



LEMOORE
CALIFORNIA

**LEMOORE CITY COUNCIL
COUNCIL CHAMBER
429 C STREET
June 5, 2019**

SPECIAL MEETING AGENDA

Please silence all electronic devices as a courtesy to those in attendance. Thank you.

5:30 pm SPECIAL SESSION

- a. CALL TO ORDER
- b. PLEDGE OF ALLEGIANCE
- c. INVOCATION
- d. ROLL CALL

PUBLIC COMMENT

This time is reserved for members of the audience to address the City Council on items of interest that are not on the Agenda and are within the subject matter jurisdiction of the Council. It is recommended that speakers limit their comments to three (3) minutes each and it is requested that no comments be made during this period on items on the Agenda. The Council is prohibited by law from taking any action on matters discussed that are not on the Agenda. Prior to addressing the Council, any handouts for Council will be provided to the City Clerk for distribution to the Council and appropriate staff.

NEW BUSINESS – Section 1

- 1-1 Information Only - Review of Fiscal Year 2019-2020 Draft Proposed Budget (Speer)
- 1-2 Report and Recommendation – Discussion for/and Approval of Contract for Financial Consulting Services with Price Paige and Company for Fiscal Year 2018-2019 (Speer)

CITY COUNCIL REPORTS AND REQUESTS – Section 2

- 2-1 City Council Reports / Requests

ADJOURNMENT

PUBLIC NOTIFICATION

I, May J. Venegas, Deputy City Clerk for the City of Lemoore, declare under penalty of perjury that I posted the above City Council Agenda for the Special Meeting of June 5, 2019 at City Hall, 119 Fox Street, Lemoore, CA on June 3, 2019.

 //s//
Mary J. Venegas, Deputy City Clerk



711 West Cinnamon Drive • Lemoore, California 93245 • (559) 924-6744 • Fax (559) 924-6708

Staff Report

Item No: 1-1

To: Lemoore City Council
From: Michelle Speer, Assistant City Manager/Administrative Services Dir.
Date: May 29, 2019 **Meeting Date:** June 5, 2019
Subject: Review of Fiscal Year 2019-2020 Draft Proposed Budget

Strategic Initiative:

- | | |
|--|--|
| <input type="checkbox"/> Safe & Vibrant Community | <input type="checkbox"/> Growing & Dynamic Economy |
| <input type="checkbox"/> Fiscally Sound Government | <input type="checkbox"/> Operational Excellence |
| <input type="checkbox"/> Community & Neighborhood Livability | <input type="checkbox"/> Not Applicable |

Proposed Motion:

Information Only.

Subject/Discussion:

City staff will present a draft of the proposed Fiscal Year 2019-2020 annual operating budget. The presentation will include an opportunity for City Council to review the budget before adoption on June 18, 2019.

Financial Consideration(s):

Not Applicable.

Alternatives or Pros/Cons:

Not Applicable.

Commission/Board Recommendation:

Not Applicable.

Staff Recommendation:

Information Only.

Attachments:

- Resolution:
 - Ordinance:
 - Map
 - Contract
 - Other
- List:

Review:

- Asst. City Manager
- City Attorney
- City Clerk
- City Manager

Date:

- 05/29/19
- 06/03/19
- 06/03/19
- 05/30/19



711 West Cinnamon Drive • Lemoore, California 93245 • (559) 924-6744 • Fax (559) 924-6708

Staff Report

Item No: 1-2

To: Lemoore City Council

From: Michelle Speer, Assistant City Manager/Administrative Services Dir.

Date: May 29, 2019 Meeting Date: June 5, 2019

Subject: Contract for Financial Consulting Services with Price Paige and Company for Fiscal Year 2018-2019

Strategic Initiative:

- | | |
|---|--|
| <input type="checkbox"/> Safe & Vibrant Community | <input type="checkbox"/> Growing & Dynamic Economy |
| <input checked="" type="checkbox"/> Fiscally Sound Government | <input checked="" type="checkbox"/> Operational Excellence |
| <input type="checkbox"/> Community & Neighborhood Livability | <input type="checkbox"/> Not Applicable |

Proposed Motion:

Approve the agreement with Price Paige and Company for financial consulting services, and authorize the City Manager to execute contract documents.

Subject/Discussion:

For several years, the City of Lemoore has received findings on annual audits related to internal practices and procedures. The 2018 annual audit provided a clean opinion; however, there were two findings of material weakness as a result on internal functions.

Through review of the budget process, audit process, and daily functions of the finance department, it has been determined that the City could benefit from a financial consultant. The financial consultant would help to establish internal practices and procedures to assist in reducing the potential for future audit findings. Furthermore, the financial consultant will assist in establishing that the City is following all practices associated with governmental accounting.

Staff is recommending that City Council approve a contract with Price Paige & Company for the following tasks:

1. Assist the City in year-end close of its financial records for the year ending June 30, 2019 by performing reconciliations of certain balance sheet and income statement balances.
2. Prepare the City's financial statements for year ending June 30, 2019
3. Serve as a liaison with the City's external auditors for any inquiries directly related to certain balance sheet and income statement balances for year ended June 30, 2019.
4. Prepare annual reports of financial transactions for the City of Lemoore for year ending June 30, 2019.
5. Provide City staff with additional consultation, including training of accounting personnel, as agreed-upon with City Management.

The use of financial consulting will reduce the cost of the annual audit, will provide for necessary review of current practices to ensure compliance with state and federal standards, will help to establish best practices, and will provide a foundation for continued financial practices in the future.

Financial Consideration(s):

The cost of financial consulting for Fiscal Year 2018-2019 is not to exceed \$90,000.

Alternatives or Pros/Cons:

Pros:

- Completion of year-end closing of the City's financials
- Preparation of financial statements necessary for the annual audit
- Review and development of internal practices
- Compliance with governmental accounting best practices
- Training and consultation for finance staff

Cons:

- Cost for services

Commission/Board Recommendation:

Not applicable.

Staff Recommendation:

Staff recommends approval of the contract with Price Paige and Company for financial consulting services for year ending June 30, 2019.

Attachments:

- Resolution:
- Ordinance:
- Map
- Contract
- Other
List: Agreement

Review:

- Asst. City Manager
- City Attorney
- City Clerk
- City Manager

Date:

- 05/29/19
- 06/03/19
- 06/03/19
- 05/30/19

**CITY OF LEMOORE
CONSULTANT SERVICES AGREEMENT**

This Consultant Services Agreement ("Agreement") is entered into between the City of Lemoore, a California municipal corporation ("City") and Price Paige & Company ("Consultant") with respect to the following recitals, which are a substantive part of this Agreement. This Agreement shall be effective on the date signed by City, which shall occur after execution by Consultant ("Effective Date").

RECITALS

- A. City desires to obtain services for the facilitation of year-end financial procedures for fiscal year 2018-2019 and for preparation of the City's annual audit for the same year, as well as the review and development of fiscal procedures to further assist the City in promoting financial best practices, as further set forth in the proposals from Consultant attached as **Exhibit A** ("Proposal") and incorporated herein by reference ("Services"). If there is a conflict between the terms of the Proposal and this Agreement, this Agreement shall control.
- B. Consultant is engaged in the business of furnishing the Services and hereby warrants and represents that it is qualified, licensed, and professionally capable of performing the Services.
- C. City desires to retain Consultant, and Consultant desires to provide the City with the Services, on the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein, City and Consultant agree as follows:

AGREEMENT

- 1. Scope of Services. Consultant shall perform the Services described in the Exhibit A and the Recitals above.
- 2. Commencement of Services; Term of Agreement. Consultant shall commence the Services upon receipt of fully executed agreement and shall continue with the Services until Consultant, as determined by City, has satisfactorily performed and completed the Services, or until such time as the Agreement is terminated by either party pursuant to Section 16 herein, whichever is earlier.
- 3. Payment for Services. City shall pay Consultant a sum not to exceed \$90,000 for the Services performed pursuant to this Agreement. Consultant shall submit monthly invoices to City containing detailed billing information regarding the Services provided and unless otherwise specified in **Exhibit A**, City shall tender payment to Consultant within thirty (30) days after receipt of invoice.
- 4. Independent Contractor Status. Consultant and its subcontractors shall perform the Services as independent contractors and not as officers, employees, agents or volunteers of City. Nothing contained in this Agreement shall be deemed to create any contractual relationship between City and Consultant's employees or subcontractors, nor shall anything contained in this Agreement be

deemed to give any third party, including but not limited to Consultant's employees or subcontractors, any claim or right of action against City.

5. Standard of Care. Consultant expressly represents it is qualified in the field for which Services are being provided under this Agreement and that to the extent Consultant utilizes subcontractors, employees, volunteers or agents, such subcontractors, employees, volunteers or agents are, and will be, qualified in their fields. Consultant also expressly represents that both Consultant and its subcontractors, employees, volunteers or agents, if any, are now, and will be throughout their performance of the Services under this Agreement, properly licensed or otherwise qualified and authorized to perform the Services required and contemplated by this Agreement. Consultant and its subcontractors, if any, shall utilize the standard of care and skill customarily exercised by members of their profession, shall use reasonable diligence and best judgment while performing the Services, and shall comply with all applicable laws and regulations.

6. Identity of Subcontractors and Sub-Consultants. No subcontractors shall be used.

7. Subcontractor Provisions. Not applicable.

8. Power to Act on Behalf of City. Consultant shall not have any right, power, or authority to create any obligation, express or implied, or make representations on behalf of City except as may be expressly authorized in advance in writing from time to time by City and then only to the extent of such authorization.

9. Record Keeping; Reports. Consultant shall keep complete records showing the type of Services performed. Consultant shall be responsible and shall require its subcontractors to keep similar records. City shall be given reasonable access to the records of Consultant and its subcontractors for inspection and audit purposes. Consultant shall provide City with a working draft of all reports and five (5) copies of all final reports prepared by Consultant under this Agreement.

10. Ownership and Inspection of Documents. All data, tests, reports, documents, conclusions, opinions, recommendations and other work product generated by or produced for Consultant or its subcontractors, employees, volunteers or agents in connection with the Services, regardless of the medium, including written proposals and materials recorded on computer discs ("Work Product"), shall be and remain the property of City. City shall have the right to use, copy, modify, and reuse the Work Product as it sees fit. Upon City's request, Consultant shall make available for inspection and copying all such Work Product and all Work Product shall be turned over to City promptly at City's request or upon termination of this Agreement, whichever occurs first. This obligation shall survive termination of this Agreement and shall survive for four (4) years from the date of expiration or termination of this Agreement.

11. Confidentiality. All data, reports, conclusions, opinions, recommendations and other Work Product prepared and performed by and on behalf of Consultant in connection with the Services performed pursuant to this Agreement shall be kept confidential and shall be disclosed only to City, unless otherwise provided by law or expressly authorized by City. Consultant shall not disclose or permit the disclosure of any confidential information acquired during performance of the Services, except to its agents, employees and subcontractors who need such confidential information in order

to properly perform their duties relative to this Agreement. Consultant shall also require its subcontractors, employees, volunteers or agents to be bound to these confidentiality provisions.

12. City Name and Logo. Consultant shall not use City's name or insignia, photographs relating to the City projects for which Consultant's services are rendered, or any publicity pertaining to the Consultant's services under this Agreement in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

13. Conflicts of Interest. Consultant warrants that neither Consultant nor any of its employees have an interest, present or contemplated, in the Services. Consultant further warrants that neither Consultant nor any of its employees have real property, business interests or income that will be affected by the Services. Consultant covenants that no person having any such interest, whether an employee or subcontractor, shall perform the Services under this Agreement. During the performance of the Services, Consultant shall not employ or retain the services of any person who is employed by the City or a member of any City Board or Commission.

14. Non-liability of Officers and Employees. No officer or employee of City shall be personally liable to Consultant, or any successors in interest, in the event of a default or breach by City for any amount which may become due Consultant or its successor, or for any breach of any obligation under the terms of this Agreement.

15. City Right to Employ Other Consultants. This Agreement is non-exclusive with Consultant. City reserves the right to employ other consultants in connection with the Services.

16. Termination of Agreement. This Agreement shall terminate upon completion of the Services, as set forth in **Exhibit A**, or upon a 30 day written notice sent to Consultant by the City, whichever occurs first.

Upon receipt of a termination notice (or completion of this Agreement), Consultant shall: (i) promptly discontinue all Services affected (unless the notice directs otherwise); and (ii) deliver or otherwise make available to the City, without additional compensation, all data, documents, procedures, reports, estimates, summaries, and such other information and materials as may have been accumulated by the Consultant in performing this Agreement, whether completed or in process. Following the termination of this Agreement for any reason whatsoever, City shall have the right to utilize such information and other documents, or any other works of authorship fixed in any tangible medium of expression, including but not limited to written proposals, data magnetically or otherwise recorded on computer disks, or other writings prepared or caused to be prepared under this Agreement by Consultant. Consultant may not refuse to provide such writings or materials for any reason whatsoever.

17. Insurance. Consultant shall satisfy the insurance requirements set forth in **Exhibit B**.

18. Indemnity and Defense. Consultant hereby agrees to indemnify, defend and hold the City, City Council members, employees, volunteers, agents and city officials harmless from and against all claims, demands, causes of action, actions, damages, losses, expenses, and other liabilities (including without limitation reasonable attorney fees and costs of litigation) of every nature arising out of or in connection with actual acts, errors, omissions or negligence of Consultant or its

subcontractors, employees, volunteers or agents relating to the performance of Services described herein.

19. Assignment. Neither this Agreement nor any duties or obligations hereunder shall be assignable by Consultant without the prior written consent of City. In the event of an assignment to which City has consented, the assignee shall agree in writing to personally assume and perform the covenants, obligations, and agreements herein contained. In addition, Consultant shall not assign the payment of any monies due Consultant from City under the terms of this Agreement to any other individual, corporation or entity. City retains the right to pay any and all monies due Consultant directly to Consultant.

20. Form and Service of Notices. Any and all notices or other communications required or permitted by this Agreement or by law to be delivered to, served upon, or given to either party to this Agreement by the other party shall be in writing and shall be deemed properly delivered, served or given by one of the following methods:

a. Personally delivered to the party to whom it is directed. Service shall be deemed the date of delivery.

b. Delivered by e-mail to a known address of the party to whom it is directed, provided the e-mail is accompanied by a written acknowledgment of receipt by the other party. Service shall be deemed the date of written acknowledgement.

c. Delivery by a reliable overnight delivery service, ex., Federal Express, receipted, addressed to the addressees set forth below the signatories to this Agreement. Service shall be deemed the date of delivery.

d. Delivery by deposit in the United States mail, first class postage prepaid. Service shall be deemed delivered seventy-two (72) hours after deposit.

21. Entire Agreement. This Agreement, including the attachments, represents the entire Agreement between City and Consultant and supersedes all prior negotiations, representations or agreements, either written or oral, with respect to the subject matter herein. This Agreement may be amended only by written instrument signed by both City and Consultant.

22. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

23. Authority. The signatories to this Agreement warrant and represent that they have the legal right, power, and authority to execute this Agreement and bind their respective entities.

24. Severability. In the event any term or provision of this Agreement is declared to be invalid or illegal for any reason, this Agreement will remain in full force and effect and will be interpreted as though such invalid or illegal provision were not a part of this Agreement. The remaining provisions will be construed to preserve the intent and purpose of this Agreement and the parties will negotiate in good faith to modify any invalidated provisions to preserve each party's anticipated benefits.

25. Applicable Law and Interpretation and Venue. This Agreement shall be interpreted in accordance with the laws of the State of California. 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 either party. This Agreement is entered into by City and Consultant in the County of Kings, California. Thus, in the event of litigation, the Parties agree venue shall only lie with the appropriate state or federal court in Kings County.

26. Amendments and Waiver. This Agreement shall not be modified or amended in any way, and no provision shall be waived, except in writing signed by the parties hereto. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision. Failure of either party to enforce any provision of this Agreement shall not constitute a waiver of the right to compel enforcement of the remaining provisions of this Agreement.

27. Third Party Beneficiaries. Nothing in this Agreement shall be construed to confer any rights upon any party not a signatory to this Agreement.

28. Execution in Counterparts. This Agreement may be executed in counterparts such that the signatures may appear on separate signature pages. A copy or an original, with all signatures appended together, shall be deemed a fully executed Agreement.

29. Alternative Dispute Resolution. If a dispute arises out of or relating to this Agreement, or the alleged breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by non-binding mediation before resorting to litigation or some other dispute resolution procedure, unless the parties mutually agree otherwise. The mediator shall be mutually selected by the parties, but in case of disagreement, the mediator shall be selected by lot from among two nominations provided by each party. All costs and fees required by the mediator shall be split equally by the parties; otherwise, each party shall bear its own costs of mediation. If mediation fails to resolve the dispute within thirty (30) days, either party may pursue litigation to resolve the dispute.

Demand for mediation shall be in writing and delivered to the other party to this Agreement. A demand for mediation shall be made within reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for mediation be made after the date when institution of legal or equitable proceedings based on such a claim, dispute or other matter in question would be barred by California statutes of limitations.

30. Non-Discrimination. Consultant shall not discriminate on the basis of any protected class under federal or State law in the provision of the Services or with respect to any Consultant employees or applicants for employment. Consultant shall ensure that any subcontractors are bound to this provision. A protected class includes, but is not necessarily limited to, race, color, national origin, ancestry, religion, age, sex, sexual orientation, marital status, and disability.

NOW, THEREFORE, the City and Consultant have executed this Agreement on the date(s) set forth below.

CONSULTANT

CITY OF LEMOORE

By: _____

By: _____
Nathan Olson, City Manager

Date: _____

Date: _____

Party Identification and Contact Information:

Price Paige & Company
Fausto Hinojosa, CPA CFE
677 Scott Avenue
Clovis, CA 93612

City of Lemoore
Attn: Nathan Olson, City Manager
711 W. Cinnamon Drive
Lemoore, CA 93245
nolson@lemoore.com
(559) 924-6744

EXHIBIT A
CONSULTANT PROPOSAL

See attached.

EXHIBIT B

INSURANCE REQUIREMENTS

Prior to commencement of the Services, Consultant shall take out and maintain, at its own expense, and shall cause any subcontractor with whom Consultant contracts for the performance of Services pursuant to this Agreement to take out and maintain, the following insurance until completion of the Services or termination of this Agreement, whichever is earlier, except as otherwise required by subsection (d) below. All insurance shall be placed with insurance companies that are licensed and admitted to conduct business in the State of California and are rated at a minimum with an "A" by A.M. Best Company.

a. Minimum Limits of Insurance. Consultant shall maintain limits no less than:

(i) Professional Liability Insurance in an amount not less than \$1,000,000.00 per occurrence. Said insurance shall be maintained at all times during Consultant's performance of Services under this Agreement, and for a period of five years following completion of Consultant's Services under this Agreement or termination of this Agreement.

(ii) General Liability Insurance (including operations, products and completed operations coverages) in an amount not less than \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(iii) Worker's Compensation Insurance as required by the State of California.

(iv) Business Automobile Liability Insurance in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

If Consultant maintains higher limits than the minimums shown above, the City shall be entitled to coverage at the higher limits maintained.

b. Other Insurance Provisions. The general liability policy is to contain, or be endorsed to contain, the following provisions:

(i) The City, City Council members, employees, volunteers, agents and city officials are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant; and with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided with two endorsement forms: 1) in the form of an additional insured endorsement to the Consultant's insurance, or as a separate owner's policy (CG 20 10 11 85 or its equivalent language) and 2) a CG 20 37 10 01 endorsement form or its equivalent language. A later edition of the CG 20 10 form along with the CG 20 37 coverage form will give some protection to the entity for specific locations.

(ii) For any claims related to the Services performed pursuant to this Agreement, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

(iii) Each insurance policy required by this section shall be endorsed to state that the City shall receive written notice at least thirty (30) days prior to the cancellation, non-renewal, or material modification of the coverages required herein.

(iv) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

c. Evidence of Coverage. Consultant shall deliver to City written evidence of the above insurance coverages, including the required endorsements prior to commencing Services under this Agreement; and the production of such written evidence shall be an express condition precedent, notwithstanding anything to the contrary in this Agreement, to Consultant's right to be paid any compensation under this Agreement. City's failure, at any time, to object to Consultant's failure to provide the specified insurance or written evidence thereof (either as to the type or amount of such insurance), shall not be deemed a waiver of City's right to insist upon such insurance later.

d. Maintenance of Insurance. If Consultant fails to furnish and maintain the insurance required by this section, City may (but is not required to) purchase such insurance on behalf of Consultant, and the Consultant shall pay the cost thereof to City upon demand, and City shall furnish Consultant with any information needed to obtain such insurance. Moreover, at its discretion, City may pay for such insurance with funds otherwise due Consultant under this Agreement.

Consultant shall maintain all of the foregoing insurance coverages during the term of this Agreement, except as to (a) the products and completed operations coverage under the General Liability Insurance which shall also be maintained for a period of ten (10) years following completion of the Services by Consultant or termination of this Agreement, whichever is earlier; and (b) Professional Liability Insurance, which shall be maintained for a period of five (5) years following completion of the Services by Consultant or termination of this Agreement, whichever is earlier.

e. Indemnity and Defense. Except as otherwise expressly provided, the insurance requirements in this section shall not in any way limit, in either scope or amount, the indemnity and defense obligations separately owed by Consultant to City under this Agreement.



May 23, 2019

Mr. Nathan Olson
City Manager
City of Lemoore
711 W. Cinnamon Drive
Lemoore, California 93245

Dear Mr. Olson:

This letter confirms the engagement of Price Paige & Company by the City of Lemoore (the "City") as of and for the year ending June 30, 2019.

The professional consulting services we currently expect to provide include the following:

- 1) We will assist the City in the year-end close of its financial records for the year ending June 30, 2019 by performing reconciliations of certain balance sheet and income statement balances, as listed on the attached schedule.
- 2) We will prepare the City's financial statements for the year ending June 30, 2019.
- 3) We will serve as a liaison with the City's external auditors for any inquires directly related to certain balance sheet and income statement balances, as listed on the attached schedule for the year ending June 30, 2019.
- 4) We will prepare the annual reports of financial transactions for the City of Lemoore for the year ending June 30, 2019.
- 5) We will provide the City with additional consultation, including training of accounting personnel, as agreed-upon with City management. The scope, timing and extent of the additional consultation will be discussed prior to the commencement of any work.

All workpapers or other documents used by us during this engagement will be maintained in segregated files, and such originals and all copies will be returned to you upon the completion of our engagement.

Electronic Data Communication and Storage and Use of Third Party Service Provider

In the interest of facilitating our services to the City, we may communicate by facsimile transmission, send data over the Internet, store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to the City may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as providers of tax return preparation and document management software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with

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tel 559.299.9540
fax 559.299.2344

our obligations under applicable laws and professional standards. We also require all of our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors, and consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

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

Engagement Administration, Fees and Other

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

It is our policy to keep records related to this engagement for a minimum of seven years after the report release date.

Our fee for the accounting consultation to assist the City in providing the above services will be \$90,000 for the year ending June 30, 2019, which is based on expected hours required to perform the service at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your consulting engagement. Our billing rates are reviewed annually and, where appropriate, adjusted for any increases due to inflation and other factors. We will issue a monthly billing statement for the work completed in that month. Payments for services are due when rendered and interim billings may be submitted as work progresses and expenses are incurred. Our fee estimate is based on anticipated cooperation from your personnel and assumption that unexpected circumstances will not be encountered during the services listed in Exhibit A. If significant time is necessary, we will discuss it with you before we incur additional costs. The fees for these services will be billed at the hourly billing rate for the individual involved, plus out-of-pocket expenses.

All work will be suspended if your account becomes 90 days past due. No work will be resumed until your account is fully paid. You acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services. Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

If information becomes known that would make our continued involvement in this engagement inappropriate, or parties involved change, we reserve the right to withdraw from this engagement. In addition, we will refuse to perform any requested act that we deem a violation of law, public policy, or our professional ethical standards, and may, as a result, withdraw from the engagement without penalty.

In no event will our firm be liable for incidental or consequential damages resulting from our performance on this engagement, even if we have been advised of the possibility of such damages.

If these terms are in accordance with your understanding and meet with your approval, please return a signed copy via email or regular mail at your earliest convenience. This agreement will become effective when you return the signed copy to us.

If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to describe these revisions in an addendum to this letter.

Sincerely,



Fausto Hinojosa, CPA CFE
Price Paige & Company

RESPONSE:

This letter correctly sets forth the understanding of the City of Lemoore, California.

Management Signature

Title

Date

Exhibit A

We will assist the City in the year-end close of its financial records for the year ending June 30, 2019 by performing reconciliations of balance sheet and income statement balances for the following audit areas:

- 1) Cash and Investments
- 2) Governmental Receivables
- 3) Loans Receivables
- 4) Capital Assets
- 5) Accounts Payable
- 6) Long-term Liabilities
- 7) Net Pension Liability and related Deferred Inflows and Outflows of Resources
- 8) Fund Balance and Net Position
- 9) Grant Reconciliation and Schedule of Expenditure of Federal Awards
- 10) Restricted Revenues from Donations (Formerly Considered Deposits)
- 11) Transfers In/Out
- 12) Overhead Allocations