

ATTACHMENT 1

CITY OF LAKE FOREST

PROFESSIONAL CONSULTANT SERVICES AGREEMENT

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, _____, by and between the City of Lake Forest, a municipal corporation, organized under the laws of the State of California, with its principal place of business at 100 Civic Center Drive, Lake Forest, California, 92630 ("City") and CliftonLarsonAllen LLP (CLA), a California Limited Partnership, with its principal place of business at 2875 Michelle Drive, Suite 300; Irvine, CA 92606 ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional financial audit consulting services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional financial audit consulting services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such professional financial audit consulting services for the Financial Audit Services project ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional financial audit consulting services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from July 1, 2023 to June 20, 2026, unless earlier terminated as provided herein. The City shall have the unilateral option, at its sole discretion, to renew this Agreement automatically for no more than three (3) additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Independent Contractor; Control and Payment of Subordinates. The

Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: Kassie Radermacher, CPA, CFE, Principal, and Rob Perl, CPA, Manager.

3.2.5 City's Representative. The City hereby designates Kevin Shirah, Director of Finance/ City Treasurer, or his designee, to act as its representative in all matters pertaining to the administration and performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for review and approval of all products submitted by Consultant but not the authority to enlarge the Scope of Work or change the total compensation due to Consultant under this Agreement. The City Manager shall be authorized to act on City's behalf and to execute all necessary documents which enlarge the Scope of Work or change the Consultant's total compensation subject to the provisions contained in Section 3.3 of this Agreement. Consultant shall not accept direction or orders from any person other than the City Manager, City's Representative or his/her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Kassie

Radermacher, CPA, CFE, Principal, or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his/her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees, agents, and volunteers free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions, where applicable, shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks,

confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.2.11 Insurance. Consultant agrees to procure and maintain, at Consultant's expense all insurance specified in Exhibit "D" attached hereto and by this reference incorporated herein. Consultant shall require all subconsultants to carry the same policies and limits of insurance that the Consultant is required to maintain, unless otherwise approved in writing by the City.

3.2.12 Water Quality Management and Compliance. Not applicable.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed TWO HUNDRED THIRTY-THREE THOUSAND SIXTY DOLLARS (\$233,060.00) without written approval of the City Council or City Manager as applicable. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to City a monthly invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall describe the amount of Services provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the invoice. City shall, within 30 days of receiving such invoice, review the invoice and pay all non-disputed and approved charges thereon. If the City disputes any of Consultant's fees, the City shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth therein.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City, or included in Exhibit "C" of this Agreement.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3.5 Rate Increases. In the event that this Agreement is renewed pursuant to Section 3.1.2, the rate set forth in Exhibit "C" may be adjusted each year at the time of renewal as set forth in Exhibit "C."

3.4 Labor Code Requirements.

3.4.1 Prevailing Wages. Not applicable.

3.4.2 Registration. Not applicable.

3.5 Accounting Records.

3.5.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Upon request of the City, Consultant will provide copies of applicable time and expense records related to the service.

3.5.2 Ownership of Workpapers. The workpapers and files supporting the services Consultant perform are the sole and exclusive property of Consultant and constitute confidential and proprietary information. Consultant does not provide access to its workpapers and files to City or anyone else in the normal course of business. Unless required by law or regulation to the contrary, Consultant retains its workpapers and files in accordance with its records retention policy that typically provides for a retention period of seven years. After this period expires, Consultant's workpapers and files will be destroyed. Furthermore, physical determination or catastrophic events may shorten the time Consultant's records are available. The workpapers and files of Consultant are not a substitute for City's records.

3.5.3 Access of Workpapers to Regulators. Pursuant to authority given by law, regulation or professional standards, Consultant may be requested to make certain workpapers and files available to a regulator for its regulatory oversight purposes. Consultant will notify City of any such request, if permitted by law. Access to the requested workpapers and files will be provided to the regulator under the supervision of Consultant personnel and at a location designated by Consultant. Furthermore, Upon request, Consultant may provide copies of selected workpapers and files to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

3.6 General Provisions.

3.6.1 Termination of Agreement.

3.6.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.6.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant, which have been paid for in full, in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request. Notwithstanding the forgoing, in the event an engagement is terminated before completion, copies of incomplete workpapers will not be provided.

3.6.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.6.1.4 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: CliftonLarsonAllen LLP (CLA)
2875 Michelle Drive, Suite 300
Irvine, CA 92606
ATTN: Kassie Radermacher, CPA, CFE, Principal

City: City of Lake Forest
100 Civic Center Drive
Lake Forest, CA 92630
ATTN: City Clerk

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.6.2 Ownership of Materials and Confidentiality.

3.6.2.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk. Notwithstanding the foregoing the use of any deliverables under the applicable Scope of Services is subject to the terms of the Scope of Services.

3.6.2.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has

become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.6.2.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

(A) Consultant will not disclose any of City's confidential, proprietary, or privileged information to any person or party, unless City authorizes Consultant to do so, it is published or released by City, it becomes publicly known or available other than through disclosure by Consultant, or disclosure is required by law, regulation or professional standard. This confidentiality provision does not prohibit Consultant from disclosing City's information to one of more of our affiliated companies in order to provide services that City has requested from Consultant or from any such affiliated company. Any such affiliated company Shall be subject to the same restrictions on the use and disclosure of City's Information as apply to Consultant. City also consent to our disclosure of information regarding the nature of services Consultant provides to City to another independent network member of CLA Global, for the limited purpose of complying with professional obligations regarding independence and conflicts of interest.

(B) Consultant may, at times, utilize external web applications to receive and process information from its clients; however, any sensitive data, including protected health information and personally identifiable information, must be redacted by City to the maximum extent possible prior to uploading the document or file. In the event that City is unable to remove or obscure all sensitive data, please contact Consultant to discuss other potential options for transmitting the document or file.

(C) During the course of the engagement, there may be communication via fax or email. City is responsible to ensure that communications received by City or its personnel are secured and not shared with unauthorized individuals.

(D) Consultant regularly aggregate anonymized client data and perform a variety of analyses using that aggregated data. Some of these analyses are published to clients or released publicly. However, Consultant is always careful to preserve the confidentiality of the separate information that Consultant obtains from each client, as required by the AICPA Code of Professional Conduct and various laws. City's acceptance of this Agreement will serve as its consent to our use of anonymized data in performing reporting on the cost comparison, performance indicator and/or benchmarking analyses.

(E) Consultant may, at times, use third-party software applications to perform services under this agreement

3.6.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.6.4 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.6.5 Indemnification.

To the fullest extent permitted by law, Consultant shall defend, indemnify and hold the City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to gross negligence and willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorneys fees and other related costs and expenses.

If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.6.6 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.6.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.6.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6.9 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.6.10 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.6.11 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.6.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.6.13 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.6.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.6.15 No Third-Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.6.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.6.17 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.6.18 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in

effect or hereinafter enacted.

3.6.19 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.6.20 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.6.21 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6.22 Consultant Owners. Consultant and certain owners of Consultant are licensed by the California State Board of Accountancy. However, Consultant has owners not licensed by the California State Board of Accountancy who may provide services under this Agreement.

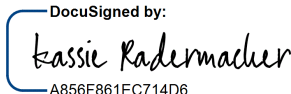
3.7 Subcontracting.

3.7.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

CITY OF LAKE FOREST

CLIFTON LARSON ALLEN LLP

By: _____
Doug Cirbo
Mayor

By:  _____
Kassie Radermacher, CPA, CFE
Principal

ATTEST:

By: _____
Lisa Berglund
City Clerk

APPROVED AS TO FORM:

By:  _____
Best Best & Krieger LLP
City Attorney

EXHIBIT "A" SCOPE OF SERVICES

The Annual Comprehensive Financial Report (Annual Financial Report) shall be prepared by the independent auditors for the fiscal year ended June 30, 2023 and each of the subsequent years of the audit firm's contract with the City. As it has done in the past, the City is planning on submitting the Annual Financial Report to the Government Finance Officers Association (GFOA) for consideration of their Certificate of Achievement in Financial Reporting program. Additional audits and financial statements are outlined below.

The independent auditor will be required to perform the following:

1. City Financial Statement Audit

The audit firm will perform an audit of all funds of the City. The audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the Single Audit Act of 1984, as amended in 1996, and Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as well as any other applicable federal, state, local or programmatic audit requirements. **The City's Annual Comprehensive Financial Report (Annual Financial Report) will be prepared, and word processed by the audit firm and assembled in PDF.** The independent auditor will render their opinion on the fair presentation of the City's financial statements in conformity with generally accepted accounting principles and shall provide one electronic and one photo-ready physical copy of the report.

2. Lake Forest Housing Authority Audit

The audit firm will perform an audit of the Lake Forest Housing Authority. The audits are to be performed in accordance with the auditing standards outlined in Section 1 above. **The Lake Forest Housing Authority Financial Statements will be prepared, and word processed by the audit firm and assembled in PDF.** The independent auditor will render their opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles and shall provide six (6) printed and bound copies.

3. Air Quality Improvement Special Revenue Fund Audit

The audit firm will perform an audit of the Air Quality Improvement Special Revenue Fund. The audits are to be performed in accordance with the auditing standards outlined in Section 1 above. **The Air Quality Improvement Special Revenue Fund Financial Statements will be prepared, and word processed by the audit firm and assembled in PDF.** The independent auditor will render their opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles and shall provide three (3) printed and bound copies. The audit firm shall provide required communications associated with the Southern California Air Quality Management District rules.

4. Single Audit of Federally Assisted Grant Programs

If required, the audit firm will perform a single audit on the expenditures of federally assisted grant programs in accordance with the provisions of the Single Audit Act of 1984, as amended in 1996, and Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). In addition to the audit of the federal awards, the independent auditor will review any materials included in the reporting package accompanying the data collection form. The City will prepare the Schedule of Expenditures of the Federal Awards. **The Single Audit Report will be prepared, and word processed by the audit firm and assembled in PDF.** The independent auditors will complete the data collection form and required filing and shall provide six (6) printed and bound copies.

5. Appropriation Limit Agreed-Upon-Procedure

The audit firm will perform agreed-upon procedures relative to the City's calculation of its Appropriation Limit in accordance with the *Article XIII B Appropriations Limit Uniform Guidelines* and as mandated by the California Constitution and shall render a letter annually to the City regarding compliance.

6. Required Communications

The audit firm will provide the required communications with those charged with governance pursuant to Statements on Auditing Standards.

7. Financial Statement Preparation

The audit firm is required to prepare the financial statements including drafting of note disclosures from available information provided by the City. The audit firm is responsible for preparation of the GASB 34 conversion accounting journal entries and reconciliations.

The audit firm is required to prepare GASB 34 conversion accounting journal entries to record the City's net pension liability/asset and related deferred inflows and outflows and net OPEB liability/asset and related deferred inflows and outflows is required.

The audit firm is expected to prepare GASB 34 conversion accounting journal entries to record activities related to leases and subscription-based information technology agreements.

The City shall provide the Management Discussion and Analysis, Statistical Section, Fund Balance and Net Position classifications after issuance of the first draft of the financial statements.

8. Government Finance Officers Association Certificate of Achievement Award for Excellence in Financial Reporting (GFOA Award Program)

The City shall be responsible for meeting the requirements of the GFOA Award Program. The City shall prepare the application for the GFOA Award and written responses to prior year comments. The audit firm is expected to assist the City, as necessary, to meet the requirements of the GFOA Award Program which may include research and guidance on responding to prior year comments and interpretation of the GFOA Award Program requirements.

9. Meeting Attendance

The Engagement Partner may be expected to present at the City Council meetings when the contract is being awarded or amended.

The Engagement Partner and audit team members may be expected to present at the City Council Audit Committee Meeting. Presentations may be required during the planning phase of the audit, during the audit and at the conclusion to communicate audit results.

10. Schedule of Fieldwork

Generally, interim audit fieldwork is expected to take place in July of each year. Final fieldwork is expected to commence the first week of October. Draft financial reports are expected the first week of November. Issuance of Final Reports is expected the first week of December.

Upon receiving a Notice to Proceed from the City each year, the audit firm shall contact the Director of Finance to schedule an audit planning meeting. The auditors shall provide a preliminary detailed audit plan including a schedule for interim audit fieldwork dates, interim fieldwork and final fieldworks listing of schedules requested of the City and related supporting documentation, audit impacts of implementing new accounting standards, impacts of any changes in auditing standards, impacts of any changes in the audit firms interpretation of generally accepted accounting principles or audit methodology and dates of issuance of draft and final reports, etc., prior to starting interim audit fieldwork.

At the conclusion of interim fieldwork, a progress meeting is expected to review preliminary audit results and pending items and changes to the detailed audit plan.

The audit firm will provide the City by mid-August each year with a final detailed audit plan and a list of all schedules to be prepared by the City.

A progress meeting is expected two weeks prior to commencement of final audit fieldwork to review status of the detailed audit plan. Some flexibility in the timing of final fieldwork is expected as the readiness of the City and audit firm is not fully predictable.

At the conclusion of final fieldwork a progress meeting is expected to review audit results and pending items.

The Engagement Partner is expected to lead the audit planning meeting and all progress meetings.

The City expects the City Financial Statement Audit, Lake Forest Housing Authority Audit, Air Quality Improvement Special Revenue Fund Audit and the Single Audit of Federally Assisted Grant Programs to occur on the same schedule and have the same issuance date. Inclusion of Single Audit fieldwork during the interim fieldwork or after but prior to final fieldwork is desirable.

11. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the independent auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. Pursuant to authority given by law, regulation or professional standards independent auditor may be requested to make certain workpapers and files available to a regulator for its regulatory oversight purposes. Independent auditor shall notify the City of any such request, if permitted by law. Access to the requested workpapers and files will be provided to the regulator under the supervision of independent auditor firm personnel and at a location designated by the firm. Furthermore, upon request, firm may provide copies of selected workpapers and files to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. In addition, the firm shall respond to the reasonable inquiries of successor independent auditors and allow successor independent auditors to review working papers relating to matters of continuing accounting significance, Firm will cooperate as required by professional standards. Firm will grant access to workpapers provided services have been paid and there is not threatened or actual litigation.

12. State and National Developments

It is expected that the selected firm will keep the City informed of new state and national developments affecting municipal finance and reporting, standards and trends including changes in federal/state grant program accounting and reporting requirements. This shall include at least one formal updating session per year with finance staff.

13. Optional Services – Annually determined at the request of the City

The auditor firm may complete the City's annual Street Report and electronically file it with the State Controller's Office no later than the statutory submission deadline of each year.

The audit firm may complete the annual Cities Financial Transactions Report and electronically file it with the State Controller's Office no later than the statutory submission deadline of each year.

The audit firm may complete the Rancho Cañada Financing Authority annual Special District's Financial Transactions Report and electronically file it with the State Controller's Office no later than the statutory submission deadline each year.

EXHIBIT "B"
SCHEDULE OF SERVICES

Consultant shall perform the work as described in the above references Exhibit "A" Scope of Services and at the direction of the City.

EXHIBIT "C" COMPENSATION

Consultant shall be paid for services rendered in accordance with Section 3.3 of the Agreement, as described in Exhibit "A" Scope of Services, and the not-to exceed amount of two hundred thirty-three thousand sixty dollars (\$233,060.00) and based on the following schedule:

	Initial Term			Optional Years (Subject to Amendments exercising optional one-year extensions per Section 3.1.2 of the Agreement)		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	FY 2022-23 Audit	FY 2023-24 Audit	FY 2024-25 Audit	FY 2025-26 Audit	FY 2026-27 Audit	FY 2027-28 Audit
Fixed Audit Fee For Core Services						
City Audit of Basic Financial Statements, including draft ACFR	\$39,200.00	\$40,770.00	\$42,400.00	\$44,100.00	\$45,860.00	\$47,690.00
Lake Forest Housing Authority Audit	\$4,040.00	\$4,200.00	\$4,370.00	\$4,540.00	\$4,720.00	\$4,910.00
SCAQMD Revenue Fund Audit	\$1,820.00	\$1,890.00	\$1,970.00	\$2,050.00	\$2,130.00	\$2,220.00
Single Audit (One Major Program)	\$6,560.00	\$6,820.00	\$7,090.00	\$7,370.00	\$7,660.00	\$7,970.00
GANN Limit	\$640.00	\$670.00	\$700.00	\$730.00	\$760.00	\$790.00
One-Time Fee - Account Conversion	\$2,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
One-Time Fee - Internal Control Revisions	\$0.00	\$2,500.00	\$0.00	\$0.00	\$0.00	\$0.00
Tech Fee - One-Time Services	\$125.00	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00
Tech Fee	\$2,610.00	\$2,710.00	\$2,820.00	\$2,930.00	\$3,050.00	\$3,170.00
Sub Total	\$57,495.00	\$59,685.00	\$59,350.00	\$61,720.00	\$64,180.00	\$66,750.00
<i>Fixed Fee for Additional Required Major Program Single Audit</i>						
Price for One Additional Major Program	\$4,500.00	\$4,680.00	\$4,870.00	\$5,060.00	\$5,260.00	\$5,470.00
Total Annual Compensation - Fixed Audit Fee	\$61,995.00	\$64,365.00	\$64,220.00	\$66,780.00	\$69,440.00	\$72,220.00
Optional Services						
City's Annual Street Report	\$1,740.00	\$1,810.00	\$1,880.00	\$1,960.00	\$2,040.00	\$2,120.00
City's Annual Financial Transaction Report	\$4,920.00	\$5,120.00	\$5,320.00	\$5,530.00	\$5,750.00	\$5,980.00

	Initial Term			Optional Years (Subject to Amendments exercising optional one-year extensions per Section 3.1.2 of the Agreement)		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	FY 2022-23 Audit	FY 2023-24 Audit	FY 2024-25 Audit	FY 2025-26 Audit	FY 2026-27 Audit	FY 2027-28 Audit
One-Time Account Conversion for City SCO	\$2,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rancho Cañada Financing Authority Annual Financial Transactions Report	\$1,080.00	\$1,120.00	\$1,160.00	\$1,210.00	\$1,260.00	\$1,310.00
Tech Fee - One-Time Services	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tech Fee	\$390.00	\$410.00	\$430.00	\$450.00	\$470.00	\$490.00
Sub Total	\$10,230.00	\$8,460.00	\$8,790.00	\$9,150.00	\$9,520.00	\$9,900.00
Additional Services						
Annual Amount for Additional Services	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Total Annual Compensation - All Fixed Fee, Optional, and Additional Services	\$77,225.00	\$77,825.00	\$78,010.00	\$80,930.00	\$83,960.00	\$87,120.00
Total Compensation Original Agreement (Years 1-3)	\$233,060.00					

Additional Services

Compensation for additional services shall not exceed \$5,000 annually and shall be billed using the following rates:

	Initial Term			Optional Years (Subject to Amendments exercising optional one-year extensions per Section 3.1.2 of the Agreement)		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Hourly Rates for Additional Services	FY 2022-23 Audit	FY 2023-24 Audit	FY 2024-25 Audit	FY 2025-26 Audit	FY 2026-27 Audit	FY 2027-28 Audit
Principal	\$420.00	\$440.00	\$460.00	\$480.00	\$500.00	\$520.00
Director/Manager	\$260.00	\$270.00	\$280.00	\$290.00	\$300.00	\$310.00
Senior	\$160.00	\$170.00	\$180.00	\$190.00	\$200.00	\$210.00
Associate	\$110.00	\$115.00	\$120.00	\$125.00	\$130.00	\$135.00

EXHIBIT "D"
INSURANCE REQUIREMENTS

3.2.11 Insurance.

3.2.11.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.11.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder, and without limiting the indemnity provisions of the Agreement, the Consultant, in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement the following policies of insurance. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(A) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, or the exact equivalent, with limits of not less than \$1,000,000 per occurrence and no less than \$2,000,000 in the general aggregate. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions (1) limiting coverage for contractual liability; (2) excluding coverage for claims or suits by one insured against another (cross-liability); or (3) containing any other exclusion(s) contrary to the terms or purposes of this Agreement.

(B) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1), or the exact equivalent, covering bodily injury and property damage for all activities with limits of not less than \$1,000,000 combined limit for each occurrence. If Consultant does not own any company vehicles or may not be able to purchase a Business Automobile Insurance Policy, the requirement may be satisfied by providing either of the following: (1) a Personal Automobile Liability policy for the Consultant's own vehicle stipulating "Automobile Liability Insurance with a limit of not less than \$1,000,000 each accident"; or (2) a non-owned auto endorsement to the Commercial General Liability policy if Consultant uses vehicles of others (e.g., vehicles of employees).

(C) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury and disease.

(D) Professional Liability (Errors & Omissions): Professional Liability insurance or Errors & Omissions insurance appropriate to Consultant's profession with limits of not less than \$1,000,000 per claim. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.). If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial

Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

3.2.11.3 Insurance Endorsements. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the City to add the following provisions to the insurance policies:

(A) Commercial General Liability:

(1) Additional Insured: The City, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the terms or purposes of this Agreement. For all policies of Commercial General Liability insurance, Consultant shall provide endorsements in the form of ISO CG 20 10 10 01 and 20 37 10 01 (or endorsements providing the exact same coverage) to effectuate this requirement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) Automobile Liability:

(C) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.11.4 Professional Liability (Errors & Omissions):

(A) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must "pay on behalf of" the insured and include a provision establishing the insurer's duty to defend.

3.2.11.5 Workers' Compensation:

(A) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the City, its officials, officers, employees, agents, and volunteers.

3.2.11.6 Primary and Non-Contributing Insurance. All policies of Commercial General Liability and Automobile Liability insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the City, its officials, officers, employees, agents, or volunteers shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.11.7 Waiver of Subrogation. All policies of Commercial General Liability and Automobile Liability insurance shall contain or be endorsed to waive subrogation against the City, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against the City, its officials, officers, employees, agents, and volunteers, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

3.2.11.8 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be approved in writing by the City and shall protect the City, its officials, officers, employees, agents, and volunteers in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.11.9 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates on forms approved by the City, together with all endorsements affecting each policy. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.11.10 Failure to Maintain Coverage. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced immediately so as to avoid a lapse in the required coverage, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement effective upon notice.

3.2.11.11 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to transact business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.11.12 Enforcement of Agreement Provisions (non estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the City to inform

Consultant of non-compliance with any requirement imposes no additional obligation on the City nor does it waive any rights hereunder.

3.2.11.13 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this Appendix are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance.

3.2.11.14 Insurance for Subconsultants. Not applicable.