

PROFESSIONAL SERVICES CONTRACT BETWEEN  
THE CITY OF HUNTINGTON BEACH AND  
DAVIS FARR LLP  
FOR  
FINANCIAL AUDIT SERVICES

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Huntington Beach, a municipal corporation of the State of California, hereinafter referred to as "CITY," and Davis Farr LLP, a California Limited Liability Partnership, hereinafter referred to as "CONSULTANT."

WHEREAS, CITY desires to engage the services of a consultant to provide financial audit services; and

Pursuant to documentation on file in the office of the City Clerk, the provisions of the Huntington Beach Municipal Code, Chapter 3.03, relating to procurement of professional service contracts have been complied with; and

CONSULTANT has been selected to perform these services,

NOW, THEREFORE, it is agreed by CITY and CONSULTANT as follows:

1. SCOPE OF SERVICES

CONSULTANT shall provide all services as described in **Exhibit "A,"** which is attached hereto and incorporated into this Agreement by this reference. These services shall sometimes hereinafter be referred to as the "PROJECT."

CONSULTANT hereby designates Jennifer Farr who shall represent it and be its sole contact and agent in all consultations with CITY during the performance of this Agreement.

2. CITY STAFF ASSISTANCE

CITY shall assign a staff coordinator to work directly with CONSULTANT in the performance of this Agreement.

3. TERM; TIME OF PERFORMANCE

Time is of the essence of this Agreement. The services of CONSULTANT are to commence on \_\_\_\_\_, 20\_\_\_\_ (the "Commencement Date"). This Agreement shall automatically terminate three (3) years from the Commencement Date, unless extended or sooner terminated as provided herein. All tasks specified in **Exhibit "A"** shall be completed no later than three (3) years from the Commencement Date. The time for performance of the tasks identified in **Exhibit "A"** are generally to be shown in **Exhibit "A."** This schedule may be amended to benefit the PROJECT if mutually agreed to in writing by CITY and CONSULTANT.

In the event the Commencement Date precedes the Effective Date, CONSULTANT shall be bound by all terms and conditions as provided herein.

4. COMPENSATION

In consideration of the performance of the services described herein, CITY agrees to pay CONSULTANT on a time and materials basis at the rates specified in **Exhibit "B,"** which is attached hereto and incorporated by reference into this Agreement, a fee, including all costs and expenses, not to exceed One Hundred Fifty Six Thousand Seventy Six Dollars (\$156,076).

5. EXTRA WORK

In the event CITY requires additional services not included in **Exhibit "A"** or changes in the scope of services described in **Exhibit "A,"** CONSULTANT will undertake such work only after receiving written authorization from CITY. Additional compensation for such extra work shall be allowed only if the prior written approval of CITY is obtained.

6. METHOD OF PAYMENT

CONSULTANT shall be paid pursuant to the terms of **Exhibit "B."**

7. DISPOSITION OF PLANS, ESTIMATES AND OTHER DOCUMENTS

CONSULTANT agrees that title to all materials prepared hereunder, including, without limitation, all original drawings, designs, reports, both field and office notices, calculations, computer code, language, data or programs, maps, memoranda, letters and other documents, shall belong to CITY, and CONSULTANT shall turn these materials over to CITY upon expiration or termination of this Agreement or upon PROJECT completion, whichever shall occur first. These materials may be used by CITY as it sees fit.

8. HOLD HARMLESS

CONSULTANT hereby agrees to protect, defend, indemnify and hold harmless CITY, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all claims, damages, losses, expenses, judgments, demands and defense costs (including, without limitation, costs and fees of litigation of every nature or liability of any kind or nature) arising out of or in connection with CONSULTANT's (or CONSULTANT's subcontractors, if any) negligent (or alleged negligent) performance of this Agreement or its failure to comply with any of its obligations contained in this Agreement by CONSULTANT, its officers, agents or employees except such loss or damage which was caused by the sole negligence or willful misconduct of CITY. The only limitations on this provision shall be those imposed by AICPA Code of Professional Conduct ET Section 1.228.020; i.e., loss or damage which was caused by the sole negligence or willful misconduct of the City. CONSULTANT will conduct all defense at its sole cost and expense and CITY shall approve selection of CONSULTANT's counsel. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as limitation upon the amount of indemnification to be provided by CONSULTANT.

9.. PROFESSIONAL LIABILITY INSURANCE

CONSULTANT shall obtain and furnish to CITY a professional liability insurance policy covering the work performed by it hereunder. This policy shall provide coverage for CONSULTANT's professional liability in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence and in the aggregate. The above-mentioned insurance shall not contain a self-insured retention without the express written consent of CITY; however an insurance policy "deductible" of Ten Thousand Dollars (\$10,000.00) or less is permitted. A claims-made policy shall be acceptable if the policy further provides that:

- A. The policy retroactive date coincides with or precedes the initiation of the scope of work (including subsequent policies purchased as renewals or replacements).
- B. CONSULTANT shall notify CITY of circumstances or incidents that might give rise to future claims.

CONSULTANT will make every effort to maintain similar insurance during the required extended period of coverage following PROJECT completion. If insurance is terminated for any reason, CONSULTANT agrees to purchase an extended reporting provision of at least two (2) years to report claims arising from work performed in connection with this Agreement.

If CONSULTANT fails or refuses to produce or maintain the insurance required by this section or fails or refuses to furnish the CITY with required proof that insurance has been procured and is in force and paid for, the CITY shall have the right, at the CITY's election, to forthwith terminate this Agreement. Such termination shall not effect Consultant's right to be paid for its time and materials expended prior to notification of termination. CONSULTANT waives the right to receive compensation and agrees to indemnify the CITY for any work performed prior to approval of insurance by the CITY.

10. CERTIFICATE OF INSURANCE

Prior to commencing performance of the work hereunder, CONSULTANT shall furnish to CITY a certificate of insurance subject to approval of the City Attorney evidencing the foregoing insurance coverage as required by this Agreement; the certificate shall:

- A. provide the name and policy number of each carrier and policy;
- B. state that the policy is currently in force; and
- C. shall promise that such policy shall not be suspended, voided or canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice; however, ten (10) days' prior written notice in the event of cancellation for nonpayment of premium.

CONSULTANT shall maintain the foregoing insurance coverage in force until the work under this Agreement is fully completed and accepted by CITY.

The requirement for carrying the foregoing insurance coverage shall not derogate from CONSULTANT's defense, hold harmless and indemnification obligations as set forth in this Agreement. CITY or its representative shall at all times have the right to demand the original or a copy of the policy of insurance. CONSULTANT shall pay, in a prompt and timely manner, the premiums on the insurance hereinabove required.

11. INDEPENDENT CONTRACTOR

CONSULTANT is, and shall be, acting at all times in the performance of this Agreement as an independent contractor herein and not as an employee of CITY. CONSULTANT shall secure at its own cost and expense, and be responsible for any and all payment of all taxes, social security, state disability insurance compensation, unemployment compensation and other payroll deductions for CONSULTANT and its officers, agents and employees and all business licenses, if any, in connection with the PROJECT and/or the services to be performed hereunder.

12. TERMINATION OF AGREEMENT

All work required hereunder shall be performed in a good and workmanlike manner. CITY may terminate CONSULTANT's services hereunder at any time with or without cause, and whether or not the PROJECT is fully complete. Any termination of this Agreement by CITY shall be made in writing, notice of which shall be delivered to CONSULTANT as provided herein. In the event of termination, all finished and unfinished documents, exhibits, report, and evidence shall, at the option of CITY, become its property and shall be promptly delivered to it by CONSULTANT.

13. ASSIGNMENT AND DELEGATION

This Agreement is a personal service contract and the work hereunder shall not be assigned, delegated or subcontracted by CONSULTANT to any other person or entity without the prior express written consent of CITY. If an assignment, delegation or subcontract is approved, all approved assignees, delegates and subconsultants must satisfy the insurance requirements as set forth in Sections 9 and 10 hereinabove.

14. COPYRIGHTS/PATENTS

CITY shall own all rights to any patent or copyright on any work, item or material produced as a result of this Agreement.

15. CITY EMPLOYEES AND OFFICIALS

CONSULTANT shall employ no CITY official nor any regular CITY employee in the work performed pursuant to this Agreement. No officer or employee of CITY shall have any financial interest in this Agreement in violation of the applicable provisions of the California Government Code.

16. NOTICES

Any notices, certificates, or other communications hereunder shall be given either by personal delivery to CONSULTANT's agent (as designated in Section 1 hereinabove) or to CITY as

the situation shall warrant, or by enclosing the same in a sealed envelope, postage prepaid, and depositing the same in the United States Postal Service, to the addresses specified below. CITY and CONSULTANT may designate different addresses to which subsequent notices, certificates or other communications will be sent by notifying the other party via personal delivery, a reputable overnight carrier or U. S. certified mail-return receipt requested:

TO CITY:

City of Huntington Beach  
ATTN: Dahle Bulosan  
2000 Main Street  
Huntington Beach, CA 92648

TO CONSULTANT:

Davis Farr LLP  
Jennifer Farr  
2301 Dupont Drive, Suite 200  
Irvine, CA 92612

17. CONSENT

When CITY's consent/approval is required under this Agreement, its consent/approval for one transaction or event shall not be deemed to be a consent/approval to any subsequent occurrence of the same or any other transaction or event.

18. MODIFICATION

No waiver or modification of any language in this Agreement shall be valid unless in writing and duly executed by both parties.

19. SECTION HEADINGS

The titles, captions, section, paragraph and subject headings, and descriptive phrases at the beginning of the various sections in this Agreement are merely descriptive and are included solely for convenience of reference only and are not representative of matters included or excluded from such provisions, and do not interpret, define, limit or describe, or construe the intent of the parties or affect the construction or interpretation of any provision of this Agreement.

20. INTERPRETATION OF THIS AGREEMENT

The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties. If any provision of this Agreement is held by an arbitrator or court of competent jurisdiction to be unenforceable, void, illegal or invalid, such holding shall not invalidate or affect the remaining covenants and provisions of this Agreement. No covenant or provision shall be deemed dependent upon any other unless so expressly provided here. As used in this Agreement, the masculine or neuter gender and singular or plural number shall be deemed to include the other whenever the context so indicates or requires. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no right to contract, then the latter shall prevail, and the provision of this Agreement which is hereby affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

21. DUPLICATE ORIGINAL

The original of this Agreement and one or more copies hereto have been prepared and signed in counterparts as duplicate originals, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original. Each duplicate original shall be deemed an original instrument as against any party who has signed it.

22. IMMIGRATION

CONSULTANT shall be responsible for full compliance with the immigration and naturalization laws of the United States and shall, in particular, comply with the provisions of the United States Code regarding employment verification.



23. LEGAL SERVICES SUBCONTRACTING PROHIBITED

CONSULTANT and CITY agree that CITY is not liable for payment of any subcontractor work involving legal services, and that such legal services are expressly outside the scope of services contemplated hereunder. CONSULTANT understands that pursuant to *Huntington Beach City Charter* Section 309, the City Attorney is the exclusive legal counsel for CITY; and CITY shall not be liable for payment of any legal services expenses incurred by CONSULTANT.

24. ATTORNEY'S FEES

In the event suit is brought by either party to construe, interpret and/or enforce the terms and/or provisions of this Agreement or to secure the performance hereof, each party shall bear its own attorney's fees, such that the prevailing party shall not be entitled to recover its attorney's fees from the nonprevailing party.

25. SURVIVAL

Terms and conditions of this Agreement, which by their sense and context survive the expiration or termination of this Agreement, shall so survive.

26. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.

27. SIGNATORIES

Each undersigned represents and warrants that its signature hereinbelow has the power, authority and right to bind their respective parties to each of the terms of this Agreement, and shall indemnify CITY fully for any injuries or damages to CITY in the event that such authority or power is not, in fact, held by the signatory or is withdrawn.

28. ENTIRETY

The parties acknowledge and agree that they are entering into this Agreement freely and voluntarily following extensive arm's length negotiation, and that each has had the opportunity to consult with legal counsel prior to executing this Agreement. The parties also acknowledge and agree that no representations, inducements, promises, agreements or warranties, oral or otherwise, have been made by that party or anyone acting on that party's behalf, which are not embodied in this Agreement, and that that party has not executed this Agreement in reliance on any representation, inducement, promise, agreement, warranty, fact or circumstance not expressly set forth in this Agreement. This Agreement, and the attached exhibits, contain the entire agreement between the parties respecting the subject matter of this Agreement, and supersede all prior understandings and agreements whether oral or in writing between the parties respecting the subject matter hereof.

29. EFFECTIVE DATE

This Agreement shall be effective on the date of its approval by the City Council. This Agreement shall expire when terminated as provided herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their authorized officers.

CONSULTANT,

Davis Farr LLP

CITY OF HUNTINGTON BEACH, a  
municipal corporation of the State of  
California

By: \_\_\_\_\_

\_\_\_\_\_  
print name

**ITS:** *(circle one)* Chairman/President/Vice President

**AND**

By: \_\_\_\_\_

\_\_\_\_\_  
print name

**ITS:** *(circle one)* Secretary/Chief Financial Officer/Asst.  
Secretary - Treasurer

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

INITIATED AND APPROVED:



\_\_\_\_\_  
Chief Financial Officer

REVIEWED AND APPROVED:

\_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney 

CONSULTANT,

Davis Farr LLP

CITY OF HUNTINGTON BEACH, a  
municipal corporation of the State of  
California

By:   
Jonathan Foster, Partner  
print name

ITS: (circle one) Chairman/President/Vice President

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

AND

By:   
Jennifer Farr, Partner  
print name

ITS: (circle one) Secretary/Chief Financial Officer/Asst.  
Secretary - Treasurer


INITIATED AND APPROVED:

\_\_\_\_\_  
Chief Financial Officer

REVIEWED AND APPROVED:

\_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney 

## EXHIBIT "A"

### A. STATEMENT OF WORK: (Narrative of work to be performed)

- Will perform an audit examination of the financial statements of the City of Huntington Beach and West Orange County Water Board for the fiscal years ending June 30, 2022 through 2025. Our examination will be conducted in accordance with generally accepted auditing standards, the AICPA Audit and Accounting Guide, Audits of State and Local Government Units, and the Government Auditing Standards issued by the Comptroller General of the United States. We will ensure that the report is prepared in conformity with the most recent edition of the GAAFR, the GAAFR Update, and subsequent GASB pronouncements.
- When necessary, we will perform a compliance audit of federal expenditures in accordance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* in any year the City has federal expenditures of more than \$750,000.
- Will perform agreed-upon-procedures over the City's Gann Appropriations Limit.
- Will issue the AB 2766 Audit Report over the AQMD fund
- Will prepare a letter to the City Council summarizing the audit results in accordance with the Codification of Auditing Standards Section 260.
- Will prepare a letter to the City Council reporting matters dealing with internal control that meet the threshold of being a significant deficiency or material weakness, as defined by the Codification of Auditing Standards Section 265. We will immediately report any irregularities or illegal acts that come to our attention to management and/or those charged with governance.
- Will meet with the City Council to discuss the results of the audit.
- Finally, we perceive the scope of our work as being advisors to the City regarding generally accepted accounting principles. Throughout the year, the management and other finance personnel of the City will have access to us to seek advice in the application of generally accepted accounting principles, advice regarding debt issuance, financial statement preparation and content, tax and any other matters relating to the City. Each year, we will go over upcoming accounting standards in a meeting with City staff.

### B. CONSULTANT'S DUTIES AND RESPONSIBILITIES:

Consultant plans and conducts engagements in the most efficient manner possible, and consultant's audit approach is unique with regard to the following:

- Consultant firm is sensitive to the priorities and work requirements of our clients. Consultant will work around the schedules of clients when scheduling segments of the audit or requesting documentation in order to minimize disruption of City staff and to complete the audit in a timely manner.
- Whenever possible, Consultant will use accounting support already prepared by the City staff in order to avoid duplication or unnecessary requests for audit supporting schedules.
- Consultant firm's expertise is in governmental auditing. Consultant's auditors are GASB experts and skilled at addressing audit issues that are specific to local governments. You will not spend time training our personnel.

- When formulating internal control recommendations, Consultant will obtain a thorough understanding of the specific circumstances at your City in order to provide a tailored, practical recommendation.
- Throughout the year Consultant is a resource to our clients in providing accounting advice, researching technical questions, dealing with tax problems, and helping with other problems as they arise.

**Audit Software** - Consultant utilizes Caseware audit software for the electronic City of workpapers. Consultant has the ability to accept audit documentation in either hard copy or electronic format. Caseware allows Consultant the ability to import trial balances that can be provided in either excel or a text document.

**Data Mining Software** - We have a dedicated team of personnel trained to use special data mining software, IDEA. Our software uses source data from your accounting system to search for anomalies, such as duplicate or voided checks, cross-referencing vendor addresses with employee addresses, detecting accounting transactions recorded on the weekend, reviewing journal entry postings for unauthorized individuals. The IDEA software identifies specific transactions for the auditors to review for potential fraud or error.

### **Internal Control Evaluation**

Consultant's approach to evaluating internal controls involves observation and inquiry. Consultant spend time with the personnel responsible for the accounting cycles to gain an understanding of the processes. Consultant also carefully evaluate your policies and procedures. After our initial evaluation, Consultant identify key controls in City processes and design test to evaluate the effectiveness of those processes. In the initial year of the audit, Consultant will focus on the following accounting cycles:

- Billing and cash receipting
- Capital assets
- Purchase and disbursements
- Payroll
- Investment and cash controls
- Information systems

In future years, Consultant will review the accounting cycles noted above but also look at other processes such as credit card transactions, petty cash, inventory controls, offsite cash receipting, employee reimbursements, contract compliance, and other areas. Consultant's goal is to modify our audit approach every year to further evaluate the City's internal controls.

### **Planning and Inquiry**

During the planning phase of the audit, Consultant plans to perform the following procedures:

- Meet with finance personnel to obtain an understanding of significant transactions during the year
- Communicate with the City Council in regards to fraud, compliance with laws, and any concerns they have regarding the finances of the City
- Perform internal control evaluations as noted on the previous page
- Determine materiality levels that will be used in selecting audit transactions

- Perform a risk assessment to develop the audit plan for the year
- Review minutes of City Council meetings
- Review important new contracts, bond documents, and agreements
- Evaluate compliance with investments
- Test purchase orders and contract management
- Test a sample of cash disbursements to determine adherence to policies and internal controls
- Perform a review of the organizations information systems and controls
- Perform compliance testing of federal grants, as necessary
- Review the prior audited financial statements and provide feedback to City staff regarding best practices for financial reporting
- Provide a GASB Update and templates for implementing new accounting standards including the pension and OPEB standards.

### **Year-End Testing**

After the books are closed and ready for audit, Consultant will perform year-end procedures which include the following:

- Confirm 100% of all cash and investment balances and test market values provided by your investment custodians.
- Test for proper cutoffs of accounts receivable and grants receivable.
- Confirm and test material notes and loans receivable.
- Test additions and deletions to capital assets. We will review depreciation expense for reasonableness.
- Test inter-fund transactions including due to/due from other funds, advances, and transfers. We will review legal documents supporting loans and test the allowability of transfers out of restricted funds.
- Test current liabilities and perform a search for unrecorded liabilities.
- Review unearned revenue balances for proper cutoffs.
- Test the balances of accrued payroll and employee related liabilities.
- Confirm long-term debt with independent parties.
- In years of new debt issuances, will review the journal entry to record the debt to ensure the accuracy of the accounting.
- Testing of actuarial valuations and calculations related to OPEB obligations and disclosures under GASB 75.
- Testing of actuarial valuations and calculations related to pension obligations and new disclosures under GASB 68.
- Evaluation of claims and judgments payable.
- Testing of restrictions and classifications of net position.
- Analyze grant revenues and expenses to ensure proper matching within the fiscal year.
- Test the reasonableness of interest income, realized, and unrealized gains/losses on investments.
- Analytically and substantively test revenues and expenses reported in the financial statements.
- Incorporate an element of unpredictability every year that will focus on an audit area that is not typically considered a high or significant risk area such as petty cash, credit card purchases, new vendors, travel expenses, etc.

The aforementioned tests are only a few of the tests performed during the examination and by no means is it meant to be all inclusive. During the final stage of the audit Consultant will meet with Finance staff to review any audit findings and adjusting journal entries.

### **Single Audit Approach**

As part of the Consultant's Single Audit for the years in which the City expends greater than \$750,000, Consultant will perform the following procedures in accordance with the Uniform Guidance:

- Perform an evaluation of the major programs required to be tested
- Review OMB guidance and the OMB Compliance Supplement for the grant program audited.
- Review internal controls for each of the applicable 14 compliance areas for each program audited.
- Using AICPA sampling guidance, Consultant will select a sample for each of the applicable 14 compliance areas for each program audited. Consultant will test the sample for compliance with those 14 areas.
- Test the indirect cost rate, if applicable
- Review monitoring reports for noncompliance and follow up on the resolution of past noncompliance, if applicable.
- Issue a single audit report of federal expenditures.
- File the data collection form within the specified deadline.

### **Completion of the Audit and Preparation of Financial Statements**

The nature and extent of the work required is dependent on Consultant's assessment of the likelihood of misstatements in the financial statements together with our conclusions from the planning and testing stages of the audit. All of the audit information is then used to reach a conclusion on whether the financial statements taken as a whole conform with generally accepted accounting principles.

- Consultant will review significant events after year end
- Consultant will review attorney letters for significant legal matters
- Consultant will prepare the financial statements and other reports
- Consultant will ensure accurate and complete disclosures in the notes to the financial statements.
- Consultant reports will undergo five levels of review before a draft is given to the City
- Consultant will provide a draft of the reports to the City within two weeks of leaving the field
- Unless prepared by the City, Consultant will print and bind all reports for the City as well as providing Color PDF's of the final reports.
- Consultant will meet with the City Council to present the results of the audit.

### **C. CITY'S DUTIES AND RESPONSIBILITIES:**

Communicate with Consultant on an as-needed basis and provide requested documentation to consultant in a timely manner.



D. WORK PROGRAM/PROJECT SCHEDULE:

To be determined

## **EXHIBIT "B"**

### **Payment Schedule (Fixed Fee Payment)**

1. CONSULTANT shall be entitled to monthly progress payments toward the fixed fee set forth herein in accordance with the following progress and payment schedules.

#### **SEE ATTACHED EXHIBIT B**

2. Delivery of work product: A copy of every memorandum, letter, report, calculation and other documentation prepared by CONSULTANT shall be submitted to CITY to demonstrate progress toward completion of tasks. In the event CITY rejects or has comments on any such product, CITY shall identify specific requirements for satisfactory completion.

3. CONSULTANT shall submit to CITY an invoice for each monthly progress payment due. Such invoice shall:

- A) Reference this Agreement;
- B) Describe the services performed;
- C) Show the total amount of the payment due;
- D) Include a certification by a principal member of CONSULTANT's firm that the work has been performed in accordance with the provisions of this Agreement; and
- E) For all payments include an estimate of the percentage of work completed.

Upon submission of any such invoice, if CITY is satisfied that CONSULTANT is making satisfactory progress toward completion of tasks in accordance with this Agreement, CITY shall approve the invoice, in which event payment shall be made within thirty (30) days of receipt of the invoice by CITY. Such approval shall not be unreasonably withheld. If CITY does not approve an invoice, CITY shall notify CONSULTANT in writing of the reasons for non-approval and the schedule of performance set forth in **Exhibit "A"** may at the option of CITY be suspended until the parties agree that past performance by CONSULTANT is in, or has been brought into compliance, or until this Agreement has expired or is terminated as provided herein.

4. Any billings for extra work or additional services authorized in advance and in writing by CITY shall be invoiced separately to CITY. Such invoice shall contain all of the information required above, and in addition shall list the hours expended and hourly rate charged for such time. Such invoices shall be approved by CITY if the work performed is in accordance with the extra work or additional services requested, and if CITY is satisfied that the statement of hours worked and costs incurred is accurate. Such approval shall not be unreasonably withheld. Any dispute between the parties concerning payment of such an invoice shall be treated as separate and apart from the ongoing performance of the remainder of this Agreement.

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## Section I – Proposed Cost

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>Total</u>
Audit of City	\$ 35,140	35,140	36,194	106,474
Single Audit (includes 2 major programs)	6,400	6,400	6,592	19,392
Audit of West Orange County Water Board	5,500	5,500	5,665	16,665
Appropriations Limit Review	500	500	515	1,515
AB 2766 Audit Report	<u>1,000</u>	<u>1,000</u>	<u>1,030</u>	<u>3,030</u>
Total \$ (not to exceed)	<u>\$ 48,540</u>	<u>48,540</u>	<u>49,996</u>	<u>147,076</u>

\*Includes 2 major programs, additional major programs may be audited for \$1,500 each.

### Estimated Audit Segmentation

	<u>Rates</u>	<u>Hours</u>	<u>FY 2022</u>
Partner	\$ 180	48	\$ 8,640
Manager	\$ 130	80	10,400
In-charge	\$ 110	170	18,700
Staff	\$ 90	120	10,800
Total		<u>418</u>	<u>\$48,540</u>

Additional services may be performed at the above quoted hourly rates





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
05/18/2021

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 Edgewood Partners Insurance Center Lemme, a division of EPIC 111 West Campbell 4th Floor Arlington Heights, IL 60005	1-847-385-6800	CONTACT NAME: John Hecht PHONE (A/C, No, Ext): 847-385-6800 E-MAIL ADDRESS: psgcerts@lemme.com	FAX (A/C, No):
INSURED Davis Farr LLP  2301 Dupont Drive, Suite 200  Irvine, CA 92612		INSURER(S) AFFORDING COVERAGE INSURER A: GREAT DIVIDE INS CO INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	
		NAIC # 25224	

**COVERAGES**

CERTIFICATE NUMBER: 62227964

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 SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE	\$
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
						MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$
						GENERAL AGGREGATE	\$
						PRODUCTS - COMP/OP AGG	\$
							\$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$
	UMBRELLA LIAB EXCESS LIAB DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
	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 <input type="checkbox"/> N/A				PER STATUTE	OTH-ER
						E.L. EACH ACCIDENT	\$
						E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$
A	Professional Liability		CAB201852-05	05/21/21	05/21/22	Each Claim	1,000,000

APPROVED AS TO FORM  
BY:   
MICHAEL E. GATES  
CITY ATTORNEY  
CITY OF HUNTINGTON BEACH

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

**CERTIFICATE HOLDER****CANCELLATION**

City of Huntington Beach  2000 Main Street  Huntington Beach, CA 92648  USA	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 
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