator between the City and the software provider to ensure integrity and ethics are upheld.

Due to the demand of time, knowledge, communication, and attention to detail needed to implement the City's financial software, staff believes it will be difficult for the City staff to solely take on this burden. With the shortage of staff, the day-to-day operations are already challenging. This project requires a specific level of knowledge and dedication to properly implement, and it may be difficult to assign a particular department or person to be responsible for the implementation of the City's financial software, while other pressing City Controller department deliverables are pending, simultaneously.

In August 2024, City staff released a Request for Proposal (RFP) for Project Management Services for Enterprise Resource Planning (ERP) Software Implementation. The RFP was published in the Compton Bulletin newspaper, the City's website, the California Society of Municipal Finance Officers (CSMFO) RFP website, which is accessed by CSMFO's commercial vendors actively providing financial and software services to municipalities in California, and published on PlanetBids, which is a web-enabled procurement and electronic bidding system. The City received six responses. The respondents to the Project Management ERP Software Implementation RFP were Akkodis (formerly Modis), Avero Advisors, BerryDunn, Executive Option, V2 Tech, and Weaver and Tidwell LLP.

Staff conducted an apples-to-apples comparison. The apples-to-apples comparison weighed the value of the provided service and the cost. During the interviews, the candidates were allowed to present demonstrations that elaborated on their capabilities and strategy for managing the implementation of the financial software.

(Please see Attachment "A" for comparisons)

(Please see Attachment "B" for their pricing model)

After reviewing the proposals and conducting the interviews, staff believes Weaver and Tidwell LLP provides the lowest and most responsible bid for managing the implementation of the City's financial software. Weaver and Tidwell LLP is one of the largest independent CPA firms in the Southwest. Their knowledge of Accounting, particularly in Government Accounting, will provide a perspective of what is needed in the City's functionality.

Optionally, Weaver and Tidwell LLP can provide Project Manager services for the implementation of software related to the functions of Human Resources and Payroll. If the City chooses to request these services, the estimated additional costs for these services are as follows:

- Human Resources (approximately \$34,000, 164 hours of service estimated)
- Payroll (approximately \$23,820, 112 hours of service estimated)

Staff is recommending that the City consider this option for Payroll software implementation

Staff Report – Resolution Authorizing Professional Agreement

Weaver and Tidwell, LLP (Project Manager for Enterprise Resource Planning Software Implementation- Financial Software and Payroll Software)

June 17, 2025

Page. 4

services. The City's Payroll software needs an upgrade as well. Project management services for the implementation of Human Resource software is under consideration, but no decision has been made at this time. Currently, the City's Payroll software is provided by ADP. Adopted Resolution #26,238, gave approval to hire Neogov for Human Resources and Payroll software.

(Please see attachment C for what the Human Resource and Payroll services will consist of and the pricing estimates)

FISCAL IMPACT

For Weaver and Tidwell LLP to provide project management services for the implementation of the City's Financial and Payroll software, the estimated amount will be \$164,550. A budget amendment to the FY2024-2025 City Controller's Department Budget is being requested for the following:

Appropriation from:

General Fund, Fund Balance for \$164,550.

To:

Increase in Expenditure appropriations:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4222	General Fund, Controller's Dept Computer Software	\$164,550

Staff is requesting that City Council authorize the City Manager to amend the Controller's Department FY2024-2025 budget, enter into a professional agreement with Weaver and Tidwell LLP for Project Management Services for Enterprise Resource Planning Software Implementation, and to issue a Purchase Order in the amount of One Hundred Sixty-Four Thousand Five Hundred Fifty Dollars (\$164,550) for services to be provided by Weaver and Tidwell, LLP from the following account:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4222	General Fund, Controller's Dept Computer Software	\$164,550

ALTERNATIVE

Not hiring a Project Manager for the implementation of the City's financial software will pass the responsibility to City staff solely. As previously mentioned, the financial software implementation process can be complexed and time demanding. For staff to perform the duties of the Project Manager, facets of the day-to-day operations may be affected, or cause delays in other City Controller department deliverables.

RECOMMENDATION

Staff recommends the City Council to adopt the attached Resolution to authorize the City amend the Controller's Department FY2024-2025 budget, enter into a professional agreement with Weaver and Tidwell, LLP, and also authorize the City Manager to issue a Purchase Order in the amount of One Hundred Sixty-Four Thousand Five Hundred Fifty Dollars (\$164,550) for Financial software and Payroll services to be provided by Weaver and Tidwell LLP.

SHARON RAHBAN NAVIZADEH
CITY CONTROLLER

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 PROFESSIONAL SERVICES AGREEMENT WITH WEAVER AND TIDWELL, LLP (\$164,550) FOR PROJECT MANAGEMENT SERVICES FOR THE IMPLEMENTATION OF THE CITY'S ENTERPRISE RESOURCE PLANNING AND PAYROLL SOFTWARE, AND TO ISSUE A PURCHASE ORDER IN THE AMOUNT OF ONE HUNDRED SIXTY-FOUR THOUSAND FIVE HUNDRED FIFTY DOLLARS (\$164,550) TO WEAVER AND TIDWELL, LLP.

WHEREAS, the City currently uses the ONESolution module system, which is a software provided by CentralSquare Technologies LLC, to electronically record and maintain its financial accounting data. ADP is currently the provider for the City's Payroll software; and

WHEREAS, the City's departments rely heavily on this finance software in their operations daily. Such operations include making payments to vendors, recording financial information, providing financial reports to governmental auditors and decision makers, responding to public requests, and many other facets of the City's daily operations; and

WHEREAS, Resolution #25,124, authorized the City Manager to enter into an agreement with CentralSquare (Superion, LLC) for the maintenance of the City's financial module; and

WHEREAS, on July 31, 2024, that agreement expired and on July 23, 2024, Resolution #26,096, authorized the City Manager to enter into a new agreement with CentralSquare Technologies LLC for the maintenance of the City's financial module. The maintenance process will provide upgrades to some of the current software, as well as implement new software that is more modern, which will increase communication between the Controller's department and other City departments related to the City's Account Receivables, Fixed Assets, and Project Ledgers; and

WHEREAS, with the use of the OneSolution software, the Controller's department oversees the City's financial management and provides detailed reports for City staff, residents, and stakeholders. Information generated from the OneSolution software assist the City with budgeting and forecasting by providing data for financial analysis and internal control monitoring, which provides financial information for the City's decision makers.

WHEREAS, the City's financial software is pivotal for the daily operations of the City Controller's office, as well as for deliverables to other City departments. The implementation of the upgraded and newer software will help staff to be more efficient, provide timely and more detailed reports, and increase effectiveness in responding to public request; and

WHEREAS, the process of implementing a financial software mainframe is complexed and time consuming. The implementation process can take over a year; and

WHEREAS, staff is aware of the potential challenges, attention to detail, and the time needed to implement the financial software, and believes it is in the best

interest of the City to hire a Project Manager to ensure the software will have the capabilities to meet the City's needs and expectations; and

WHEREAS, due to the demand of time, knowledge, communication, and attention to detail needed to implement the City's financial software, staff believes it will be difficult for the City staff to solely take on this burden. With the shortage of staff, the day-to-day operations are already challenging; and

WHEREAS, this project requires a specific level of knowledge and dedication to properly implement, and it may be difficult to assign a particular department or person to be responsible for the implementation of the City's financial software; and

WHEREAS, in August 2024, City staff released a Request for Proposal (RFP) for Project Management Services for Enterprise Resource Planning (ERP) Software Implementation. The RFP was published in the Compton Bulletin newspaper, the City's website, the California Society of Municipal Finance Officers (CSMFO) RFP website, which is accessed by CSMFO's commercial vendors actively providing financial and software services to municipalities in California, and published on PlanetBids, which is a web-enabled procurement and electronic bidding system. The City received six responses. The respondents to the Project Management ERP Software Implementation RFP were Akkodis (formerly Modis), Avero Advisors, BerryDunn, Executive Option, V2 Tech, and Weaver and Tidwell LLP; and

WHEREAS, staff conducted an apples-to-apples comparison. The apples-to-apples comparison weighed the value of the provided service and the cost. During the interviews, the candidates were allowed to present demonstrations that elaborated on their capabilities and strategy for managing the implementation of the financial software; and

WHEREAS, after reviewing the proposals and conducting the interviews, staff believes Weaver and Tidwell LLP provides the lowest and most responsible bid for managing the implementation of the City's financial software; and

WHEREAS, Weaver and Tidwell LLP is one of the largest independent CPA firms in the Southwest. Their knowledge of Accounting, particularly in Government Accounting, will provide a perspective of what is needed in the City's functionality; and

WHEREAS, the estimated cost for Weaver and Tidwell LLP to provide project management services for the implementation of the City's financial software is \$140,730; and

WHEREAS, optionally, Weaver and Tidwell LLP can provide Project Manager services for the implementation of software related to the functions of Human Resources and Payroll. The optional services and costs are as follows:

- Human Resources (approximately \$34,000, 164 hours of service estimated)
- Payroll (approximately \$23,820, 112 hours of service estimated)

WHEREAS, staff is recommending that the City consider this option for project management of the City's Payroll software implementation. With the adoption of Resolution #26,238, the Human Resources Department received approval to hire Neogov for Human Resources and Payroll software. The City's Payroll software needs an upgrade as well, and the project management services of Weaver and Tidwell LLP will be a great attribute in facilitating the proper implementation.

WHEREAS, for Weaver and Tidwell LLP to provide project management services for the implementation of the City's Financial and Payroll software, the estimated amount will be \$164,550. A budget amendment to the FY2024-2025 City Controller's Department Budget is being requested for the following:
Appropriation from:

General Fund, Fund Balance for \$164,550.

To:
Increase in Expenditure appropriations:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4222	General Fund, Controller's Dept	
\$164,550	Computer Software	

WHEREAS, alternatively, not hiring a Project Manager for the implementation of the City's financial software will pass the responsibility to City staff solely. As previously mentioned, the financial software implementation process can be complexed and time demanding. For staff to perform the duties of the Project Manager, facets of the day-to-day operations may be affected, or cause delays in other City Controller department deliverables; and

WHEREAS, staff recommends the City Council to adopt the attached Resolution to authorize the City amend the Controller's Department FY2024-2025 budget, enter into a professional agreement with Weaver and Tidwell, LLP, and also authorize the City Manager to issue a Purchase Order in the amount of One Hundred Sixty-Four Thousand Five Hundred Fifty Dollars (\$164,550) for Financial software and Payroll services to be provided by Weaver and Tidwell LLP; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Manager is hereby authorized to enter into a multi-year professional services agreement with Weaver and Tidwell, LLP to provide Project Management Services for the implementation of the City's Enterprise Resource Planning and Payroll Software (Financial Software \$140,730, Payroll Software \$23,820) for an estimated total of (\$164,550).

SECTION 2. That the City Manager is hereby authorized to amend the Controller's Department FY2024-2025 budget to appropriate funds from Fund Balance (\$164,550) to increase in expenditure appropriations as follows:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4222	General Fund, Controller's Dept	\$164,550
	Computer Software	

SECTION 3. That a Purchase Order is authorized to be issued in the amount of One Hundred Sixty-Four Thousand Five Hundred Fifty Dollars (\$164,550) for services to be provided by Weaver and Tidwell, LLP from the following account:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4222	General Fund, Controller's Dept	\$164,550
	Computer Software	

SECTION 4. That a duly copy of the Resolution shall be filed with the offices of the City Manager, City Clerk, City Attorney, and City Controller.

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

ADOPTED this _____ day of _____, 2025.

EMMA SHARIF
MAYOR OF THE CITY OF COMPTON

ATTEST:

SATRA. D. ZURITA
CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Satra D. Zurita, 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 this _____ day of _____, 2025.

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

AYES: COUNCILMEMBERS -
NOES: COUNCILMEMBERS -
ABSTAIN: COUNCILMEMBERS -
ABSENT: COUNCILMEMBERS -

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

Attachment A

Project Manager ERP Implementation

<u>Firm name</u>	<u>Staffing Hours</u>	<u>Services</u>	<u>Optional Services</u>	<u>Other Fees</u>	<u>Travel</u>	<u>Total Fee</u>
			(Not included)			
AVERO Advisors	VP Client Success - Estimated Hours (92) - \$250 per hour Director Client Success - Estimated Hours (256) - \$225 per hour Project Manager - Estimated Hours (528) - \$200 per hour Consultant - Estimated Hours (928) - \$175 per hour	Project's estimated costing for Finance implementation Services Only: Project Management - Project Planning (\$23,400) Implementation Planning - Strategic Action Plan and Implementation Kick-off (\$21,800) - Change Management Support (12,450) Implementation Management - Configuration Management (\$82,450) - System Testing Management (\$64,050) - Training Support (\$44,400) - Standard Operating Procedures (\$44,400) - Go-Live Support (\$46,400) - Post Go-Live Support (\$29,000) *New Client Discount of \$18,418	Project's estimated costing for HR and Payroll implementation Services Only: Project Management - Project Planning (\$11,000) Implementation Planning - Strategic Action Plan and Implementation Kick-off (\$2,700) - Change Management Support (\$2,700) Implementation Management - Configuration Management (\$25,900) - System Testing Management (\$22,200) - Training Support (\$21,700) - Standard Operating Procedures (\$21,700) - Go-Live Support (\$14,300) - Post Go-Live Support (\$23,300) *New Client Discount of \$7,275	No other fees listed		\$349,933.00
Executive Options	Project Manager - Estimated Hours (1560) - \$175 per hour Project Admin. - Estimated Hours (1040) - \$85 per hour	Project Manager (\$273,000) Project Administration (\$88,400) Month 1: Initial Planning and Stakeholder Engagement Month 2: Scope Definition and Feasibility Study Month 3: Budgeting and Resource Planning Month 4: Vendor Engagement and Procurement Planning Month 5: Detailed Cost Estimation and Financial Planning Month 6: Project Plan Development Month 7-8: System Design and Customization Planning Month 9-10: Configuration, Integration, and Data Migration Planning Month 11: Testing and Training Plan Development Month 12: Final Review and Presentation of Proposed Costs	If Payroll and HR services are needed: Additional Project Manager Hours - Estimated (1000) - \$175 per hour Additional Project Admin Hours - Estimated (650) - \$85 per hour ERP Technical Lead - Estimated hours (1024) - \$165 per hour ERP Implementation Function/Config Lead- HR services - Estimated hours (1280) - \$180 per hour ERP Implementation Function/Config Lead- Payroll services - Estimated hours (1280) - \$180 per hour Change Mgt. and Training Lead - Estimated hours (400) - \$160 per hour	Contingency Fee (\$90,350)	Finance Services Only- \$67,762.50 Additional for HR and Payroll Services- \$173,440	\$519,512.50

V2 Tech	Project Manager (1,600 hours @ \$190 per hour) IT Support Staff (1,600 hours @ \$160 per hour)	Project Manager (\$304,000) IT Support Staff (\$256,000) Phase 1: Planning and Requirement Gathering: (1 to 2 months) Phase 2: Vendor Selection and procurement. (As we selected already just 1 week) Phase 3: System design and Configuration (2 to 3 months) Phase 4: Testing and Quality Assurance (2 to 3 months) Phase 5: Training and Change Management (1 to 2 months) Phase 6: Go-Live and Post Implementation support (1 to 2 months)	Functional Consultant (100 hours @ \$150 per hour)	No other fees listed	Estimated \$30,000	\$605,000.00
BerryDunn	Project's estimated costing for Finance implementation Services Only: - Project Planning and Intergration (\$250 per hour) - Project Management Finance Enterprise (\$250 per hour) - Contingency Hours (\$250 per hour)	Project's estimated costing for Finance implementation Services Only: - Project Planning and Integration (\$37,500) - Project Management Finance Enterprise (\$450,000)	Should the City be interested in discussing our services to support the implementation of HR and Payroll system, we would welcome the opportunity to provide separate pricing to support planning efforts. Estimated time to implement these systems would be 9-12 months.	Contingency Hours (\$60,000)	Estimated 15 Trips (\$30,750)	\$578,250.00
Weaver	Project's estimated costing for Finance implementation Services Only: - Partners (30 hours @ \$410 per hour) - Managers (104 hours @ \$250 per hour) - Supervisor Staff (224 hours @ \$210 per hour) - Staff (224 hours @ \$160 per hour)	Project's estimated costing for Finance implementation Services Only: - 12 months estimated implementation time. Additional fees will incur after 12 months. - Project Management - Security Administration - Role Security definition - Requirement definition process - Application functionality/requirements implemented - Post-implementation operations plans for security administration - Change Management - Hypercare processes - Go live approval	No other optional services listed	No other fees listed	Estimated 6 trips (\$19,850)	\$140,730.00
Akkodis	Project Manager (2000 hours @ \$149 per hour)	Project Manager (\$298,000) Program Management - Overseeing multiple projects to ensure alignment with strategic objectives and optimal resource allocation. - Planning, organizing, and controlling individual projects to achieve desired outcomes. Skill Bundling - Combining complementary skills and expertise to deliver comprehensive solutions.	No other optional services listed	No other fees listed	No Travel Cost	\$298,000.00



CITY OF COMPTON, CALIFORNIA

PROJECT MANAGEMENT SERVICES FOR ENTERPRISE RESOURCE PLANNING SOFTWARE IMPLEMENTATION

Contact Person:

Name: Andrew Balzer

*Address: 550 Brand Blvd. Suite 1125
Glendale, CA 91203*

Telephone Number: (818)383-5202.

Email Address:

Andrew.balzer@akkodisgroup.com

Date: August 22, 2024

*Project Number(s): RFP for Project Management
Services for ERP Software Implementation*

Akkodis, Inc.

4800 Deerwood Campus Parkway, Building
800, Jacksonville, FL 32246,

United States of America

Dollar Cost Bid

Summary of Professional Service Fees and Expenses for Project Management Services for Enterprise Resource Planning Software Implementation for the City of Compton.

Standard quote for the Services as described under “**Scope of work has been performed**” section of the request for proposals.

	Total Hours	Hourly Rate US \$	Amount US \$
Project Manager	2000	\$ 149.00	\$ 298,000.00
Subtotal:			\$ 298,000.00
Out of Pocket Expenses: Transportation Other			N/A
Total All-Inclusive Maximum Price for ramping up a PM:			\$ 298,000.00

5. Dollar Cost Bid

**City of Compton
Request for Proposals**

November 4, 2024

APPENDIX A

**SUMMARY OF PROFESSIONAL SERVICE FEES AND EXPENSES FOR
PROJECT MANAGEMENT SERVICES FOR ENTERPRISE RESOURCE
PLANNING SOFTWARE IMPLEMENTATION FOR THE CITY OF COMPTON**

Standard quote for the Services as described under “Scope of work to be performed” section of the request for proposals.

	Total Hours	Hourly Rate US \$	Amount US \$
Partners	30	\$410	\$12,000
Managers	104	\$250	\$26,000
Supervisory Staff	224	\$210	\$47,040
Staff	224	\$160	\$35,840
Other (specify)			
Subtotal:	582	N/A	\$120,880
Out of Pocket Expenses:			
Transportation	N/A	N/A	\$19,850
Other			
Total All- Inclusive Maximum Price for the Services:	N/A	N/A	\$140,730*

Note: The above quotes represent the total all-inclusive maximum prices for the services. The Proposer warrants that all costs have been considered and included in the above quotes.

**Please see Pricing Assumptions listed on the following page.*

Pricing Assumptions

1. Our pricing anticipated a twelve (12)-month implementation timeline. If the implementation timeline exceeds twelve (12) months, additional fees will be incurred.
2. Our pricing anticipates reporting status, risks and roadblocks to the project owners and key stakeholders, but does not anticipate being responsible for resolving the identified issues.
3. Our pricing anticipates weekly stakeholder meetings with one consolidated group and up to six workstreams at any given time.
4. Our pricing anticipates limited validation of task completion by responsible parties and does not include reperformance or full verification against acceptance criteria.
5. Our pricing anticipates that a comprehensive implementation plan will be provided by the software implementer with milestones and dates of achievement.
6. Our pricing does not anticipate provisioning a project management platform or application.
7. Our pricing anticipates that a register of comprehensive required functionality in the ERP exists and will be provided to our team.
8. Our pricing assumes that our team will travel to the City of Compton based on an agreed-upon schedule, not to exceed six (6) individual trips.



512 WEST BROADWAY AVENUE
MARYVILLE, TN 37801
865.415.3848
averoadvisors.com



Best and Final Offer (BAFO)

Project Management Services for
Enterprise Resource Software
Implementation

November 7, 2024

Avèro's responses to the BAFO are presented below:

A. The updated "Not To Exceed" Total Project Cost (MANDATORY – Finance) is as follows:

	VP Client Success	Director Client Success	Project Manager	Consultant	
	\$250	\$225	\$200	\$175	Hourly Rate
	90	242	528	928	Total Hours
	Hours	Hours	Hours	Hours	
IMPLEMENTATION	90	242	528	928	\$368,350
Project Management	4	16	24	80	\$23,400
Project Planning	4	16	24	80	\$23,400
Implementation Planning	10	22	64	80	\$34,250
Strategic Action Plan & Implementation Kick-Off	8	16	32	56	\$21,800
Change Management Support	2	6	32	24	\$12,450
Implementation Management	80	220	464	848	\$310,700
Configuration Management	20	60	136	210	\$82,450
System Testing Management	20	48	96	166	\$64,050
Training Support	8	32	64	128	\$44,400
Standard Operating Procedures	8	32	64	128	\$44,400
Go-Live Support	16	32	64	128	\$46,400
Post Go-Live Support	8	16	40	88	\$29,000
TOTAL FEES					\$368,350
New Client Discount (5%)					(\$18,418)
IMPLEMENTATION TOTAL ESTIMATED COST					\$349,933

Assumptions:

- Estimated Project Cost of \$349,933 is a "not to exceed" amount for the stated scope of work.
- Actual Project Hours will be billed on a time and material basis.
- Project Invoices will be submitted on a monthly basis with supporting details.
- Additional services may be added at the discretion of the City.
- Additional services will be billed at the stated rates.



November 13, 2024

City of Compton, CA
Attn: Curtis Bouldin
Financial Analyst
205 South Willow Brook Avenue
Compton, CA 90220

Dear Curtis:

On behalf of Berry, Dunn, McNeil & Parker, LLC (BerryDunn), I am pleased to submit this revised fee proposal in response to Request for Proposals for the City of Compton's (the City's) Project Management Services for Enterprise Resource Planning Software Implementation. We understand that Compton is contracting with CentralSquare for Finance Enterprise modules and considering different payroll and HR software. Based on the City's recent indication that HR/Payroll implementations will be separate, we have revised our price proposal and assumptions.

PRICING PROPOSAL AND ASSUMPTIONS

Below, we present the estimated fees associated with our work plan as it relates to providing ERP implementation project management services for the Finance Enterprise scope, and excluding HR/Payroll. For clarity, we have bulleted the key changes for review by the City:

- We modified the effort from 12-18 months at 110-150 hours per month, to 15 months at 120 hours per month to provide the City with a single cost to consider
- We reduced the estimated travel expenses to align with a focus on the Finance Enterprise scope
- We have proposed two-months of project planning and integration, where we would expect to be coordinating with the City and CentralSquare on implementation planning activities. This is expected to be a lower time commitment on our end, and therefore we have called this out as a separate row
- We previously held our hourly rate of \$250 through December 31, 2025. We would be happy to extend this rate through June 30, 2026 at which time the rate would increase to \$260
- As the City is unable to confirm the implementation duration at this time for the Finance Enterprise migration, we have included an optional contingency of hours to support this phase of work should the expected duration be greater than 15 months. Hours are billed only as-incurred

Services will be billed as delivered, with the expectation that the number of hours expended in a given month will fluctuate based on project activities. BerryDunn does not charge clients professional services rates on an hourly basis for travel related in connection with participating in on-site services—only the actual expenses incurred. Invoicing occurs on a monthly basis for services delivered the month prior, identifying the number of hours incurred during that period and separately identifying any travel expenses. A late fee of 1.5% per month (18% per annum) is added to any outstanding invoice balances after 30 days.

Implementation Project Management – Finance Enterprise Only

Phase	Duration (months)	Hours (per month)	Total Hours	Total Cost
Project Planning and Integration	2	75	150	\$37,500

Implementation Project Management – Finance Enterprise Only				
Project Management Finance Enterprise	15	120	1,800	\$450,000
Contingency Hours	N/A	N/A	240	\$60,000
	Duration (months)	Total Trips	Total Cost (per trip)*	Total Travel Cost
Estimated Travel Expenses	15	15	\$2,050	\$30,750
Grand Total Not to Exceed				\$578,250

**Travel expense estimates assume one trip per month for implementation project management services. Travel estimates per trip were calculated based on the details provided below.*

Expense Category	Cost	Units per Trip	Total
Airfare	800	1	800
Lodging	250	3	750
Ground Transportation	75	4	300
Incidental Expenses	50	4	200
Estimated Per-Trip Travel Expense Total			\$2,050

Should the City be interested in discussing our services to support the implementation of a human/resources and payroll system, we would welcome the opportunity to provide separate pricing to support planning efforts. From our experience, implementation of these systems can range from 9-12 months depending on the system selected and the number of payroll parallel processes that are contemplated during the implementation process.

IN CLOSING

We value the City's openness and flexibility to discussing our proposed services. Thank you again for the chance to present our revised pricing proposal and assumptions related to the scope of the project. Should you have any questions, or if you would like to discuss this proposal, please feel free to contact me directly.

Sincerely,



Ryan Doil, Principal

Local Government Practice Group
207-541-2343 | rdoil@berrydunn.com

	Total Hours	Hourly Rate US \$	CentralSquare Technologies ERP PM Services Amount US \$	Total Hours	Payroll and Human Resources software Implementation Amount US \$	Notes
Egagement Manager	60	\$0	\$ -	40	\$ -	
Project Manager	1560	\$ 175.00	\$ 273,000.00	1000	\$ 175,000.00	
Project Admin	1040	\$ 85.00	\$ 88,400.00	650	\$ 55,250.00	
ERP Technical Lead		\$ 165.00		1024	\$ 168,960.00	Estimated 8 month Delivery
ERP Implementation Functional/Config Lead - HR		\$ 180.00		1280	\$ 230,400.00	
ERP Implementation Functional/Config Lead - Payroll		\$ 180.00		1280	\$ 230,400.00	
Change Management & Training Lead		\$ 160.00		400	\$ 64,000.00	
Contingency			\$ 90,350.00		\$ 173,440.00	
Subtotal:			\$ 451,750.00		\$ 1,097,450.00	Not having the City of Compton's operational complexity, cost contingency of 25% has been calculated. Contingency amount will only be billed if the need arises.
Out of Pocket Expenses: Transportation Other			\$ 67,762.50		\$ 164,617.50	
Total All-Inclusive Maximum Price for the Services:			\$ 519,512.50		\$ 1,262,067.50	Estimated Timelines: - Central Sqaure Project Management Services = 12 months - Payroll and HR ERP Implementation = 8 Months

Please don't hesitate to reach out if you have any further questions or require additional information.

Warm Regards,

Mike N Del Prado | Chief Executive Officer

EXECUTIVE  **OPTION**

A Veteran and Minority-Owned Company

2500 Anthem Village Dr, Suite 200, Henderson, NV 89052

Mobile : 213.399.1024



Proposal

**PROJECT MANAGEMENT SERVICES
FOR ENTERPRISE RESOURCE
PLANNING SOFTWARE
IMPLEMENTATION**

To	City Clerk, City of Compton
Bid Posting Date	08/15/2024 1:59 PM (PDT)

Revised Proposal Submitted By:

Company Name	V2 Tech LLC
Address	3655 Torrance Blvd, Suite 300, Torrance, California-90503
SAM Unique Entity ID	Y53FDQVF42S7
SAME CAGE	9XWC9
Date	11/04/2024

For Further Information and discussion, please contact	
Name	Sangaran Nagendran
Designation	Chief Technology Officer
Location	Torrance, CA-90503
Phone	+1 925-997-0763
Email	sangaran_n@v2techgroup.com
Name	Janani Sangaran
Designation	Managing Director
Location	Torrance, CA-90503
Phone	+1 424-471-9254
Email	janani_s@v2techgroup.com

Confidential Information

This proposal is confidential to V2 Tech LLC ("V2 Tech") and the City of Compton. This document contains information and data that V2 Tech considers confidential and proprietary ("Confidential Information"). Confidential Information includes, but is not limited to, the following:

- Corporate, employee and infrastructure information about V2 Tech LLC
- V2 Tech project management and quality processes
- Customer and project experiences provided to illustrate V2 Tech capability

Any disclosure of Confidential Information to, or use of it by a third party (i.e., a party other than City of Compton), will be damaging to V2 Tech. Ownership of all Confidential Information, no matter in what media it resides, remains with V2 Tech. Confidential Information in this document shall not be disclosed outside the buyer's proposal evaluators and shall not be duplicated, used, or disclosed – in whole or in part – for any purpose other than to evaluate this proposal without specific written permission of an authorized representative of V2 Tech.



Analyst/ Tech Lead (Full Time: Hybrid/Remote)	- Business Requirements Document. - Functional Specification - Technical Specification - Code Deliverables and maintaining in City's secured repository. - User Acceptance Testing documents - User Manuals and videos. Where He/She will be having his/her own high-level version drafted and shared with Project Manager for dual validation.
Functional Consultant (Part Time)	Payroll experts like CPA and Human resource specialist with HRM functional knowledge will be consulted during any phase of the work as needed, we are estimating at least 10 hours in a month (Both)

2.5 Program Management

Program Management is essential to ensure successful completion of the project tasks within the timeframe and within budget. To coordinate the activities between V2 Tech and City of Compton, a V2 Tech Program Manager (PM), working with the designated PM from City of Compton will plan, monitor and control activities throughout the project. All official communications and documentation associated with the project will be addressed to the city deputy controller or any other responsible officials.

3. Dollar Cost Bid & Invoice Schedule

	Total Hours	Hourly Rate US\$	Amount US\$
Project Manager	1600	190	304,000
IT Support Staff (BA/QA/Technical Lead)	1600	160	256,000
Functional Consultant (Optional)	100	150	15,000
Sub Total			575,000
Out of Pocket/Transportation/Insurance/ Other Miscellaneous for Project			30000
Total All-Inclusive Maximum Price for the Services:			605,000

Amount in words: **Six hundred and five thousand dollars only**

Invoice along with time sheet will be sent every 2 weeks with payment term of Net 15 days.

Attachment C

As requested, our estimate for the human resources and payroll implementation are as follows:

- Human Resources: \$34,000 (164 Hours)
- Payroll: \$23,820 (112 Hours)

The project will consist of the three phases:

- Phase 1: Requirements Gathering
- Phase 2: Implementation
- Phase 3: Training & Handover

Pricing Assumptions:

- For the payroll implementation, the project management quote may be impacted by the:
 - Complexity of payroll data (e.g., multiple pay structures, benefits, deductions).
 - Integrations with financial systems, time tracking systems, and other relevant applications.
 - Customizations or unique payroll processes that need to be accommodated.
 - Types or number of payroll reports needed and frequency of reporting.
- For the HR Implementation, the project management quote may be impacted by the:
 - Requirements from different user groups (e.g., HR staff, managers, employees).
 - Integrations with payroll, benefits administration, and other relevant systems.
 - Specific employment laws and regulations that must be adhered to.
 - Customizations or unique HR processes that need to be accommodated.
 - Types or number of HR reports and analytics needed, and frequency of reporting.
- The implementation is to shift from a legacy system and process to a new application; does not include process redesign.
- Our pricing anticipated a three (3) month implementation timeline. If the implementation timeline exceeds three (3) months, additional fees will be incurred.
- This does not include out of pocket expenses.

The assumptions included in the proposal are also relevant to these implementations.



Brett Nabors

Partner, Advisory - Consulting
Weaver

O: 512-609-1947 E: brett.nabors@weaver.com

A: 1601 South MoPac Expressway, Suite D250, Austin, TX 78746

W: weaver.com



June 17, 2025

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY CONTROLLER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTROLLER'S DEPARTMENT FY2024-2025 BUDGET, AND TO ISSUE AN ADDITIONAL PURCHASE ORDER OF TWENTY-THREE THOUSAND FOUR-HUNDRED SIXTEEN DOLLARS (\$23,416) FOR EADIE AND PAYNE LLP FOR PROVIDING NEEDED SERVICES BEYOND THE TERMS OF THE AGREEMENT IN ASSISTING WITH THE PREPARATION OF THE FY2022-2023 AUDIT.

SUMMARY

Staff is requesting that the City Council consider adopting a Resolution authorizing the City Manager to issue a Purchase Order for Twenty-Three Thousand Four-Hundred Sixteen Dollars (\$23,416) for Eadie and Payne LLP. for providing needed services for the City beyond the terms of the agreement.

BACKGROUND

In accordance to Section 1419 of the Compton City Charter, the employment of a qualified accountant at the beginning of each fiscal year, who shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments as the City Council may direct, is to be completed.

In June 2023, Resolution No. 25,856 authorized the City Manager to accept the proposal of the Independent Auditor, Eadie and Payne LLC., and enter into a contract to provide the necessary services.

(Please see Attachment A for the Professional Services Agreement notating the services to be provided.)

STATEMENT OF ISSUE

During the FY2022-2023 audit process, additional time and services beyond the agreement amount were needed. Eadie and Payne LLP extended their services to ensure

**Staff Report – Resolution Authorizing Issuance of Purchase Order for Audit Services
Provided Outside of the Agreement (\$23,416)
Eadie and Payne, LLP
June 17, 2025**

the City's needs were met and for the FY2022-2023 audit to be completed with urgency. Eadie and Payne LLP has notified the City of their cost for their extended services in amount of \$23,416. On Monday, June 11, 2025, this item was brought before the Audit Committee, in which the Audit Committee gave its support.

(Please see Attachment B for the breakdown of fees)

FISCAL IMPACT

A budget amendment to the FY2024-2025 City Controller's Department Budget is being requested for the following:

Appropriation from:

General Fund, Fund Balance for \$23,416.

To:

Increase in Expenditure appropriations:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller's Dept Contract Services	\$23,416

Staff is requesting that City Council authorize the City Manager to amend the Controller's Department FY2024-2025 budget, and authorize the City Manager to issue an additional Purchase Order for the amount of Twenty-Three Thousand Four-Hundred Sixteen Dollars (\$23,416) for Eadie and Payne LLC. for providing needed services for the City beyond the terms of the agreement.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

APPROVED FOR FORWARDING:

**SHARON RAHBAN NAVIZADEH
CITY CONTROLLER FORWARDED TO CITY MANAGER**

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTROLLER'S DEPARTMENT FY2024-2025 BUDGET, AND TO ISSUE AN ADDITIONAL PURCHASE ORDER OF TWENTY-THREE THOUSAND FOUR-HUNDRED SIXTEEN DOLLARS (\$23,416) FOR EADIE AND PAYNE LLP FOR PROVIDING NEEDED SERVICES BEYOND THE TERMS OF THE AGREEMENT IN ASSISTING WITH THE PREPARATION OF THE FY2022-2023 AUDIT.

WHEREAS, in accordance to Section 1419 of the Compton City Charter, the employment of a qualified accountant at the beginning of each fiscal year, who shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments as the City Council may direct, is to be completed; and

WHEREAS, in June 2023, Resolution No. 25,856 authorized the City Manager to accept the proposal of the Independent Auditor, Eadie and Payne LLP, and enter into a contract to provide the necessary services; and

WHEREAS, during the FY2022-2023 audit process, additional time and services beyond the agreement amount were needed. Eadie and Payne LLP extended their services to ensure the City's needs were met and for the FY2022-2023 audit to be completed with urgency. Eadie and Payne LLP has notified the City of their cost for their extended services in amount of (\$23,416); and

WHEREAS, a budget amendment to the FY2024-2025 City Controller's Department Budget is being requested for the following:

Appropriation from:

General Fund, Fund Balance for \$23,416.

To:

Increase in Expenditure appropriations:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller's Dept Contract Services	\$23,416

WHEREAS, staff is requesting that City Council authorize the City Manager to amend the Controller's Department FY2024-2025 budget, and authorize the City Manager to issue an additional Purchase Order for the amount of Twenty-Three Thousand Four-Hundred Sixteen Dollars (\$23,416) for Eadie and Payne LLC. for providing needed services for the City beyond the terms of the agreement in assisting with the preparation of the FY2022-2023 audit.

WHEREAS, staff recommends the City Council to adopt the attached Resolution; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Manager is hereby authorized to amend the Controller's Department FY2024-2025 budget to appropriate funds from Fund Balance (\$23,416) to increase in expenditure appropriations as follows:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller's Dept Contract Services	\$23,416

SECTION 2. That a Purchase Order is authorized to be issued for the amount of Twenty-Three Thousand Four-Hundred Sixteen Dollars (\$23,416) for Eadie and Payne LLC. for providing needed services for the City beyond the terms of the agreement in assisting with the preparation of the FY2022-2023 audit from the following account:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund Controller's Department Contract Services	\$23,416

SECTION 3. That a duly copy of the Resolution shall be filed with the offices of the City Manager, City Clerk, City Attorney, and City Controller.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2025.

EMMA SHARIF
MAYOR OF THE CITY OF COMPTON

ATTEST:

SATRA D. ZURITA
CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Satra D. Zurita, 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 this _____ day of _____, 2025.

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

AYES: COUNCILMEMBERS -
NOES: COUNCILMEMBERS -
ABSTAIN: COUNCILMEMBERS -
ABSENT: COUNCILMEMBERS -

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF COMPTON
AND
EADIE & PAYNE, LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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 Willow brook Avenue, Compton, California 90220, and **EADIE & PAYNE, LLP**, a California Certified Public Accounting firm (hereinafter referred to as " **INDEPENDENT AUDITOR**"), located at 3880 Lemon Street, Suite 300, Riverside, CA 92501.

RECITALS:

WHEREAS, Section 1419 of the Compton City Charter provides for the employment of a qualified accountant at the beginning of each fiscal year who shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments as the City Council may direct; and

WHEREAS, the City needs to employ the services of a qualified and experienced Independent Auditor (Certified Public Accounting firm) to audit the City's Annual Financial Statement Reports for Fiscal Years ending June 30, 2022, 2023 and 2024 and to perform the Single Audits (audits of federal grants) for the Fiscal Years ended June 30, 2022, 2023, and 2024; and

WHEREAS, by Resolution No. 25,856 adopted on the 27th day of June 2023, the City Council authorized the City Manager to accept the proposal of the Independent Auditor and enter into a contract to provide the necessary services; and

WHEREAS, Independent Auditor (Eadie & Payne, LLP) represents that it is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, Independent Auditor is willing to render such professional services subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, Independent Auditor and the City, for the consideration, terms and conditions herein described, mutually agree as follows:

AGREEMENT:

1. **Services to be rendered by Independent Auditor.** It is the mutual understanding of the parties that the Independent Auditor shall perform and be responsible for rendering the following professional auditing services

- Basic Financial Statements — audit of the City's basic financial statements for Fiscal Year ending June 30, 2022, for Fiscal Year ending June 30, 2023 and for Fiscal Year ending June 30, 2024, to include audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information with an option to extend for two more years. And for the years then ended, and the related notes which collectively comprise the City's basic financial statements.

1. In addition, the Independent Auditor will conduct compliance audit over major federal award programs for the periods ended June 30, 2022, June 30, 2023, and June 30, 2024,
2. Furthermore, the Auditor will perform agreed upon procedures pertaining to the City's GANN limit, Measure P financial statements and compliance with Measure P requirements, and compliance with Bond Covenant requirements. Audit shall be performed in accordance with auditing standards generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).
3. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs. The objectives of our audits of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audits are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and Government Auditing Standards, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain Required Supplementary Information (RSI), such as management's discussion and analysis (MD&A) and budgetary comparison information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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.

As part of our engagement, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis;
- Schedules of Changes in Net Pension Liability and Related

Ratios;

- Schedule of Proportionate Share of the Net Pension Liability and Related Ratios; Schedule of Plan Contributions;
- Schedule of Changes in Net OPEB Liability and Related Ratios; Schedule of contributions – OPEB; and Notes to required supplementary information.
- General Fund and Major Fund Budgetary Comparison Schedules;

Supplementary information other than RSI will accompany the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- Schedule of Expenditures of Federal Awards Individual and combining fund financial statements.

Also, the document to be submitted will include the following other additional information that will be subjected to the auditing procedures applied in our audit of the financial statements:

- Combining Balance Sheet – Non-major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Government Funds.
- Combining Statement if Net Position – Internal Service Funds
- Combining Statement if Revenues, Expenses, and Changes in Net Position – Internal Service Funds Combining Statement of Cash Flows – Internal Service Funds

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

- Financial and compliance audits in accordance with provisions of U.S. Office of Management and Budget (OMB) Circular A-133 (Single Audit of federal grants for six major programs) and related compliance supplements for Fiscal Years ending June 30, 2022, June 30, 2023, and June 30, 2024.

Independent Auditor acknowledges that in entering into this Agreement, the City is relying on Independent Auditor's special skills and experience to do and perform the services in accordance with best standards of professional practice.

Independent Auditor services hereunder shall be performed in a good, workmanlike and professional manner. Independent Auditor shall be responsible for correcting and completing all errors and omissions related to the services provided by the Independent Auditor 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 Independent Auditor to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release Independent Auditor from these obligations.

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

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audits in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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). As part of an audit of financial statements in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and Government Auditing Standards does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the City Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the City's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For 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;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
7. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and

- e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
16. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
17. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
18. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
19. For acceptance of non-attest services, including identifying the proper party to oversee non-attest work;
20. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
21. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance; 22. For the accuracy and completeness of all information provided;
23. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
24. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Agreed Upon Procedures

An agreed-upon procedures engagement is solely for the purpose of reporting our findings regarding the results of the procedures performed as compared to the criteria pursuant to the law, regulation, or contract requiring the agreed-upon procedures engagement. Prior to the commencement of the engagement, we will agree on the procedures to apply. Prior to the completion of the engagement, you agree to provide us with written agreement and acknowledgement that the procedures performed are appropriate for the intended purpose of the engagement.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the AICPA. We are responsible for carrying out the procedures and reporting findings in accordance with these standards. We have no responsibility to determine the differences between the procedures to be performed and the procedures that we would have determined to be necessary had we been engaged to perform another form of attestation engagement.

Our report will list the procedures performed and our findings. Our report will be addressed to the City and will be intended for use by and restricted to the use of the specified parties as identified above. Our report will contain such restricted-use language.

Should we have any reservations with respect to the subject matter, we will discuss them with you before the report is issued. We have no responsibility to update our report for events and circumstances occurring after the date of our report.

As part of our engagement, we will request from management, written confirmation concerning representations made to us in connection with the agreed upon procedures. You agree to provide such confirmation.

Non-attest Services

With respect to any non-attest services we perform (i.e.)

- Prepare the basic financial statements of the City in conformity with U.S. generally accepted accounting principles based on information provided by you.
- Assist in the preparation of the Schedule of Expenditures of Federal Awards.)

We will not assume management responsibilities on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its responsibilities.

The City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the non-attest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The non-attest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that

could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the City with regard to tax positions taken in the preparation of the tax return, but the City must make all decisions with regard to those matters.

Other Matters

The timing of our audit will be scheduled for performance and completion as mutually agreed-upon with management.

Eden C. Casareno is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Eadie and Payne, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every month weeks and are payable upon presentation. Our fees for fiscal years 2022, 2023 and 2024 are stated in the Summary of Professional Fees and Expenses as shown in appendix A. We will notify you immediately of any circumstances we encounter that could significantly affect this fee. Whenever possible, we will attempt to use the City's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and nonfinancial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of Eadie and Payne, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to state and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Eadie and Payne, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the City Council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgement, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

2. **Duration of Contract.** Independent Auditor agrees to commence the services provided for herein on Notification to Proceed from the City and continue in a diligent and professional manner until the services to be rendered are complete, unless terminated as provided herein.

Independent Auditor will generally adhere to deliverable timelines set forth by the City or otherwise agreed to by the parties provided, that City will grant reasonable extensions of time for the performance of the services occasioned by unusually lengthy governmental reviews of Independent Auditor'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, Independent Auditor's officers or employees.

Independent Auditor acknowledges the importance to City of the 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 Independent Auditor's performance must be governed by sound practices. Independent Auditor 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 in a not to exceed total contract as specified in Appendix (A) below. The total price paid the Independent

Auditor will include compensation for all work, including travel, materials, supplies, vendor services, expenses and subcontracted work. No additional compensation will be paid to the Independent Auditor, 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 Independent Auditor and the City. Adjustment in the total compensation will not be effective until authorized and approved in writing by the City.

If Independent Auditor 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 herein.

Independent Auditor 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 Independent Auditor is billing. Invoices shall detail the work performed on each task as applicable. Invoices shall be delivered or mailed to the City Controller at the following address: City of Compton, 205 South Willowbrook Avenue, Compton, California 90220.

In the event of termination, the Independent Auditor 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 Independent Auditor'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. **Independent Contractor Status.** Independent Auditor, its officers, employees, subcontractors, agents and volunteers (collectively hereinafter the "Independent Auditor"), will perform the services in Independent Auditor's own way and pursuant to this Agreement as an independent contractor and in pursuit of Independent Auditor's independent calling, and not as an employee of the City. The persons used by Independent Auditor to provide the services under this Agreement will not be considered employees of the 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 Independent Auditor, except as expressly set forth in this Agreement. Independent Auditor expressly warrants that while engaged in carrying out and complying with any terms and conditions of this Agreement that Independent Auditor shall not at any time or in any manner, represent that Independent Auditor is in any manner officers, employees, agents or volunteers of the City. Independent Auditor shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. Independent Auditor expressly waives any claim to such rights.

The payment(s) made to Independent Auditor pursuant to the Agreement will be the full and complete compensation to which Independent Auditor is entitled. City will not make any federal or state tax withholdings on behalf of Independent Auditor or its agents, employees or subcontractors. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of Independent Auditor or its employees or subcontractors. Independent Auditor 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 Independent Auditor or any agent, employee, or contractor of Independent Auditor 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 Independent Auditor.

5. **Successor Agency Assignment and Delegation.** City and the Independent Auditor 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 Independent Auditor are material considerations for this Agreement. Independent Auditor shall not assign or transfer any interest in this Agreement or the performance of any of Independent Auditor's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of Independent Auditor's rights, duties or obligations arising under this Agreement shall be null and void.

6. **Nondiscriminatory Employment Practices.** During the performance of this Agreement, the Independent Auditor 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. Independent Auditor 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 Independent Auditor agrees to post in conspicuous places, available to employees, applicants and subcontractors for employment, notices setting forth the provisions of this nondiscrimination clause.

In the event of the Independent Auditor'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.

7. **Subcontracting.** Independent Auditor's services are unique and personal. Except as may be specified in Independent Auditor's Proposal and agreed to by the City, Independent Auditor will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If Independent Auditor subcontracts any of the services, Independent Auditor will be fully responsible to City for the acts, errors and omissions of Independent Auditor's subcontractor and of the persons either directly or indirectly employed by the subcontractor, as Independent Auditor is for the acts and omissions of persons directly employed by Independent Auditor. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of Independent Auditor and City. Independent Auditor will be responsible for payment of subcontractors. Independent Auditor will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to Independent Auditor's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

8. **Other Independent Auditors.** The City reserves the right to employ other Independent Auditors in connection with the services.

9. **Indemnification.** Independent Auditor shall indemnify, defend and hold harmless the City, its authorized officers, employees, agents and volunteers from any and against, all claims, damages, losses and expenses, including reasonable attorney's fees and court costs to the extent resulting from or arising out of the negligent, reckless or willful misconduct of the Independent Auditor and/or any of its partners,

employees, sub consultants, 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 Insurance.

10. **Insurance:** Without limiting the Independent Auditor's indemnification of the City, Independent Auditor 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 Independent Auditor or Independent Auditor'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. 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 Independent Auditor 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. Independent Auditor 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 Independent Auditor's indemnification obligations under this Agreement. The City, its officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by Independent Auditor pursuant to this Agreement are adequate to protect Independent Auditor. 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. Independent Auditor will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If Independent Auditor believes that any required insurance coverage is inadequate, Independent Auditor will obtain such additional insurance coverage, as Independent Auditor deems adequate, at Independent Auditor's sole expense.

10.1 **Commercial General Liability Insurance.** \$1,000,000.00 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.

10.2 **Workers' Compensation and Employer's Liability.** A program of workers' compensation insurance in an amount and form to meet all applicable requirements of the California Labor Code or by any other state, and which specifically covers all persons providing services by or on behalf of the Auditor, and risks to such persons under this Agreement.

10.3 **Professional Liability.** Errors and omissions liability appropriate to Independent Auditor's profession with limits as prescribed by the law. 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, Independent Auditor 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 Independent Auditor. 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, Independent Auditor 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.

11. **Permits and Licenses.** Independent Auditor, 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 Independent Auditor. Upon execution of this Agreement, the Independent Auditor shall show evidence of a business license permit in conformance with Section 9-1.2 of the Compton Municipal Code Warranties Independent Auditor represents and warrants (i) that Independent Auditor has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Independent Auditor'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 Independent Auditor will not use in the performance of his/her responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Independent Auditor has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

12. **Warranties.** Independent Auditor represents and warrants (i) that Independent Auditor has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Independent Auditor's undertaking this relationship with the 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 Independent Auditor will not use in the performance of his/her responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Independent Auditor has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

13. **General Compliance with Laws.** Independent Auditor will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Independent Auditor, or in any way affect the performance of the services by Independent Auditor. Independent Auditor 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 Independent Auditor encounters any conflict between such laws and ordinances, Independent Auditor shall notify the City in writing and the parties agree to work cooperatively to resolve the conflict.

14. **Termination.** In the event of the Independent Auditor's failure to execute, deliver, or perform the services, after giving written notice of default and two (2) weeks to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying Independent Auditor in writing. Independent Auditor 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 the City and of the percentage of work that Independent Auditor has performed which is usable and of worth to the 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 Independent Auditor, whether located at the project site, at Independent Auditor's place of business, or at the offices of a subcontractor.

Either Party, upon tendering ten (10) calendar days written notice to the other Party, may terminate this Agreement for convenience. In this event and upon request of City, Independent Auditor will assemble the work product without charge and put it in order for proper filing and closing and deliver

it to City. Independent Auditor 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.

15. **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 Independent Auditor), 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, but in no event to exceed the total lump sum fee payable under this Agreement.

16. **Covenants Against Contingent Fees.** Independent Auditor warrants that Independent Auditor has not employed or retained any company or person, other than a bona fide employee working for Independent Auditor, to solicit or secure this Agreement, and that Independent Auditor 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.

17. **Certifications.** The Independent Auditor, under penalty of perjury, certifies that, except as noted below, he/she or any other person associated therewith in the capacity of owner, partner, director, officer, manager:

- is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal, State or local agency; • has not been suspended, debarred, voluntarily excluded or determined ineligible by any Federal, State or local agency within the past 3 years; • does not have a proposed debarment pending; and • 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 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 • 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 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.

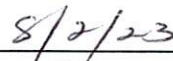
[Attach separate page]

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.



Edén C. Casareno, Partner



Date

18. **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.

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

20. **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.

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

22. **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.

23. **Amendments.** This Agreement may be modified or amended only by written document executed by both Independent Auditor 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.

24. **Confidentiality.** All documents, reports, information, data, and exhibits prepared or assembled by Independent Auditor in connection with the performance of the services pursuant to the Agreement are

confidential until released by the City to the public, and the Independent Auditor will not make any of these documents or information available to any individual or organization not employed by the Independent Auditor or the City without the written consent of the City before any such release.

25. **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.

26. **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 the Independent Auditor:

**EADIE AND PAYNE, LLP
3880 Lemon St, Ste. 300
Riverside, Ca 92501
P. O. Box 1529
Riverside, Ca 92502-1529
951-241-7800**

To City:

**CITY OF COMPTON
205 S Willowbrook Avenue
Compton, CA 90220
Attn: Sharon Rahban, City Controller
310-605-5576
310-764-5897 –fax**

Copy to:

**City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Manager**

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.

27. **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.

Appendix A
Summary of Professional Fees and Expenses

FY 2022 Audits	Total Hours	Hourly Rate US\$	Amount US\$
Partners/Senior Manager	220	\$ 250	\$ 55,000
Manager	320	\$ 180	\$ 57,600
Supervisory Staff	390	\$ 130	\$ 50,700
Staff	375	\$ 90	\$ 33,750
Other (Clerical)	20	\$ 80	\$ 1,600
Subtotal	1,325		\$ 198,650
Out of Pocket Expenses			
Mileage, hotel, meals, printing			\$ 5,270
Total All-Inclusive Maximum Price for the Services			\$ 203,920
FY 2022 AUP & Ongoing Consultation	Total Hours	Hourly Rate US\$	Amount US\$
AUP - Investment Policy	30	\$ 161	\$ 4,830
AUP - Gann Limit	5	\$ 136	\$ 680
AUP - Measure P	90	\$ 135	\$ 12,150
AUP - Bond Covenants	15	\$ 156	\$ 2,340
Ongoing Consultation	65	\$ 188	\$ 12,220
TOTAL FOR ADDITIONAL SERVICES	205		\$ 32,220

(1) Ongoing Consultation include assistance with FASS-PH certification and communication with State Controller's Office, State Auditor, and other agencies, as requested.

If assistance is requested for GASB 87 & 96 implementation, the related fees will be based on the number of leases and SBITA.

Y 2023 Audits	Total Hours	Hourly Rate US\$	Amount US\$
Partners/Senior Manager	200	\$ 255	\$ 51,000
Manager	290	\$ 185	\$ 53,650
Supervisory Staff	350	\$ 133	\$ 46,550
Staff	330	\$ 92	\$ 30,360
Other (Clerical)	20	\$ 82	\$ 1,640
Subtotal	1,190		\$ 183,200
Out of Pocket Expenses			
Mileage, hotel, meals, printing			\$ 5,056
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE SERVICES			\$ 188,256

FY 2023 AUP & Ongoing Consultation	Total Hours	Hourly Rate US\$	Amount US\$
AUP - Investment Policy	25	\$ 162	\$ 4,050
AUP - Gann Limit	5	\$ 138	\$ 690
AUP - Measure P	80	\$ 137	\$ 10,960
AUP - Bond Covenants	15	\$ 158	\$ 2,370
Ongoing Consultation	50	\$ 189	\$ 9,450

Professional Services Agreement –Eadie & Payne, LLP
City-wide Financial Auditing Services (Fiscal Years Ended June 30, 2022, 2023, 2024)
City Controller/Resolution No. 25,856

TOTAL FOR ADDITIONAL SERVICES	175		\$ 27,520
FY 2024 Audits	Total Hours	Hourly Rate US\$	Amount US\$
Partners/Senior Manager	180	\$ 260	\$ 46,800
Manager	260	\$ 190	\$ 49,400
Supervisory Staff	320	\$ 138	\$ 44,160
Staff	300	\$ 95	\$ 28,500
Other (Clerical)	20	\$ 84	\$ 1,680
Subtotal	1,080		\$ 170,540
Out of Pocket Expenses			
Mileage, hotel, meals, printing			\$ 4,844
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE SERVICES			\$ 175,384

FY 2024 AUP & Ongoing Consultation	Total Hours	Hourly Rate US\$	Amount US\$
AUP - Investment Policy	25	\$ 167	\$ 4,174
AUP - Gann Limit	5	\$ 142	\$ 710
AUP - Measure P	80	\$ 141	\$ 11,280
AUP - Bond Covenants	15	\$ 162	\$ 2,430
Ongoing Consultation	50	\$ 195	\$ 9,750
TOTAL FOR ADDITIONAL SERVICES	175		\$ 28,344



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, Fax: 1 (805) 880-0350,
www.mcgowan.com

Report on the Firm's System of Quality Control

July 24, 2019

To the Partners of Eadie & Payne, LLP and the Peer Review Committee of California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP in effect for the year ended April 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency (ies) or fail. Eadie & Payne, LLP has received a peer review rating of pass.

McGowan Guntermann



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

EADIE & PAYNE
INDEPENDENT AUDITOR

Dated: 8/2/23

By Eden C Casareno

Eden C. Casareno, C.P.A., Partner

CITY OF COMPTON
Recommended for Approval:

By Sharon Rahban
Sharon Rahban, City Controller

Dated: 8-14-23

Approved by:

Dated: 8/30/23

By Jerry Groomes
Jerry Groomes, City Manager

Approved as to form:

By Eric Perrodin
Eric Perrodin, City Attorney
for

Dated: 8/29/23

ATTEST:

Dated: 8/30/23

By Vernell McDaniel
Vernell McDaniel, City Clerk
FOR:





RESOLUTION NO. 25,856

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO A MULTI-YEAR
PROFESSIONAL SERVICES AGREEMENT WITH AND ESTABLISH A
PURCHASE ORDER FOR EADIE AND PAYNE, LLP TO AUDIT THE CITY'S
FINANCIAL STATEMENTS (\$236,140)**

WHEREAS, section 1419 of the City Charter of the City of Compton provides for the employment of a qualified accountant at the beginning of each fiscal year, who at such time or times as may be specified by the City Council shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments (the audit) as the City Council may direct; and

WHEREAS, an annual audit is also required to satisfy Federal legislation, state regulations, grants requirements, bonds covenants and other applicable regulations; and

WHEREAS, a Certified Public Accountant (C.P.A.) is needed to conduct an independent Financial Statement and Single Audit of the City for the Fiscal Years ended June 30 2022, June 30 2023 and June 30 2024.

WHEREAS, Municipal Code § 4-11.7(d) Exceptions to Competitive Bidding Requirements states

"Except as otherwise provided in Section 1409 of the City Charter, state or federal law, the competitive bidding requirements of this section shall not apply in the following circumstances:

(d) any contract for professional services; such as, but not limited to, attorneys, physicians, architects, engineers, consultants, accountants, specialized printers or other individual organizations possessing a high degree of professional, unique, specialized or technical skill or expertise. Selection of professional services providers shall be on the basis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required at a fair and reasonable price."

WHEREAS, although a permitted exception to competitive bidding requirements existed due to the need of the professional services of an accountant, a Request for Proposal (RFP) was still issued in order to expand the pool of possible candidates.

WHEREAS, the City performed a competitive bidding process for the selection of a qualified Accountant to carry out the above required audit in line with the City Charter and other applicable legislation and contractual requirements; and

WHEREAS, during the Audit Committee meeting on March 28, 2022, the Audit Committee (as approved by the City Council per resolution number 25,220), requested staff to publish a Request for Proposal for Certified Public Accountants to conduct an independent Financial Statement and Single Audit of the City for the Fiscal Years ended June 30 2022, June 30 2023 and June 30 2024.

WHEREAS, two firms were involved in the bidding process who were independently evaluated and scored by the Audit Committee members; and

1 **WHEREAS**, Eadie and Payne, LLP, was selected because it demonstrated that it is
2 specifically trained, experienced, competent, and has the resources to provide such
3 services as required by the Agreement; and

4 **WHEREAS**, the fiscal impact of this agreement will be a total cost not to exceed Six-
5 Hundred Fifty-Five Thousand Six-Hundred Forty-Four dollars (\$655,644); and

6 **WHEREAS**, funds are already appropriated in this account in the amount of Two-
7 Hundred Thirty-Six-Thousand One-Hundred-Forty Dollars (\$236,140.00) in the City
8 Controller's Department FY2022-2023 Budget for the first year of the contract; and

9 **WHEREAS**, a purchase order is being requested to be opened in the amount of Two-
10 Hundred Thirty-Six-Thousand One-Hundred-Forty Dollars (\$236,140.00) from account
11 number 1001-650-000-4266, General Fund, City Controller Department, Contract Services
12 Expense Account.

13 **WHEREAS**, it is recommended that the City Council authorize the City Manager to
14 enter into an agreement with Eadie and Payne, LLP to provide audit services for the stated
15 multiple Fiscal Years and to issue a Purchase order for the service.

16 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES**
17 **HEREBY RESOLVE AS FOLLOWS:**

18 **SECTION 1.** That the City Manager is hereby authorized to enter into a professional
19 services agreement between the City of Compton and Eadie and Payne LLP, upon the advice
20 of the City Attorney, to conduct professional audit services for the Fiscal Years ended June
21 30, 2022, June 30, 2023, and June 30, 2024 in the amount of Six-Hundred Fifty-Five
22 Thousand Six-Hundred Forty-Four dollars (\$655,644).

23 **SECTION 2.** That funds in the amount of Two-Hundred Thirty-Six-Thousand One-
24 Hundred-Forty Dollars (\$236,140.00) are available in the City Controller's Department budget
25 for the Fiscal Year 2022-2023 in account number 1001-650-000-4266

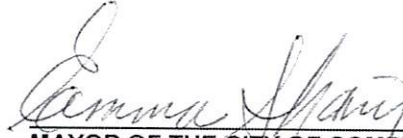
26 **SECTION 3.** That a purchase order shall be issued to Eadie and Payne from Account
27 Number 1001-650-000-4266 in the amount of Two-Hundred Thirty-Six-Thousand One-
28 Hundred-Forty Dollars (\$236,140.00).

29 **SECTION 4.** That funds will be allocated and a purchase order generated for the
30 services provided under the Eadie and Payne LLP Agreement from future approved City
31 budgets.

32 **SECTION 5.** That a copy of this Resolution shall be filed in the offices of the City
Clerk, City Attorney, City Manager, and City Controller.

SECTION 6. That the Mayor shall sign and the City Clerk shall attest to the adoption
of this Resolution.

ADOPTED this 27th day of JUNE, 2023.


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 this 27th day of JUNE, 2023.

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

AYES: COUNCILMEMBERS DUHART, SPICER, BOWERS, DARDEN, SHARIF
NOES: COUNCILMEMBERS - NONE
ABSTAIN: COUNCILMEMBERS - NONE
ABSENT: COUNCILMEMBERS - NONE


CITY CLERK OF THE CITY OF COMPTON



EADIPAY-01

ECARRILLO

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/14/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0757776 HUB International Insurance Services Inc. PO Box 5345 Riverside, CA 92517	CONTACT NAME: Irene McCleary	
	PHONE (A/C, No, Ext): (951) 779-8532	FAX (A/C, No):
	E-MAIL ADDRESS: irene.mccleary@hubinternational.com	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Sentinel Insurance Company, Ltd.	NAIC # 11000
	INSURER B: Preferred Employers Insurance Company	10900
	INSURER C: Lloyd's of London	15792
	INSURER D:	
	INSURER E:	
	INSURER F:	

INSURED

Eadie and Payne, LLP
3880 Lemon St., Ste. 300
Riverside, CA 92501

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC OTHER:	X	X	72 SBA IB6333	10/1/2022	10/1/2023	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY			72 SBA IB6333	10/1/2022	10/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☒ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 10,000			72 SBA IB6333	10/1/2022	10/1/2023	EACH OCCURRENCE \$ 4,000,000 AGGREGATE \$ 4,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	AAN 100994-24	7/1/2022	7/1/2023	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Cyber Liability			ESL0239497478	8/25/2022	8/25/2023	Aggregate/Each Claim 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The City of Compton and its respective elected and appointed officers, officials, employees, agents and volunteers are additional insureds with regard to General Liability when required by written contract per the attached endorsement IH 12001185T and SS0008 04/05, primary and non-contributory and Waiver of Subrogation coverage are included.

CERTIFICATE HOLDER

City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

POLICY NUMBER: 72 SBA IB6333



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - PERSON-ORGANIZATION

CITY OF MORENO VALLEY
THE CITY OF MORENO VALLEY COMMUNITY SERVICE DISTRICT
MORENO VALLEY HOUSING AUTHORITY
AND EACH OF THEIR OFFICERS, EMPLOYEES, AGENTS, AND
VOLUNTEERS.
14177 FREDERICK ST
MORENO VALLEY, CA, 92552

THE CITY OF HUNTINGTON PARK, ITS OFFICERS, OFFICIALS, EMPLOYEES AND
VOLUNTEERS
6550 MILES AVE
HUNTINGTON PARK CA 90255
CITY OF COMPTON
205 S WILLOWBROOK AVE
COMPTON, CA 90220

QUICK REFERENCE
BUSINESS LIABILITY COVERAGE FORM
READ YOUR POLICY CAREFULLY

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BUSINESS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the stock insurance company member of The Hartford providing this insurance.

The word "insured" means any person or organization qualifying as such under Section C. - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G. - Liability And Medical Expenses Definitions.

A. COVERAGES

1. BUSINESS LIABILITY COVERAGE (BODILY INJURY, PROPERTY DAMAGE, PERSONAL AND ADVERTISING INJURY)

Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply.

We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section D. - Liability And Medical Expenses Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments, settlements or medical expenses to which this insurance applies.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Coverage Extension - Supplementary Payments.

b. This insurance applies:

(1) To "bodily injury" and "property damage" only if:

- (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (b) The "bodily injury" or "property damage" occurs during the policy period; and
- (c) Prior to the policy period, no insured listed under Paragraph 1. of Section C. - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section C. - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

BUSINESS LIABILITY COVERAGE FORM

- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
- e. **Incidental Medical Malpractice**
 - (1) "Bodily injury" arising out of the rendering of or failure to render professional health care services as a physician, dentist, nurse, emergency medical technician or paramedic shall be deemed to be caused by an "occurrence", but only if:
 - (a) The physician, dentist, nurse, emergency medical technician or paramedic is employed by you to provide such services; and
 - (b) You are not engaged in the business or occupation of providing such services.
 - (2) For the purpose of determining the limits of insurance for incidental medical malpractice, any act or omission together with all related acts or omissions in the furnishing of these services to any one person will be considered one "occurrence".

2. MEDICAL EXPENSES

Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;provided that:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within three years of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

3. COVERAGE EXTENSION - SUPPLEMENTARY PAYMENTS

- a. We will pay, with respect to any claim or "suit" we investigate or settle, or any "suit" against an insured we defend:
 - (1) All expenses we incur.
 - (2) Up to \$1,000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (3) The cost of appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
 - (5) All costs taxed against the insured in the "suit".
 - (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

Any amounts paid under (1) through (7) above will not reduce the limits of insurance.

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments.

Notwithstanding the provisions of Paragraph 1.b.(b) of Section B. - Exclusions, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

(1) We have used up the applicable limit of insurance in the payment of judgments or settlements; or

(2) The conditions set forth above, or the terms of the agreement described in Paragraph (6) above, are no longer met.

B. EXCLUSIONS

1. Applicable To Business Liability Coverage

a. Expected Or Intended Injury

This insurance does not apply to:

- (1) "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property; or
- (2) "Personal and advertising injury" arising out of an offense committed by, at the direction of or with the consent or acquiescence of the insured with the expectation of inflicting "personal and advertising injury".

b. Contractual Liability

- (1) "Bodily injury" or "property damage"; or
 - (2) "Personal and advertising injury" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.
- This exclusion does not apply to liability for damages because of:
- (a) "Bodily injury", "property damage" or "personal and advertising injury" that the insured would have in the absence of the contract or agreement; or

b. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- (1) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- (2) This insurance applies to such liability assumed by the insured;
- (3) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- (4) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interest of the indemnitee;
- (5) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee;
- (6) The indemnitee:
 - (a) Agrees in writing to:
 - (i) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (ii) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (iii) Notify any other insurer whose coverage is available to the indemnitee; and
 - (iv) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (b) Provides us with written authorization to:
 - (i) Obtain records and other information related to the "suit"; and
 - (ii) Conduct and control the defense of the indemnitee in such "suit".

BUSINESS LIABILITY COVERAGE FORM

(b) "Bodily injury" or "property damage" assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purpose of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage" provided:

- (i) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract", and
- (ii) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business, or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

BUSINESS LIABILITY COVERAGE FORM

released as part of the operations being performed by such insured, contractor or subcontractor;

(iii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants";

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or
(ii) Any person or organization for whom you may be legally responsible;

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or

BUSINESS LIABILITY COVERAGE FORM

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment"; or
- (6) An aircraft that is not owned by any insured and is hired, chartered or loaned with a paid crew. However, this exception does not apply if the insured has any other insurance for such "bodily injury" or "property damage", whether the other insurance is primary, excess, contingent or on any other basis.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

- (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

i. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Professional Services

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications;
- (3) Supervisory, inspection, architectural or engineering activities;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Section D. - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3) and (4) of this exclusion do not apply to the use of elevators.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs (3) and (4) of this exclusion do not apply to "property damage" to borrowed equipment while not being used to perform operations at a job site.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

l. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

m. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

(8) Optometry or optometric services including but not limited to examination of the eyes and the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products;

(9) Any:

(a) Body piercing (not including ear piercing);

(b) Tattooing, including but not limited to the insertion of pigments into or under the skin; and

(c) Similar services;

(10) Services in the practice of pharmacy; and

(11) Computer consulting, design or programming services, including web site design.

Paragraphs (4) and (5) of this exclusion do not apply to the Incidental Medical Malpractice coverage afforded under Paragraph 1.e. in Section A. - Coverages.

k. Damage To Property

"Property damage" to:

(1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

BUSINESS LIABILITY COVERAGE FORM

o. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Arising out of oral, written or electronic publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral, written or electronic publication of material whose first publication took place before the beginning of the policy period;
- (3) Arising out of a criminal act committed by or at the direction of the insured;
- (4) Arising out of any breach of contract, except an implied contract to use another's "advertising idea" in your "advertisement";
- (5) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (6) Arising out of the wrong description of the price of goods, products or services;
- (7) Arising out of any violation of any intellectual property rights such as copyright, patent, trademark, trade name, trade secret, service mark or other designation of origin or authenticity.

However, this exclusion does not apply to infringement, in your "advertisement", of

- (a) Copyright;
- (b) Slogan, unless the slogan is also a trademark, trade name, service mark or other designation of origin or authenticity; or

(c) Title of any literary or artistic work;

- (8) Arising out of an offense committed by an insured whose business is:

- (a) Advertising, broadcasting, publishing or telecasting;
- (b) Designing or determining content of web sites for others; or
- (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs a., b. and c. under the definition of "personal and advertising injury" in Section G. – Liability And Medical Expenses Definitions.

For the purposes of this exclusion, placing an "advertisement" for or linking to others on your web site, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of an electronic chat room or bulletin board the insured hosts, owns, or over which the insured exercises control;
- (10) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers;
- (11) Arising out of the violation of a person's right of privacy created by any state or federal act.

However, this exclusion does not apply to liability for damages that the insured would have in the absence of such state or federal act;

- (12) Arising out of:

- (a) An "advertisement" for others on your web site;
- (b) Placing a link to a web site of others on your web site;
- (c) Content from a web site of others displayed within a frame or border on your web site. Content includes information, code, sounds, text, graphics or images; or
- (d) Computer code, software or programming used to enable:
 - (i) Your web site; or
 - (ii) The presentation or functionality of an "advertisement" or other content on your web site;

- (a) May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the "asbestos hazard";
- (b) Arise out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of an "asbestos hazard"; or
- (c) Arise out of any claim or suit for damages because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of an "asbestos hazard".
- t. Violation Of Statutes That Govern E-Mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**
- "Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:
- (1) The Telephone Consumer Protection Act (TCPA), including any amendment or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

Damage To Premises Rented To You - Exception For Damage By Fire, Lightning Or Explosion

Exclusions c. through h. and k. through o. do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in Section D. - Liability And Medical Expenses Limits Of Insurance.

- (13) Arising out of a violation of any anti-trust law;
- (14) Arising out of the fluctuation in price or value of any stocks, bonds or other securities; or
- (15) Arising out of discrimination or humiliation committed by or at the direction of any "executive officer", director, stockholder, partner or member of the insured.
- q. Electronic Data**
- Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data".
- r. Employment-Related Practices**
- "Bodily injury" or "personal and advertising injury" to:
- (1) A person arising out of any:
- (a) Refusal to employ that person;
- (b) Termination of that person's employment; or
- (c) Employment-related practices, such as policies, acts or omissions, coercion, demotion, evaluation, discipline, reassignment, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to the person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.
- This exclusion applies:
- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

s. Asbestos

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the "asbestos hazard".
- (2) Any damages, judgments, settlements, loss, costs or expenses that:

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2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

f. Products-Completed Operations Hazard

Included with the "products-completed operations hazard".

g. Business Liability Exclusions

Excluded under Business Liability Coverage.

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Employees And Volunteer Workers

Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" or that "volunteer worker" as a consequence of Paragraph **(1)(a)** above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

If you are not in the business of providing professional health care services, Paragraph **(d)** does not apply to any nurse, emergency medical technician or paramedic employed by you to provide such services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,

- b. Coverage under this provision does not apply to:

(1) "Bodily injury" or "property damage" that occurred;

(2) "Personal and advertising injury" arising out of an offense committed

before you acquired or formed the organization.

4. Operator Of Mobile Equipment

With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

b. "Property damage" to property owned by, rented to, in the charge of or occupied by, you or the employer of any person who is an insured under this provision.

5. Operator of Nonowned Watercraft

With respect to watercraft you do not own that is less than 51 feet long and is not being used to carry persons for a charge, any person is an insured while operating such watercraft with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the watercraft, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

a. "Bodily injury" to a co-"employee" of the person operating the watercraft; or

b. "Property damage" to property owned by, rented to, in the charge of or occupied by, you or the employer of any person who is an insured under this provision.

6. Additional Insureds When Required By Written Contract, Written Agreement Or Permit

The person(s) or organization(s) identified in Paragraphs a. through f. below are additional insureds when you have agreed, in a written

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Real Estate Manager

Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

c. Temporary Custodians Of Your Property

Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

d. Legal Representative If You Die

Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this insurance.

e. Unnamed Subsidiary

Any subsidiary and subsidiary thereof, of yours which is a legally incorporated entity of which you own a financial interest of more than 50% of the voting stock on the effective date of this Coverage Part. The insurance afforded herein for any subsidiary not shown in the Declarations as a named insured does not apply to injury or damage with respect to which an insured under this insurance is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

3. Newly Acquired Or Formed Organization

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain financial interest of more than 50% of the voting stock, will qualify as a Named insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

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contract, written agreement or because of a permit issued by a state or political subdivision, that such person or organization be added as an additional insured on your policy, provided the injury or damage occurs subsequent to the execution of the contract or agreement, or the issuance of the permit.

A person or organization is an additional insured under this provision only for that period of time required by the contract, agreement or permit.

However, no such person or organization is an additional insured under this provision if such person or organization is included as an additional insured by an endorsement issued by us and made a part of this Coverage Part, including all persons or organizations added as additional insureds under the specific additional insured coverage grants in Section F. – Optional Additional Insured Coverages.

a. Vendors

Any person(s) or organization(s) (referred to below as vendor), but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

- (1) The insurance afforded to the vendor is subject to the following additional exclusions:

This insurance does not apply to:

- (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

- (h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (i) The exceptions contained in Subparagraphs (d) or (f); or

- (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- (2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

b. Lessors Of Equipment

- (1) Any person or organization from whom you lease equipment; but only with respect to their liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

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e. Permits Issued By State Or Political Subdivisions

(1) Any state or political subdivision, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit:

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

- (a) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
- (b) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

f. Any Other Party

(1) Any other person or organization who is not an insured under Paragraphs a. through e. above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (a) In the performance of your ongoing operations;
- (b) In connection with your premises owned by or rented to you; or
- (c) In connection with "your work" and included within the "products-completed operations hazard", but only if

(i) The written contract or written agreement requires you to provide such coverage to such additional insured; and

(ii) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

c. Lessors Of Land Or Premises

(1) Any person or organization from whom you lease land or premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

- (a) Any "occurrence" which takes place after you cease to lease that land or be a tenant in that premises; or
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

d. Architects, Engineers Or Surveyors

(1) Any architect, engineer, or surveyor, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (a) In connection with your premises; or
- (b) In the performance of your ongoing operations performed by you or on your behalf.

(2) With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

- (a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (b) Supervisory, inspection, architectural or engineering activities.

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- (a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (b) Supervisory, inspection, architectural or engineering activities.

The limits of insurance that apply to additional insureds are described in Section D. – Limits Of Insurance.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. – Liability And Medical Expenses General Conditions.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Most We Will Pay

The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. Aggregate Limits

The most we will pay for:

- a. Damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard" is the Products-Completed Operations Aggregate Limit shown in the Declarations.
- b. Damages because of all other "bodily injury", "property damage" or "personal and advertising injury", including medical expenses, is the General Aggregate Limit shown in the Declarations.

This General Aggregate Limit applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway or right-of-way of a railroad.

This General Aggregate limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of fire, lightning or explosion.

3. Each Occurrence Limit

Subject to 2.a. or 2.b. above, whichever applies, the most we will pay for the sum of all damages because of all "bodily injury", "property damage" and medical expenses arising out of any one "occurrence" is the Liability and Medical Expenses Limit shown in the Declarations.

The most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses Limit shown in the Declarations.

4. Personal And Advertising Injury Limit

Subject to 2.b. above, the most we will pay for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization is the Personal and Advertising Injury Limit shown in the Declarations.

5. Damage To Premises Rented To You Limit

The Damage To Premises Rented To You Limit is the most we will pay under Business Liability Coverage for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner.

In the case of damage by fire, lightning or explosion, the Damage to Premises Rented To You Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of these.

6. How Limits Apply To Additional Insureds

The most we will pay on behalf of a person or organization who is an additional insured under this Coverage Part is the lesser of:

- a. The limits of insurance specified in a written contract, written agreement or permit issued by a state or political subdivision; or
- b. The Limits of Insurance shown in the Declarations.

Such amount shall be a part of and not in addition to the Limits of Insurance shown in the Declarations and described in this Section.

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. **Obligations At The Insured's Own Cost**
- No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
- e. **Additional Insured's Other Insurance**
- If we cover a claim or "suit" under this Coverage Part that may also be covered by other insurance available to an additional insured, such additional insured must submit such claim or "suit" to the other insurer for defense and indemnity.

- f. **Knowledge Of An Occurrence, Offense, Claim Or Suit**
- Paragraphs a. and b. apply to you or to any additional insured only when such "occurrence", offense, claim or "suit" is known to:

- (1) You or any additional insured that is an individual;
- (2) Any partner, if you or an additional insured is a partnership;
- (3) Any manager, if you or an additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;
- (5) Any trustee, if you or an additional insured is a trust; or
- (6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

If more than one limit of insurance under this policy and any endorsements attached thereto applies to any claim or "suit", the most we will pay under this policy and the endorsements is the single highest limit of liability of all coverages applicable to such claim or "suit". However, this paragraph does not apply to the Medical Expenses limit set forth in Paragraph 3. above.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. **Notice Of Occurrence Or Offense**
- You or any additional insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
- (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. Notice Of Claim

If a claim is made or "suit" is brought against any insured, you or any additional insured must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

c. Assistance And Cooperation Of The Insured

You or any additional insured must see to it that we receive a written notice of the claim or "suit" as soon as practicable.

You and any other involved insured must:

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This Paragraph **f.** applies separately to you and any additional insured.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

6. Representations

a. When You Accept This Policy

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and

- (3) We have issued this policy in reliance upon your representations.

b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

7. Other Insurance

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(2) Premises Rented To You

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(3) Tenant Liability

That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

(4) Aircraft, Auto Or Watercraft

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **A.** – Coverages.

(5) Property Damage To Borrowed Equipment Or Use Of Elevators

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion **k.** of Section **A.** – Coverages.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the limits of insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

8. Transfer Of Rights Of Recovery Against Others To Us

a. Transfer Of Rights Of Recovery

If the insured has rights to recover all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

(6) When You Are Added As An Additional Insured To Other Insurance

That is other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

(7) When You Add Others As An Additional Insured To This Insurance

That is other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this Coverage Part:

(a) Primary Insurance When Required By Contract

This insurance is primary if you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

(b) Primary And Non-Contributory To Other Insurance When Required By Contract

If you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs (a) and (b) do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

F. OPTIONAL ADDITIONAL INSURED COVERAGES

If listed or shown as applicable in the Declarations, one or more of the following Optional Additional Insured Coverages also apply. When any of these Optional Additional Insured Coverages apply, Paragraph 6. (Additional Insureds When Required by Written Contract, Written Agreement or Permit) of Section C., Who Is An Insured, does not apply to the person or organization shown in the Declarations. These coverages are subject to the terms and conditions applicable to Business Liability Coverage in this policy, except as provided below:

1. Additional Insured - Designated Person Or Organization

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- a. In the performance of your ongoing operations; or
- b. In connection with your premises owned by or rented to you.

2. Additional Insured - Managers Or Lessors Of Premises

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Designated Person Or Organization; but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Declarations.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

3. Additional Insured - Grantor Of Franchise

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Grantor Of Franchise, but only with respect to their liability as grantor of franchise to you.

4. Additional Insured - Lessor Of Leased Equipment

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Lessor of Leased Equipment, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

- b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

5. Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land leased to you and shown in the Declarations.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" that takes place after you cease to lease that land; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

6. Additional Insured - State Or Political Subdivision - Permits

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the state or political subdivision shown in the Declarations as an Additional

(e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

(f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

(g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(i) The exceptions contained in Subparagraphs (d) or (f); or

(ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

(2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

8. Additional Insured – Controlling Interest

WHO IS AN INSURED under Section C, is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Controlling Interest, but only with respect to their liability arising out of:

a. Their financial control of you; or

b. Premises they own, maintain or control while you lease or occupy these premises.

Insured – State Or Political Subdivision - Permits, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

(1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or

(2) "Bodily injury" or "property damage" included in the "product-completed operations" hazard.

7. Additional Insured – Vendors

a. WHO IS AN INSURED under Section C, is amended to include as an additional insured the person(s) or organization(s) (referred to below as vendor) shown in the Declarations as an Additional Insured - Vendor, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

b. The insurance afforded to the vendor is subject to the following additional exclusions:

(1) This insurance does not apply to:

(a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

(b) Any express warranty unauthorized by you;

(c) Any physical or chemical change in the product made intentionally by the vendor;

(d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

BUSINESS LIABILITY COVERAGE FORM

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

9. Additional Insured – Owners, Lessees Or Contractors – Scheduled Person Or Organization

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Owner, Lessees Or Contractors, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (1) In the performance of your ongoing operations for the additional insured(s); or
- (2) In connection with "your work" performed for that additional insured and included within the "products-completed operations hazard", but only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

- (1) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (2) Supervisory, inspection, architectural or engineering activities.

10. Additional Insured – Co-Owner Of Insured Premises

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or Organization(s) shown in the Declarations as an Additional Insured – Co-Owner Of Insured Premises, but only with respect to their liability as co-owner of the premises shown in the Declarations.

The limits of insurance that apply to additional insureds are described in Section D. – Limits Of Insurance.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. – Liability And Medical Expenses General Conditions.

G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. "Advertisement" means the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

- a. (1) Radio;
- (2) Television;
- (3) Billboard;
- (4) Magazine;
- (5) Newspaper;

b. The Internet, but only that part of a web site that is about goods, products or services for the purposes of inducing the sale of goods, products or services; or

c. Any other publication that is given widespread public distribution.

However, "advertisement" does not include:

a. The design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products; or

b. An interactive conversation between or among persons through a computer network.

2. "Advertising idea" means any idea for an "advertisement".

3. "Asbestos hazard" means an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.

4. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

5. "Bodily injury" means physical:

- a. Injury;
- b. Sickness; or
- c. Disease

sustained by a person and, if arising out of the above, mental anguish or death at any time.

6. "Coverage territory" means:

BUSINESS LIABILITY COVERAGE FORM

- b. You have failed to fulfill the terms of a contract or agreement;
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
12. "Insured contract" means:
- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with permission of the owner is subject to the Damage To Premises Rented To You limit described in Section D. - Liability and Medical Expenses Limits of insurance.
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, including an easement or license agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
 - e. An elevator maintenance agreement; or
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. includes that part of any contract or agreement that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.

However, Paragraph f. does not include that part of any contract or agreement:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above;
 - c. All other parts of the world if the injury or damage arises out of:
- (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication
- provided the insured's responsibility to pay damages is determined in the United States of America (including its territories and possessions), Puerto Rico or Canada, in a "suit" on the merits according to the substantive law in such territory, or in a settlement we agree to.
7. "Electronic data" means information, facts or programs:
- a. Stored as or on;
 - b. Created or used on; or
 - c. Transmitted to or from
- computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
 9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
 10. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
 11. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

BUSINESS LIABILITY COVERAGE FORM

- (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (1) above and supervisory, inspection, architectural or engineering activities.
13. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
14. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
15. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
- (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
- (1) Equipment, of at least 1,000 pounds gross vehicle weight, designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
16. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
17. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;

BUSINESS LIABILITY COVERAGE FORM

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

20. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of "occurrence" that caused it.

As used in this definition, "electronic data" is not tangible property.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Volunteer worker" means a person who:

a. Is not your "employee";

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that the person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; Oral, written or electronic publication of material that violates a person's right of privacy;

f. Copying, in your "advertisement", a person's or organization's "advertisement" or style of "advertisement";

g. Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement"; or

h. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.

18. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

19. "Products-completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed to be completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

BUSINESS LIABILITY COVERAGE FORM

- b. Donates his or her work;
- c. Acts at the direction of and within the scope of duties determined by you; and
- d. Is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

24. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

- (2) The providing of or failure to provide warnings or instructions.

- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

25. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

CITY OF COMPTON BUSINESS LICENSE CERTIFICATE	
BUSINESS LICENSE DIVISION ~ 205 S. WILLOWBROOK AVE, COMPTON, CA 90220 ~ (310) 605-5508	
The below named license holder has paid a business license fee to engage in, carry on or conduct a business trade, calling, profession, exhibition or occupation coded below until this certificate expires. Granting of this license does not entitle the license holder to operate or maintain a business license in violation of any other law or ordinance. In addition this license is not transferable to any other party, and no refunds will be issued for the license once a certificate has been issued.	
LICENSE NO:	BL19-000882
BUSINESS:	Eadie and Payne, LLP
LOCATION:	3880 Lemon St
OWNER NAME:	Eadie and Payne, LLPFrank Zabaleta
MAILING ADDRESS:	3880 Lemon Street Suite 300 Riverside, CA 92501
RESTRICTIONS:	
EXPIRATION DATE:	12/13/2023
ISSUE DATE:	12/13/2022
OWNERSHIP TYPE:	Partnership / LLP
CLASSIFICATION:	5412
DESCRIPTION:	Accounting/Attest/Consulting/Tax

Eadie and Payne, LLP
3880 Lemon Street Suite 300
Riverside, CA 92501

Out of Scope Fees FY 2023

<u>Audit Area</u>	<u>Comments</u>	<u>Hours</u>
Capital outlay	We encountered difficulties in obtaining the correct support for the selected items tested. We had to follow-up multiple times.	20.50
Cost allocation	Testing was not included in audit plan. Audit plan was created in 2022 when we proposed to perform the audits for FY 2022-2024. Cost allocation was implemented in 2024.	14.83
Land held for sale	We found errors in the audit schedules provided by the City. The City revised the schedule to correct the errors but the revised schedules contained new errors. This increased the time we spent to perform the audit.	13.50
SBITA	Procedures related to leases and SBITA were not included in fee proposal for FY 2022 - 2024. Per our fee proposal, assistance related to implementation of new GASB pronouncements related to leases and SBITA, will be charged separately.	20.00
Legal analysis	We encountered difficulties in obtaining attorney representations, particularly representation from the City Attorney.	9.50
License and permits	Testing was not included in original audit plan for FY 2022 - 2024. Testing was done to address a significant risk identified in the FY 2023.	21.50
Retroactive payroll	Testing was not included in original audit plan for FY 2022 - 2024. Testing was done to address a significant risk identified in the FY 2023, for testing of Pay-rates, and pay-check calculations.	17.25
Total Hours Spent on Out-of-Scope Services		117.08
Average Hourly Rate		\$ 200.00
Out-of-Scope Audit Fee		\$ 23,416.00

June 17, 2025

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY CONTROLLER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTROLLER'S DEPARTMENT FY2024-2025 BUDGET, AND TO ISSUE AN ADDITIONAL PURCHASE ORDER OF EIGHTEEN THOUSAND FIVE-HUNDRED TWENTY-TWO DOLLARS (\$18,522) FOR EADIE AND PAYNE LLP FOR SERVICES BEYOND THE TERMS OF THE AGREEMENT IN ASSISTING WITH THE PREPARATION OF THE FY2023-2024 AUDIT.

Staff is requesting that the City Council consider adopting a Resolution authorizing the City Manager to amend the Controller's Department FY2024-2025 budget, and issue an additional Purchase Order for Eighteen Thousand Five-Hundred Twenty-Two Dollars (\$18,522) for Eadie and Payne LLP for providing needed services for the City beyond the terms of the agreement amount in assisting with the preparation of the FY2023-2024 audit.

BACKGROUND

In accordance to Section 1419 of the Compton City Charter, the employment of a qualified accountant at the beginning of each fiscal year, who shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments as the City Council may direct, is to be completed.

In June 2023, Resolution No. 25,856 authorized the City Manager to accept the proposal of the Independent Auditor, Eadie and Payne LLP, and enter into a contract to provide the necessary services.

(Please see Attachment A for the Professional Services Agreement notating the services to be provided.)

STATEMENT OF ISSUE

During the FY2023-2024 audit process, additional time and services beyond the agreement amount are proposed as needed. Eadie and Payne LLP are willing to extend

**Staff Report – Resolution Authorizing Issuance of Purchase Order for Audit Services
Provided Outside of the Agreement for FY2023-2024 audit preparation (\$18,522)
Eadie and Payne, LLP
June 17, 2025**

their services to ensure the City’s needs are met. Eadie and Payne LLP has notified the City of their proposed cost for their extended services in amount of (\$18,522). On Monday, June 11, 2025, this item was brought before the Audit Committee, in which the Audit Committee supported the recommendation for the City to accept the out of scope fee proposal for FY2024. If during the course of the audit, the auditor experiences cases of insufficient or delayed responses from the City staff, more out of scope services may be proposed and an additional request may be made at a later time.

(Please see Attachment B for the breakdown of fees)

FISCAL IMPACT

A budget amendment to the FY2024-2025 City Controller’s Department Budget is being requested for the following:

Appropriation from:

General Fund, Fund Balance for \$18,522.

To:

Increase in Expenditure appropriations:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller’s Dept Contract Services	\$18,522

Staff is requesting that City Council authorize the City Manager to amend the Controller’s Department FY2024-2025 budget, and authorize the City Manager to issue an additional Purchase Order for the amount of Eighteen Thousand Five-Hundred Twenty-Two Dollars (\$18,522) for Eadie and Payne LLP for providing needed services for the City beyond the terms of the agreement in assisting with the preparation of the FY2023-2024 audit.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

APPROVED FOR FORWARDING:

**SHARON RAHBAN NAVIZADEH
CITY CONTROLLER FORWARDED TO CITY MANAGER**

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO AMEND THE CONTROLLER’S DEPARTMENT FY2024-2025 BUDGET, AND TO ISSUE AN ADDITIONAL PURCHASE ORDER OF EIGHTEEN THOUSAND FIVE-HUNDRED TWENTY-TWO DOLLARS (\$18,522) FOR EADIE AND PAYNE LLP FOR SERVICES BEYOND THE TERMS OF THE AGREEMENT IN ASSISTING WITH THE PREPARATION OF THE FY2023-2024 AUDIT.

WHEREAS, in accordance to Section 1419 of the Compton City Charter, the employment of a qualified accountant at the beginning of each fiscal year, who shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments as the City Council may direct, is to be completed; and

WHEREAS, in June 2023, Resolution No. 25,856 authorized the City Manager to accept the proposal of the Independent Auditor, Eadie and Payne LLP, and enter into a contract to provide the necessary services; and

WHEREAS, during the FY2023-2024 audit process, additional time and services beyond the agreement are proposed as needed. Eadie and Payne LLP are willing to extend their services to ensure the City’s needs are met. Eadie and Payne LLP has notified the City of their proposed cost for their extended services in amount of (\$18,522). If, during the course of the audit, the auditor experiences cases of insufficient or delayed responses from the City staff, more fees may be proposed and an additional request may be made; and

WHEREAS, a budget amendment to the FY2024-2025 City Controller’s Department Budget is being requested for the following:

Appropriation from:

General Fund, Fund Balance for \$18,522.

To:

Increase in Expenditure appropriations:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller’s Dept Contract Services	\$18,522

WHEREAS, staff is requesting that City Council authorize the City Manager to amend the Controller’s Department FY2024-2025 budget, and authorize the City Manager to issue an additional Purchase Order for the amount of Eighteen Thousand Five-Hundred Twenty-Two Dollars (\$18,522) for Eadie and Payne LLP for providing needed services for the City beyond the terms of the agreement in assisting with the preparation of the FY2023-2024 audit.

WHEREAS, staff recommends the City Council to adopt the attached Resolution; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Manager is hereby authorized to amend the Controller’s Department FY2024-2025 budget to appropriate funds from Fund Balance (\$18,522) to increase in expenditure appropriations as follows:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller’s Dept Contract Services	\$18,522

SECTION 2. That a Purchase Order is authorized to be issued for the amount of Eighteen Thousand Five-Hundred Twenty-Two Dollars (\$18,522) Dollars for Eadie and Payne LLP for providing needed services for the City beyond the terms of the agreement in assisting with the preparation of the FY2023-2024 audit from the following account:

<u>Account Code</u>	<u>Account Name</u>	<u>Amount</u>
1001-650-000-4266	General Fund, Controller’s Dept Contract Services	\$18,522

SECTION 3. That a duly copy of the Resolution shall be filed with the offices of the City Manager, City Clerk, City Attorney, and City Controller.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2025.

EMMA SHARIF
MAYOR OF THE CITY OF COMPTON

ATTEST:

SATRA D. ZURTA
CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Satra D. Zurita, 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 this _____ day of _____, 2025.

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

AYES: COUNCILMEMBERS -
NOES: COUNCILMEMBERS -
ABSTAIN: COUNCILMEMBERS -
ABSENT: COUNCILMEMBERS -

SATRA D. ZURITA
CITY CLERK OF THE CITY OF COMPTON

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF COMPTON
AND
EADIE & PAYNE, LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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 Willow brook Avenue, Compton, California 90220, and **EADIE & PAYNE, LLP**, a California Certified Public Accounting firm (hereinafter referred to as " **INDEPENDENT AUDITOR**"), located at 3880 Lemon Street, Suite 300, Riverside, CA 92501.

RECITALS:

WHEREAS, Section 1419 of the Compton City Charter provides for the employment of a qualified accountant at the beginning of each fiscal year who shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments as the City Council may direct; and

WHEREAS, the City needs to employ the services of a qualified and experienced Independent Auditor (Certified Public Accounting firm) to audit the City's Annual Financial Statement Reports for Fiscal Years ending June 30, 2022, 2023 and 2024 and to perform the Single Audits (audits of federal grants) for the Fiscal Years ended June 30, 2022, 2023, and 2024; and

WHEREAS, by Resolution No. 25,856 adopted on the 27th day of June 2023, the City Council authorized the City Manager to accept the proposal of the Independent Auditor and enter into a contract to provide the necessary services; and

WHEREAS, Independent Auditor (Eadie & Payne, LLP) represents that it is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, Independent Auditor is willing to render such professional services subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, Independent Auditor and the City, for the consideration, terms and conditions herein described, mutually agree as follows:

AGREEMENT:

1. **Services to be rendered by Independent Auditor.** It is the mutual understanding of the parties that the Independent Auditor shall perform and be responsible for rendering the following professional auditing services

- Basic Financial Statements — audit of the City's basic financial statements for Fiscal Year ending June 30, 2022, for Fiscal Year ending June 30, 2023 and for Fiscal Year ending June 30, 2024, to include audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information with an option to extend for two more years. And for the years then ended, and the related notes which collectively comprise the City's basic financial statements.

1. In addition, the Independent Auditor will conduct compliance audit over major federal award programs for the periods ended June 30, 2022, June 30, 2023, and June 30, 2024,
2. Furthermore, the Auditor will perform agreed upon procedures pertaining to the City's GANN limit, Measure P financial statements and compliance with Measure P requirements, and compliance with Bond Covenant requirements. Audit shall be performed in accordance with auditing standards generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).
3. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs. The objectives of our audits of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audits are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and Government Auditing Standards, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain Required Supplementary Information (RSI), such as management's discussion and analysis (MD&A) and budgetary comparison information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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.

As part of our engagement, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis;
- Schedules of Changes in Net Pension Liability and Related

Ratios;

- Schedule of Proportionate Share of the Net Pension Liability and Related Ratios; Schedule of Plan Contributions;
- Schedule of Changes in Net OPEB Liability and Related Ratios; Schedule of contributions – OPEB; and Notes to required supplementary information.
- General Fund and Major Fund Budgetary Comparison Schedules;

Supplementary information other than RSI will accompany the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- Schedule of Expenditures of Federal Awards Individual and combining fund financial statements.

Also, the document to be submitted will include the following other additional information that will be subjected to the auditing procedures applied in our audit of the financial statements:

- Combining Balance Sheet – Non-major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Government Funds.
- Combining Statement if Net Position – Internal Service Funds
- Combining Statement if Revenues, Expenses, and Changes in Net Position – Internal Service Funds Combining Statement of Cash Flows – Internal Service Funds

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

- Financial and compliance audits in accordance with provisions of U.S. Office of Management and Budget (OMB) Circular A-133 (Single Audit of federal grants for six major programs) and related compliance supplements for Fiscal Years ending June 30, 2022, June 30, 2023, and June 30, 2024.

Independent Auditor acknowledges that in entering into this Agreement, the City is relying on Independent Auditor's special skills and experience to do and perform the services in accordance with best standards of professional practice.

Independent Auditor services hereunder shall be performed in a good, workmanlike and professional manner. Independent Auditor shall be responsible for correcting and completing all errors and omissions related to the services provided by the Independent Auditor 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 Independent Auditor to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release Independent Auditor from these obligations.

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

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audits in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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). As part of an audit of financial statements in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and Government Auditing Standards does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the City Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the City's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For 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;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
7. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and

- e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
16. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
17. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
18. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
19. For acceptance of non-attest services, including identifying the proper party to oversee non-attest work;
20. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
21. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance; 22. For the accuracy and completeness of all information provided;
23. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
24. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Agreed Upon Procedures

An agreed-upon procedures engagement is solely for the purpose of reporting our findings regarding the results of the procedures performed as compared to the criteria pursuant to the law, regulation, or contract requiring the agreed-upon procedures engagement. Prior to the commencement of the engagement, we will agree on the procedures to apply. Prior to the completion of the engagement, you agree to provide us with written agreement and acknowledgement that the procedures performed are appropriate for the intended purpose of the engagement.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the AICPA. We are responsible for carrying out the procedures and reporting findings in accordance with these standards. We have no responsibility to determine the differences between the procedures to be performed and the procedures that we would have determined to be necessary had we been engaged to perform another form of attestation engagement.

Our report will list the procedures performed and our findings. Our report will be addressed to the City and will be intended for use by and restricted to the use of the specified parties as identified above. Our report will contain such restricted-use language.

Should we have any reservations with respect to the subject matter, we will discuss them with you before the report is issued. We have no responsibility to update our report for events and circumstances occurring after the date of our report.

As part of our engagement, we will request from management, written confirmation concerning representations made to us in connection with the agreed upon procedures. You agree to provide such confirmation.

Non-attest Services

With respect to any non-attest services we perform (i.e.)

- Prepare the basic financial statements of the City in conformity with U.S. generally accepted accounting principles based on information provided by you.
- Assist in the preparation of the Schedule of Expenditures of Federal Awards.)

We will not assume management responsibilities on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its responsibilities.

The City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the non-attest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The non-attest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that

could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the City with regard to tax positions taken in the preparation of the tax return, but the City must make all decisions with regard to those matters.

Other Matters

The timing of our audit will be scheduled for performance and completion as mutually agreed-upon with management.

Eden C. Casareno is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Eadie and Payne, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every month weeks and are payable upon presentation. Our fees for fiscal years 2022, 2023 and 2024 are stated in the Summary of Professional Fees and Expenses as shown in appendix A. We will notify you immediately of any circumstances we encounter that could significantly affect this fee. Whenever possible, we will attempt to use the City's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and nonfinancial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of Eadie and Payne, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to state and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Eadie and Payne, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the City Council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgement, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

2. **Duration of Contract.** Independent Auditor agrees to commence the services provided for herein on Notification to Proceed from the City and continue in a diligent and professional manner until the services to be rendered are complete, unless terminated as provided herein.

Independent Auditor will generally adhere to deliverable timelines set forth by the City or otherwise agreed to by the parties provided, that City will grant reasonable extensions of time for the performance of the services occasioned by unusually lengthy governmental reviews of Independent Auditor'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, Independent Auditor's officers or employees.

Independent Auditor acknowledges the importance to City of the 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 Independent Auditor's performance must be governed by sound practices. Independent Auditor 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 in a not to exceed total contract as specified in Appendix (A) below. The total price paid the Independent

Auditor will include compensation for all work, including travel, materials, supplies, vendor services, expenses and subcontracted work. No additional compensation will be paid to the Independent Auditor, 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 Independent Auditor and the City. Adjustment in the total compensation will not be effective until authorized and approved in writing by the City.

If Independent Auditor 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 herein.

Independent Auditor 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 Independent Auditor is billing. Invoices shall detail the work performed on each task as applicable. Invoices shall be delivered or mailed to the City Controller at the following address: City of Compton, 205 South Willowbrook Avenue, Compton, California 90220.

In the event of termination, the Independent Auditor 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 Independent Auditor'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. **Independent Contractor Status.** Independent Auditor, its officers, employees, subcontractors, agents and volunteers (collectively hereinafter the "Independent Auditor"), will perform the services in Independent Auditor's own way and pursuant to this Agreement as an independent contractor and in pursuit of Independent Auditor's independent calling, and not as an employee of the City. The persons used by Independent Auditor to provide the services under this Agreement will not be considered employees of the 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 Independent Auditor, except as expressly set forth in this Agreement. Independent Auditor expressly warrants that while engaged in carrying out and complying with any terms and conditions of this Agreement that Independent Auditor shall not at any time or in any manner, represent that Independent Auditor is in any manner officers, employees, agents or volunteers of the City. Independent Auditor shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. Independent Auditor expressly waives any claim to such rights.

The payment(s) made to Independent Auditor pursuant to the Agreement will be the full and complete compensation to which Independent Auditor is entitled. City will not make any federal or state tax withholdings on behalf of Independent Auditor or its agents, employees or subcontractors. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of Independent Auditor or its employees or subcontractors. Independent Auditor 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 Independent Auditor or any agent, employee, or contractor of Independent Auditor 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 Independent Auditor.

5. **Successor Agency Assignment and Delegation.** City and the Independent Auditor 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 Independent Auditor are material considerations for this Agreement. Independent Auditor shall not assign or transfer any interest in this Agreement or the performance of any of Independent Auditor's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of Independent Auditor's rights, duties or obligations arising under this Agreement shall be null and void.

6. **Nondiscriminatory Employment Practices.** During the performance of this Agreement, the Independent Auditor 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. Independent Auditor 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 Independent Auditor agrees to post in conspicuous places, available to employees, applicants and subcontractors for employment, notices setting forth the provisions of this nondiscrimination clause.

In the event of the Independent Auditor'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.

7. **Subcontracting.** Independent Auditor's services are unique and personal. Except as may be specified in Independent Auditor's Proposal and agreed to by the City, Independent Auditor will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If Independent Auditor subcontracts any of the services, Independent Auditor will be fully responsible to City for the acts, errors and omissions of Independent Auditor's subcontractor and of the persons either directly or indirectly employed by the subcontractor, as Independent Auditor is for the acts and omissions of persons directly employed by Independent Auditor. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of Independent Auditor and City. Independent Auditor will be responsible for payment of subcontractors. Independent Auditor will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to Independent Auditor's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

8. **Other Independent Auditors.** The City reserves the right to employ other Independent Auditors in connection with the services.

9. **Indemnification.** Independent Auditor shall indemnify, defend and hold harmless the City, its authorized officers, employees, agents and volunteers from any and against, all claims, damages, losses and expenses, including reasonable attorney's fees and court costs to the extent resulting from or arising out of the negligent, reckless or willful misconduct of the Independent Auditor and/or any of its partners,

employees, sub consultants, 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 Insurance.

10. **Insurance:** Without limiting the Independent Auditor's indemnification of the City, Independent Auditor 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 Independent Auditor or Independent Auditor'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. 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 Independent Auditor 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. Independent Auditor 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 Independent Auditor's indemnification obligations under this Agreement. The City, its officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by Independent Auditor pursuant to this Agreement are adequate to protect Independent Auditor. 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. Independent Auditor will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If Independent Auditor believes that any required insurance coverage is inadequate, Independent Auditor will obtain such additional insurance coverage, as Independent Auditor deems adequate, at Independent Auditor's sole expense.

10.1 **Commercial General Liability Insurance.** \$1,000,000.00 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.

10.2 **Workers' Compensation and Employer's Liability.** A program of workers' compensation insurance in an amount and form to meet all applicable requirements of the California Labor Code or by any other state, and which specifically covers all persons providing services by or on behalf of the Auditor, and risks to such persons under this Agreement.

10.3 **Professional Liability.** Errors and omissions liability appropriate to Independent Auditor's profession with limits as prescribed by the law. 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, Independent Auditor 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 Independent Auditor. 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, Independent Auditor 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.

11. **Permits and Licenses.** Independent Auditor, 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 Independent Auditor. Upon execution of this Agreement, the Independent Auditor shall show evidence of a business license permit in conformance with Section 9-1.2 of the Compton Municipal Code Warranties Independent Auditor represents and warrants (i) that Independent Auditor has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Independent Auditor'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 Independent Auditor will not use in the performance of his/her responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Independent Auditor has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

12. **Warranties.** Independent Auditor represents and warrants (i) that Independent Auditor has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Independent Auditor's undertaking this relationship with the 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 Independent Auditor will not use in the performance of his/her responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Independent Auditor has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

13. **General Compliance with Laws.** Independent Auditor will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Independent Auditor, or in any way affect the performance of the services by Independent Auditor. Independent Auditor 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 Independent Auditor encounters any conflict between such laws and ordinances, Independent Auditor shall notify the City in writing and the parties agree to work cooperatively to resolve the conflict.

14. **Termination.** In the event of the Independent Auditor's failure to execute, deliver, or perform the services, after giving written notice of default and two (2) weeks to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying Independent Auditor in writing. Independent Auditor 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 the City and of the percentage of work that Independent Auditor has performed which is usable and of worth to the 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 Independent Auditor, whether located at the project site, at Independent Auditor's place of business, or at the offices of a subcontractor.

Either Party, upon tendering ten (10) calendar days written notice to the other Party, may terminate this Agreement for convenience. In this event and upon request of City, Independent Auditor will assemble the work product without charge and put it in order for proper filing and closing and deliver

it to City. Independent Auditor 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.

15. **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 Independent Auditor), 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, but in no event to exceed the total lump sum fee payable under this Agreement.

16. **Covenants Against Contingent Fees.** Independent Auditor warrants that Independent Auditor has not employed or retained any company or person, other than a bona fide employee working for Independent Auditor, to solicit or secure this Agreement, and that Independent Auditor 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.

17. **Certifications.** The Independent Auditor, under penalty of perjury, certifies that, except as noted below, he/she or any other person associated therewith in the capacity of owner, partner, director, officer, manager:

- is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal, State or local agency; • has not been suspended, debarred, voluntarily excluded or determined ineligible by any Federal, State or local agency within the past 3 years; • does not have a proposed debarment pending; and • 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 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 • 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 the past 3 years.

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

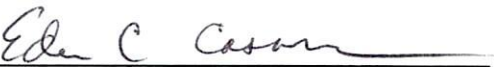
[Supply exceptions on separate page]

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

[Attach separate page]

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.


Edén C. Casareno, Partner


Date

18. **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.

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

20. **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.

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

22. **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.

23. **Amendments.** This Agreement may be modified or amended only by written document executed by both Independent Auditor 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.

24. **Confidentiality.** All documents, reports, information, data, and exhibits prepared or assembled by Independent Auditor in connection with the performance of the services pursuant to the Agreement are

confidential until released by the City to the public, and the Independent Auditor will not make any of these documents or information available to any individual or organization not employed by the Independent Auditor or the City without the written consent of the City before any such release.

25. **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.

26. **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 the Independent Auditor:

**EADIE AND PAYNE, LLP
3880 Lemon St, Ste. 300
Riverside, Ca 92501
P. O. Box 1529
Riverside, Ca 92502-1529
951-241-7800**

To City:

**CITY OF COMPTON
205 S Willowbrook Avenue
Compton, CA 90220
Attn: Sharon Rahban, City Controller
310-605-5576
310-764-5897 –fax**

Copy to:

**City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Manager**

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.

27. **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.

Appendix A
Summary of Professional Fees and Expenses

FY 2022 Audits	Total Hours	Hourly Rate US\$	Amount US\$
Partners/Senior Manager	220	\$ 250	\$ 55,000
Manager	320	\$ 180	\$ 57,600
Supervisory Staff	390	\$ 130	\$ 50,700
Staff	375	\$ 90	\$ 33,750
Other (Clerical)	20	\$ 80	\$ 1,600
Subtotal	1,325		\$ 198,650
Out of Pocket Expenses			
Mileage, hotel, meals, printing			\$ 5,270
Total All-Inclusive Maximum Price for the Services			\$ 203,920
FY 2022 AUP & Ongoing Consultation	Total Hours	Hourly Rate US\$	Amount US\$
AUP - Investment Policy	30	\$ 161	\$ 4,830
AUP - Gann Limit	5	\$ 136	\$ 680
AUP - Measure P	90	\$ 135	\$ 12,150
AUP - Bond Covenants	15	\$ 156	\$ 2,340
Ongoing Consultation	65	\$ 188	\$ 12,220
TOTAL FOR ADDITIONAL SERVICES	205		\$ 32,220

(1) Ongoing Consultation include assistance with FASS-PH certification and communication with State Controller's Office, State Auditor, and other agencies, as requested.

If assistance is requested for GASB 87 & 96 implementation, the related fees will be based on the number of leases and SBITA.

Y 2023 Audits	Total Hours	Hourly Rate US\$	Amount US\$
Partners/Senior Manager	200	\$ 255	\$ 51,000
Manager	290	\$ 185	\$ 53,650
Supervisory Staff	350	\$ 133	\$ 46,550
Staff	330	\$ 92	\$ 30,360
Other (Clerical)	20	\$ 82	\$ 1,640
Subtotal	1,190		\$ 183,200
Out of Pocket Expenses			
Mileage, hotel, meals, printing			\$ 5,056
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE SERVICES			\$ 188,256

FY 2023 AUP & Ongoing Consultation	Total Hours	Hourly Rate US\$	Amount US\$
AUP - Investment Policy	25	\$ 162	\$ 4,050
AUP - Gann Limit	5	\$ 138	\$ 690
AUP - Measure P	80	\$ 137	\$ 10,960
AUP - Bond Covenants	15	\$ 158	\$ 2,370
Ongoing Consultation	50	\$ 189	\$ 9,450

Professional Services Agreement –Eadie & Payne, LLP
City-wide Financial Auditing Services (Fiscal Years Ended June 30, 2022, 2023, 2024)
City Controller/Resolution No. 25,856

TOTAL FOR ADDITIONAL SERVICES	175		\$ 27,520
FY 2024 Audits	Total Hours	Hourly Rate US\$	Amount US\$
Partners/Senior Manager	180	\$ 260	\$ 46,800
Manager	260	\$ 190	\$ 49,400
Supervisory Staff	320	\$ 138	\$ 44,160
Staff	300	\$ 95	\$ 28,500
Other (Clerical)	20	\$ 84	\$ 1,680
Subtotal	1,080		\$ 170,540
Out of Pocket Expenses			
Mileage, hotel, meals, printing			\$ 4,844
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE SERVICES			\$ 175,384

FY 2024 AUP & Ongoing Consultation	Total Hours	Hourly Rate US\$	Amount US\$
AUP - Investment Policy	25	\$ 167	\$ 4,174
AUP - Gann Limit	5	\$ 142	\$ 710
AUP - Measure P	80	\$ 141	\$ 11,280
AUP - Bond Covenants	15	\$ 162	\$ 2,430
Ongoing Consultation	50	\$ 195	\$ 9,750
TOTAL FOR ADDITIONAL SERVICES	175		\$ 28,344



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, Fax: 1 (805) 880-0350,
www.mcgowan.com

Report on the Firm's System of Quality Control

July 24, 2019

To the Partners of Eadie & Payne, LLP and the Peer Review Committee of California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP in effect for the year ended April 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency (ies) or fail. Eadie & Payne, LLP has received a peer review rating of pass.

McGowan Guntermann



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

EADIE & PAYNE
INDEPENDENT AUDITOR

Dated: 8/2/23

By Eden C Casareno

Eden C. Casareno, C.P.A., Partner

CITY OF COMPTON
Recommended for Approval:

By Sharon Rahban
Sharon Rahban, City Controller

Dated: 8-14-23

Approved by:

Dated: 8/30/23

By Jerry Groomes
Jerry Groomes, City Manager

Approved as to form:

By Eric Perrodin
Eric Perrodin, City Attorney
for

Dated: 8/29/23

ATTEST:

Dated: 8/30/23

By Vernell McDaniel
Vernell McDaniel, City Clerk
FOR:





RESOLUTION NO. 25,856

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO A MULTI-YEAR
PROFESSIONAL SERVICES AGREEMENT WITH AND ESTABLISH A
PURCHASE ORDER FOR EADIE AND PAYNE, LLP TO AUDIT THE CITY'S
FINANCIAL STATEMENTS (\$236,140)**

WHEREAS, section 1419 of the City Charter of the City of Compton provides for the employment of a qualified accountant at the beginning of each fiscal year, who at such time or times as may be specified by the City Council shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and of such other officers, employees and departments (the audit) as the City Council may direct; and

WHEREAS, an annual audit is also required to satisfy Federal legislation, state regulations, grants requirements, bonds covenants and other applicable regulations; and

WHEREAS, a Certified Public Accountant (C.P.A.) is needed to conduct an independent Financial Statement and Single Audit of the City for the Fiscal Years ended June 30 2022, June 30 2023 and June 30 2024.

WHEREAS, Municipal Code § 4-11.7(d) Exceptions to Competitive Bidding Requirements states

"Except as otherwise provided in Section 1409 of the City Charter, state or federal law, the competitive bidding requirements of this section shall not apply in the following circumstances:

(d) any contract for professional services; such as, but not limited to, attorneys, physicians, architects, engineers, consultants, accountants, specialized printers or other individual organizations possessing a high degree of professional, unique, specialized or technical skill or expertise. Selection of professional services providers shall be on the basis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required at a fair and reasonable price."

WHEREAS, although a permitted exception to competitive bidding requirements existed due to the need of the professional services of an accountant, a Request for Proposal (RFP) was still issued in order to expand the pool of possible candidates.

WHEREAS, the City performed a competitive bidding process for the selection of a qualified Accountant to carry out the above required audit in line with the City Charter and other applicable legislation and contractual requirements; and

WHEREAS, during the Audit Committee meeting on March 28, 2022, the Audit Committee (as approved by the City Council per resolution number 25,220), requested staff to publish a Request for Proposal for Certified Public Accountants to conduct an independent Financial Statement and Single Audit of the City for the Fiscal Years ended June 30 2022, June 30 2023 and June 30 2024.

WHEREAS, two firms were involved in the bidding process who were independently evaluated and scored by the Audit Committee members; and

1 **WHEREAS**, Eadie and Payne, LLP, was selected because it demonstrated that it is
2 specifically trained, experienced, competent, and has the resources to provide such
3 services as required by the Agreement; and

4 **WHEREAS**, the fiscal impact of this agreement will be a total cost not to exceed Six-
5 Hundred Fifty-Five Thousand Six-Hundred Forty-Four dollars (\$655,644); and

6 **WHEREAS**, funds are already appropriated in this account in the amount of Two-
7 Hundred Thirty-Six-Thousand One-Hundred-Forty Dollars (\$236,140.00) in the City
8 Controller's Department FY2022-2023 Budget for the first year of the contract; and

9 **WHEREAS**, a purchase order is being requested to be opened in the amount of Two-
10 Hundred Thirty-Six-Thousand One-Hundred-Forty Dollars (\$236,140.00) from account
11 number 1001-650-000-4266, General Fund, City Controller Department, Contract Services
12 Expense Account.

13 **WHEREAS**, it is recommended that the City Council authorize the City Manager to
14 enter into an agreement with Eadie and Payne, LLP to provide audit services for the stated
15 multiple Fiscal Years and to issue a Purchase order for the service.

16 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES**
17 **HEREBY RESOLVE AS FOLLOWS:**

18 **SECTION 1.** That the City Manager is hereby authorized to enter into a professional
19 services agreement between the City of Compton and Eadie and Payne LLP, upon the advice
20 of the City Attorney, to conduct professional audit services for the Fiscal Years ended June
21 30, 2022, June 30, 2023, and June 30, 2024 in the amount of Six-Hundred Fifty-Five
22 Thousand Six-Hundred Forty-Four dollars (\$655,644).

23 **SECTION 2.** That funds in the amount of Two-Hundred Thirty-Six-Thousand One-
24 Hundred-Forty Dollars (\$236,140.00) are available in the City Controller's Department budget
25 for the Fiscal Year 2022-2023 in account number 1001-650-000-4266

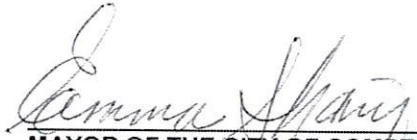
26 **SECTION 3.** That a purchase order shall be issued to Eadie and Payne from Account
27 Number 1001-650-000-4266 in the amount of Two-Hundred Thirty-Six-Thousand One-
28 Hundred-Forty Dollars (\$236,140.00).

29 **SECTION 4.** That funds will be allocated and a purchase order generated for the
30 services provided under the Eadie and Payne LLP Agreement from future approved City
31 budgets.

32 **SECTION 5.** That a copy of this Resolution shall be filed in the offices of the City
Clerk, City Attorney, City Manager, and City Controller.

SECTION 6. That the Mayor shall sign and the City Clerk shall attest to the adoption
of this Resolution.

ADOPTED this 27th day of JUNE, 2023.


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 this 27th day of JUNE, 2023.

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

AYES: COUNCILMEMBERS DUHART, SPICER, BOWERS, DARDEN, SHARIF
NOES: COUNCILMEMBERS - NONE
ABSTAIN: COUNCILMEMBERS - NONE
ABSENT: COUNCILMEMBERS - NONE


CITY CLERK OF THE CITY OF COMPTON



EADIPAY-01

ECARRILLO

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/14/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0757776 HUB International Insurance Services Inc. PO Box 5345 Riverside, CA 92517	CONTACT NAME: Irene McCleary		
	PHONE (A/C, No, Ext): (951) 779-8532	FAX (A/C, No):	
	E-MAIL ADDRESS: irene.mccleary@hubinternational.com		
INSURED Eadie and Payne, LLP 3880 Lemon St., Ste. 300 Riverside, CA 92501	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Sentinel Insurance Company, Ltd.		11000
	INSURER B: Preferred Employers Insurance Company		10900
	INSURER C: Lloyd's of London		15792
	INSURER D:		
	INSURER E:		
		INSURER F:	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:	X	X	72 SBA IB6333	10/1/2022	10/1/2023	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY			72 SBA IB6333	10/1/2022	10/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☒ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 10,000			72 SBA IB6333	10/1/2022	10/1/2023	EACH OCCURRENCE \$ 4,000,000 AGGREGATE \$ 4,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	AAN 100994-24	7/1/2022	7/1/2023	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Cyber Liability			ESL0239497478	8/25/2022	8/25/2023	Aggregate/Each Claim 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The City of Compton and its respective elected and appointed officers, officials, employees, agents and volunteers are additional insureds with regard to General Liability when required by written contract per the attached endorsement IH 12001185T and SS0008 04/05, primary and non-contributory and Waiver of Subrogation coverage are included.

CERTIFICATE HOLDER

CANCELLATION

City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

POLICY NUMBER: 72 SBA IB6333



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - PERSON-ORGANIZATION

CITY OF MORENO VALLEY
THE CITY OF MORENO VALLEY COMMUNITY SERVICE DISTRICT
MORENO VALLEY HOUSING AUTHORITY
AND EACH OF THEIR OFFICERS, EMPLOYEES, AGENTS, AND
VOLUNTEERS.
14177 FREDERICK ST
MORENO VALLEY, CA, 92552

THE CITY OF HUNTINGTON PARK, ITS OFFICERS, OFFICIALS, EMPLOYEES AND
VOLUNTEERS
6550 MILES AVE
HUNTINGTON PARK CA 90255
CITY OF COMPTON
205 S WILLOWBROOK AVE
COMPTON, CA 90220

QUICK REFERENCE
BUSINESS LIABILITY COVERAGE FORM
READ YOUR POLICY CAREFULLY

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BUSINESS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the stock insurance company member of The Hartford providing this insurance.

The word "insured" means any person or organization qualifying as such under Section C. - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G. - Liability And Medical Expenses Definitions.

A. COVERAGES

1. BUSINESS LIABILITY COVERAGE (BODILY INJURY, PROPERTY DAMAGE, PERSONAL AND ADVERTISING INJURY)

Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply.

We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section D. - Liability And Medical Expenses Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments, settlements or medical expenses to which this insurance applies.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Coverage Extension - Supplementary Payments.

b. This insurance applies:

(1) To "bodily injury" and "property damage" only if:

- (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (b) The "bodily injury" or "property damage" occurs during the policy period; and
- (c) Prior to the policy period, no insured listed under Paragraph 1. of Section C. - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, or "property damage" was caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section C. - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

BUSINESS LIABILITY COVERAGE FORM

- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
- e. **Incidental Medical Malpractice**
- (1) "Bodily injury" arising out of the rendering of or failure to render professional health care services as a physician, dentist, nurse, emergency medical technician or paramedic shall be deemed to be caused by an "occurrence", but only if:
 - (a) The physician, dentist, nurse, emergency medical technician or paramedic is employed by you to provide such services; and
 - (b) You are not engaged in the business or occupation of providing such services.
 - (2) For the purpose of determining the limits of insurance for incidental medical malpractice, any act or omission together with all related acts or omissions in the furnishing of these services to any one person will be considered one "occurrence".

2. MEDICAL EXPENSES

Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:
- (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within three years of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

3. COVERAGE EXTENSION - SUPPLEMENTARY PAYMENTS

- a. We will pay, with respect to any claim or "suit" we investigate or settle, or any "suit" against an insured we defend:
- (1) All expenses we incur.
 - (2) Up to \$1,000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (3) The cost of appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
 - (5) All costs taxed against the insured in the "suit".
 - (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

Any amounts paid under (1) through (7) above will not reduce the limits of insurance.

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments.

Notwithstanding the provisions of Paragraph 1.b.(b) of Section B. - Exclusions, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

(1) We have used up the applicable limit of insurance in the payment of judgments or settlements; or

(2) The conditions set forth above, or the terms of the agreement described in Paragraph (6) above, are no longer met.

B. EXCLUSIONS

1. Applicable To Business Liability Coverage

a. Expected Or Intended Injury

This insurance does not apply to:

- (1) "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property; or
- (2) "Personal and advertising injury" arising out of an offense committed by, at the direction of or with the consent or acquiescence of the insured with the expectation of inflicting "personal and advertising injury".

b. Contractual Liability

- (1) "Bodily injury" or "property damage"; or
 - (2) "Personal and advertising injury" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.
- This exclusion does not apply to liability for damages because of:
- (a) "Bodily injury", "property damage" or "personal and advertising injury" that the insured would have in the absence of the contract or agreement; or

b. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- (1) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- (2) This insurance applies to such liability assumed by the insured;
- (3) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- (4) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interest of the indemnitee;
- (5) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee;
- (6) The indemnitee:
 - (a) Agrees in writing to:
 - (i) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (ii) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (iii) Notify any other insurer whose coverage is available to the indemnitee; and
 - (iv) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (b) Provides us with written authorization to:
 - (i) Obtain records and other information related to the "suit"; and
 - (ii) Conduct and control the defense of the indemnitee in such "suit".

BUSINESS LIABILITY COVERAGE FORM

(b) "Bodily injury" or "property damage" assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purpose of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage" provided:

- (i) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract", and
- (ii) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business, or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

BUSINESS LIABILITY COVERAGE FORM

released as part of the operations being performed by such insured, contractor or subcontractor;

(iii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants";

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or
(ii) Any person or organization for whom you may be legally responsible;

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or

BUSINESS LIABILITY COVERAGE FORM

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment"; or
- (6) An aircraft that is not owned by any insured and is hired, chartered or loaned with a paid crew. However, this exception does not apply if the insured has any other insurance for such "bodily injury" or "property damage", whether the other insurance is primary, excess, contingent or on any other basis.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

- (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

i. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Professional Services

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications;
- (3) Supervisory, inspection, architectural or engineering activities;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Section D. - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3) and (4) of this exclusion do not apply to the use of elevators.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs (3) and (4) of this exclusion do not apply to "property damage" to borrowed equipment while not being used to perform operations at a job site.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

l. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

m. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

(8) Optometry or optometric services including but not limited to examination of the eyes and the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products;

(9) Any:

(a) Body piercing (not including ear piercing);

(b) Tattooing, including but not limited to the insertion of pigments into or under the skin; and

(c) Similar services;

(10) Services in the practice of pharmacy; and

(11) Computer consulting, design or programming services, including web site design.

Paragraphs (4) and (5) of this exclusion do not apply to the Incidental Medical Malpractice coverage afforded under Paragraph 1.e. in Section A. - Coverages.

k. Damage To Property

"Property damage" to:

(1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

BUSINESS LIABILITY COVERAGE FORM

o. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Arising out of oral, written or electronic publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral, written or electronic publication of material whose first publication took place before the beginning of the policy period;
- (3) Arising out of a criminal act committed by or at the direction of the insured;
- (4) Arising out of any breach of contract, except an implied contract to use another's "advertising idea" in your "advertisement";
- (5) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (6) Arising out of the wrong description of the price of goods, products or services;
- (7) Arising out of any violation of any intellectual property rights such as copyright, patent, trademark, trade name, trade secret, service mark or other designation of origin or authenticity.

However, this exclusion does not apply to infringement, in your "advertisement", of

- (a) Copyright;
- (b) Slogan, unless the slogan is also a trademark, trade name, service mark or other designation of origin or authenticity; or

(c) Title of any literary or artistic work;

- (8) Arising out of an offense committed by an insured whose business is:

- (a) Advertising, broadcasting, publishing or telecasting;
- (b) Designing or determining content of web sites for others; or
- (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **a.**, **b.** and **c.** under the definition of "personal and advertising injury" in Section **G.** – Liability And Medical Expenses Definitions.

For the purposes of this exclusion, placing an "advertisement" for or linking to others on your web site, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of an electronic chat room or bulletin board the insured hosts, owns, or over which the insured exercises control;
- (10) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers;
- (11) Arising out of the violation of a person's right of privacy created by any state or federal act.

However, this exclusion does not apply to liability for damages that the insured would have in the absence of such state or federal act;

- (12) Arising out of:

- (a) An "advertisement" for others on your web site;
- (b) Placing a link to a web site of others on your web site;
- (c) Content from a web site of others displayed within a frame or border on your web site. Content includes information, code, sounds, text, graphics or images; or
- (d) Computer code, software or programming used to enable:
 - (i) Your web site; or
 - (ii) The presentation or functionality of an "advertisement" or other content on your web site;

- (a) May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the "asbestos hazard";
- (b) Arise out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of an "asbestos hazard"; or
- (c) Arise out of any claim or suit for damages because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of an "asbestos hazard".
- t. Violation Of Statutes That Govern E-Mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**
- "Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:
- (1) The Telephone Consumer Protection Act (TCPA), including any amendment or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

Damage To Premises Rented To You - Exception For Damage By Fire, Lightning Or Explosion

Exclusions c. through h. and k. through o. do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in Section D. - Liability And Medical Expenses Limits Of Insurance.

- (13) Arising out of a violation of any anti-trust law;
- (14) Arising out of the fluctuation in price or value of any stocks, bonds or other securities; or
- (15) Arising out of discrimination or humiliation committed by or at the direction of any "executive officer", director, stockholder, partner or member of the insured.
- q. Electronic Data**
- Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data".
- r. Employment-Related Practices**
- "Bodily injury" or "personal and advertising injury" to:
- (1) A person arising out of any:
- (a) Refusal to employ that person;
- (b) Termination of that person's employment; or
- (c) Employment-related practices, such as policies, acts or omissions, coercion, demotion, evaluation, discipline, reassignment, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to the person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.
- This exclusion applies:
- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

s. Asbestos

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the "asbestos hazard".
- (2) Any damages, judgments, settlements, loss, costs or expenses that:

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2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

f. Products-Completed Operations Hazard

Included with the "products-completed operations hazard".

g. Business Liability Exclusions

Excluded under Business Liability Coverage.

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Employees And Volunteer Workers

Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" or that "volunteer worker" as a consequence of Paragraph **(1)(a)** above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

If you are not in the business of providing professional health care services, Paragraph **(d)** does not apply to any nurse, emergency medical technician or paramedic employed by you to provide such services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,

- b. Coverage under this provision does not apply to:

(1) "Bodily injury" or "property damage" that occurred;

(2) "Personal and advertising injury" arising out of an offense committed

before you acquired or formed the organization.

4. Operator Of Mobile Equipment

With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

b. "Property damage" to property owned by, rented to, in the charge of or occupied by, you or the employer of any person who is an insured under this provision.

5. Operator of Nonowned Watercraft

With respect to watercraft you do not own that is less than 51 feet long and is not being used to carry persons for a charge, any person is an insured while operating such watercraft with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the watercraft, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

a. "Bodily injury" to a co-"employee" of the person operating the watercraft; or

b. "Property damage" to property owned by, rented to, in the charge of or occupied by, you or the employer of any person who is an insured under this provision.

6. Additional Insureds When Required By Written Contract, Written Agreement Or Permit

The person(s) or organization(s) identified in Paragraphs a. through f. below are additional insureds when you have agreed, in a written

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Real Estate Manager

Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

c. Temporary Custodians Of Your Property

Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

d. Legal Representative If You Die

Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this insurance.

e. Unnamed Subsidiary

Any subsidiary and subsidiary thereof, of yours which is a legally incorporated entity of which you own a financial interest of more than 50% of the voting stock on the effective date of this Coverage Part. The insurance afforded herein for any subsidiary not shown in the Declarations as a named insured does not apply to injury or damage with respect to which an insured under this insurance is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

3. Newly Acquired Or Formed Organization

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain financial interest of more than 50% of the voting stock, will qualify as a Named insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

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contract, written agreement or because of a permit issued by a state or political subdivision, that such person or organization be added as an additional insured on your policy, provided the injury or damage occurs subsequent to the execution of the contract or agreement, or the issuance of the permit.

A person or organization is an additional insured under this provision only for that period of time required by the contract, agreement or permit.

However, no such person or organization is an additional insured under this provision if such person or organization is included as an additional insured by an endorsement issued by us and made a part of this Coverage Part, including all persons or organizations added as additional insureds under the specific additional insured coverage grants in Section F. – Optional Additional Insured Coverages.

a. Vendors

Any person(s) or organization(s) (referred to below as vendor), but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

- (1) The insurance afforded to the vendor is subject to the following additional exclusions:

This insurance does not apply to:

- (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

- (h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (i) The exceptions contained in Subparagraphs (d) or (f); or

- (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- (2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

b. Lessors Of Equipment

- (1) Any person or organization from whom you lease equipment; but only with respect to their liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

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e. Permits Issued By State Or Political Subdivisions

(1) Any state or political subdivision, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit:

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

(a) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or

(b) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

f. Any Other Party

(1) Any other person or organization who is not an insured under Paragraphs a. through e. above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

(a) In the performance of your ongoing operations;

(b) In connection with your premises owned by or rented to you; or

(c) In connection with "your work" and included within the "products-completed operations hazard", but only if

(i) The written contract or written agreement requires you to provide such coverage to such additional insured; and

(ii) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

c. Lessors Of Land Or Premises

(1) Any person or organization from whom you lease land or premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.

(2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

(a) Any "occurrence" which takes place after you cease to lease that land or be a tenant in that premises; or

(b) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

d. Architects, Engineers Or Surveyors

(1) Any architect, engineer, or surveyor, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

(a) In connection with your premises; or

(b) In the performance of your ongoing operations performed by you or on your behalf.

(2) With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

(a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or

(b) Supervisory, inspection, architectural or engineering activities.

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- (a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (b) Supervisory, inspection, architectural or engineering activities.

The limits of insurance that apply to additional insureds are described in Section D. – Limits Of Insurance.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. – Liability And Medical Expenses General Conditions.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Most We Will Pay

The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. Aggregate Limits

The most we will pay for:

- a. Damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard" is the Products-Completed Operations Aggregate Limit shown in the Declarations.
- b. Damages because of all other "bodily injury", "property damage" or "personal and advertising injury", including medical expenses, is the General Aggregate Limit shown in the Declarations.

This General Aggregate Limit applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway or right-of-way of a railroad.

This General Aggregate limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of fire, lightning or explosion.

3. Each Occurrence Limit

Subject to 2.a. or 2.b. above, whichever applies, the most we will pay for the sum of all damages because of all "bodily injury", "property damage" and medical expenses arising out of any one "occurrence" is the Liability and Medical Expenses Limit shown in the Declarations.

The most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses Limit shown in the Declarations.

4. Personal And Advertising Injury Limit

Subject to 2.b. above, the most we will pay for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization is the Personal and Advertising Injury Limit shown in the Declarations.

5. Damage To Premises Rented To You Limit

The Damage To Premises Rented To You Limit is the most we will pay under Business Liability Coverage for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner.

In the case of damage by fire, lightning or explosion, the Damage to Premises Rented To You Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of these.

6. How Limits Apply To Additional Insureds

The most we will pay on behalf of a person or organization who is an additional insured under this Coverage Part is the lesser of:

- a. The limits of insurance specified in a written contract, written agreement or permit issued by a state or political subdivision; or
- b. The Limits of Insurance shown in the Declarations.

Such amount shall be a part of and not in addition to the Limits of Insurance shown in the Declarations and described in this Section.

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. **Obligations At The Insured's Own Cost**
- No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
- e. **Additional Insured's Other Insurance**
- If we cover a claim or "suit" under this Coverage Part that may also be covered by other insurance available to an additional insured, such additional insured must submit such claim or "suit" to the other insurer for defense and indemnity.

- f. **Knowledge Of An Occurrence, Offense, Claim Or Suit**
- Paragraphs a. and b. apply to you or to any additional insured only when such "occurrence", offense, claim or "suit" is known to:

- (1) You or any additional insured that is an individual;
- (2) Any partner, if you or an additional insured is a partnership;
- (3) Any manager, if you or an additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;
- (5) Any trustee, if you or an additional insured is a trust; or
- (6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

If more than one limit of insurance under this policy and any endorsements attached thereto applies to any claim or "suit", the most we will pay under this policy and the endorsements is the single highest limit of liability of all coverages applicable to such claim or "suit". However, this paragraph does not apply to the Medical Expenses limit set forth in Paragraph 3. above.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES

1. **Bankruptcy**
- Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**

- a. **Notice Of Occurrence Or Offense**
- You or any additional insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
- (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. **Notice Of Claim**
- If a claim is made or "suit" is brought against any insured, you or any additional insured must:
- (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

- c. **Assistance And Cooperation Of The Insured**
- You or any additional insured must see to it that we receive a written notice of the claim or "suit" as soon as practicable.

You and any other involved insured must:

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This Paragraph **f.** applies separately to you and any additional insured.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

6. Representations

a. When You Accept This Policy

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and

- (3) We have issued this policy in reliance upon your representations.

b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

7. Other Insurance

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(2) Premises Rented To You

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(3) Tenant Liability

That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

(4) Aircraft, Auto Or Watercraft

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **A.** – Coverages.

(5) Property Damage To Borrowed Equipment Or Use Of Elevators

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion **k.** of Section **A.** – Coverages.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the limits of insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

8. Transfer Of Rights Of Recovery Against Others To Us

a. Transfer Of Rights Of Recovery

If the insured has rights to recover all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

(6) When You Are Added As An Additional Insured To Other Insurance

That is other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

(7) When You Add Others As An Additional Insured To This Insurance

That is other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this Coverage Part:

(a) Primary Insurance When Required By Contract

This insurance is primary if you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

(b) Primary And Non-Contributory To Other Insurance When Required By Contract

If you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs (a) and (b) do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

F. OPTIONAL ADDITIONAL INSURED COVERAGES

If listed or shown as applicable in the Declarations, one or more of the following Optional Additional Insured Coverages also apply. When any of these Optional Additional Insured Coverages apply, Paragraph 6. (Additional Insureds When Required by Written Contract, Written Agreement or Permit) of Section C., Who Is An Insured, does not apply to the person or organization shown in the Declarations. These coverages are subject to the terms and conditions applicable to Business Liability Coverage in this policy, except as provided below:

1. Additional Insured - Designated Person Or Organization

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- a. In the performance of your ongoing operations; or
- b. In connection with your premises owned by or rented to you.

2. Additional Insured - Managers Or Lessors Of Premises

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Designated Person Or Organization; but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Declarations.

b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

3. Additional Insured - Grantor Of Franchise

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Grantor Of Franchise, but only with respect to their liability as grantor of franchise to you.

4. Additional Insured - Lessor Of Leased Equipment

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Lessor of Leased Equipment, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

5. Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land leased to you and shown in the Declarations.

b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" that takes place after you cease to lease that land; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

6. Additional Insured - State Or Political Subdivision - Permits

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the state or political subdivision shown in the Declarations as an Additional

(e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

(f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

(g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(i) The exceptions contained in Subparagraphs (d) or (f); or

(ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

(2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

8. Additional Insured – Controlling Interest

WHO IS AN INSURED under Section C, is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Controlling Interest, but only with respect to their liability arising out of:

a. Their financial control of you; or

b. Premises they own, maintain or control while you lease or occupy these premises.

Insured – State Or Political Subdivision - Permits, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

(1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or

(2) "Bodily injury" or "property damage" included in the "product-completed operations" hazard.

7. Additional Insured – Vendors

a. WHO IS AN INSURED under Section C, is amended to include as an additional insured the person(s) or organization(s) (referred to below as vendor) shown in the Declarations as an Additional Insured - Vendor, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

b. The insurance afforded to the vendor is subject to the following additional exclusions:

(1) This insurance does not apply to:

(a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

(b) Any express warranty unauthorized by you;

(c) Any physical or chemical change in the product made intentionally by the vendor;

(d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

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This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

9. Additional Insured – Owners, Lessees Or Contractors – Scheduled Person Or Organization

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Owner, Lessees Or Contractors, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (1) In the performance of your ongoing operations for the additional insured(s); or
- (2) In connection with "your work" performed for that additional insured and included within the "products-completed operations hazard", but only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

- (1) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (2) Supervisory, inspection, architectural or engineering activities.

10. Additional Insured – Co-Owner Of Insured Premises

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or Organization(s) shown in the Declarations as an Additional Insured – Co-Owner Of Insured Premises, but only with respect to their liability as co-owner of the premises shown in the Declarations.

The limits of insurance that apply to additional insureds are described in Section D. – Limits Of Insurance.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. – Liability And Medical Expenses General Conditions.

G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. "Advertisement" means the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

- a. (1) Radio;
- (2) Television;
- (3) Billboard;
- (4) Magazine;
- (5) Newspaper;

b. The Internet, but only that part of a web site that is about goods, products or services for the purposes of inducing the sale of goods, products or services; or

c. Any other publication that is given widespread public distribution.

However, "advertisement" does not include:

a. The design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products; or

b. An interactive conversation between or among persons through a computer network.

2. "Advertising idea" means any idea for an "advertisement".

3. "Asbestos hazard" means an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.

4. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

5. "Bodily injury" means physical:

- a. Injury;
- b. Sickness; or
- c. Disease

sustained by a person and, if arising out of the above, mental anguish or death at any time.

6. "Coverage territory" means:

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- b. You have failed to fulfill the terms of a contract or agreement;
- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b. Your fulfilling the terms of the contract or agreement.

12. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with permission of the owner is subject to the Damage To Premises Rented To You limit described in Section D. - Liability and Medical Expenses Limits of insurance.
- b. A sidetrack agreement;
- c. Any easement or license agreement, including an easement or license agreement in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. Any obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement; or
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. includes that part of any contract or agreement that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations within 50 feet of any railroad property and affecting any railroad, bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.

However, Paragraph f. does not include that part of any contract or agreement:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above;
 - c. All other parts of the world if the injury or damage arises out of:
- (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication
- provided the insured's responsibility to pay damages is determined in the United States of America (including its territories and possessions), Puerto Rico or Canada, in a "suit" on the merits according to the substantive law in such territory, or in a settlement we agree to.
7. "Electronic data" means information, facts or programs:
- a. Stored as or on;
 - b. Created or used on; or
 - c. Transmitted to or from
- computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
 9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
 10. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
 11. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

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- (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (1) above and supervisory, inspection, architectural or engineering activities.
13. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
14. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
15. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
- (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
- (1) Equipment, of at least 1,000 pounds gross vehicle weight, designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
16. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
17. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;

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Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

20. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of "occurrence" that caused it.

As used in this definition, "electronic data" is not tangible property.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Volunteer worker" means a person who:

a. Is not your "employee";

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that the person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral, written or electronic publication of material that violates a person's right of privacy;

f. Copying, in your "advertisement", a person's or organization's "advertisement" or style of "advertisement";

g. Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement"; or

h. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.

18. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

19. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed to be completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

BUSINESS LIABILITY COVERAGE FORM

- b. Donates his or her work;
- c. Acts at the direction of and within the scope of duties determined by you; and
- d. Is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

24. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

- (2) The providing of or failure to provide warnings or instructions.

- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

25. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

CITY OF COMPTON BUSINESS LICENSE CERTIFICATE			
BUSINESS LICENSE DIVISION ~ 205 S. WILLOWBROOK AVE, COMPTON, CA 90220 ~ (310) 605-5508			
The below named license holder has paid a business license fee to engage in, carry on or conduct a business trade, calling, profession, exhibition or occupation coded below until this certificate expires. Granting of this license does not entitle the license holder to operate or maintain a business license in violation of any other law or ordinance. In addition this license is not transferable to any other party, and no refunds will be issued for the license once a certificate has been issued.			
LICENSE NO:	BL19-000882	EXPIRATION DATE:	12/13/2023
BUSINESS:	Eadie and Payne, LLP	ISSUE DATE:	12/13/2022
LOCATION:	3880 Lemon St	OWNERSHIP TYPE:	Partnership / LLP
OWNER NAME:	Eadie and Payne, LLP Frank Zabaleta	CLASSIFICATION:	5412
MAILING ADDRESS:	3880 Lemon Street Suite 300 Riverside, CA 92501	DESCRIPTION:	Accounting/Attest/Consulting/Tax
RESTRICTIONS:			

Eadie and Payne, LLP
3880 Lemon Street Suite 300
Riverside, CA 92501

**Audit Fee Adjustment
FY 2024**

Original Fee Approved under Resolution 25,856 FY 2023	\$	215,776
3% adjustment to catch up with inflation		<u>6,474</u>
	\$	<u>222,250</u>
 Original Fee Approved under Resolution 25,856 FY 2024	 \$	 <u>203,728</u>
 Requested Adjustment	 \$	 <u><u>18,522</u></u>