

CITY of LAGUNA WOODS AUDIT COMMITTEE AGENDA

Regular Meeting
Wednesday, June 10, 2026
2:00 p.m.

Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, CA 92637

Carol Moore
Chair

Annie McCary
Vice Chair



Pearl Lee
Member

Welcome to a meeting of the Laguna Woods Audit Committee!

AMERICANS WITH DISABILITIES ACT (“ADA”) NOTICE

The City intends to comply with the ADA.

The public portions of this meeting will be held in the Council Chambers at Laguna Woods City Hall. The Council Chambers is equipped with a hearing loop that can be used by individuals with t-coil or telecoil-enabled hearing aids or cochlear implants. No request for disability-related modification or accommodation is required to use the hearing loop.

Individuals who require disability-related modifications or accommodations to participate in this meeting – including, but not limited to, auxiliary aids or services – may request such modifications or accommodations by emailing cityhall@lagunawoods.gov or calling the City Clerk’s Office at (949) 639-0500. Requests can also be made with the assistance of the California Relay Service by calling (800) 735-2929/TTY (800) 735-2922. The City requests at least two business days’ notice to effectively facilitate the provision of reasonable modifications or accommodations.

REGULAR MEETING SCHEDULE

The Laguna Woods Audit Committee meets regularly on the second Wednesdays of February, June, and November at 2 p.m.

AGENDA POSTING AND AVAILABILITY

Regular and Adjourned Regular Meetings: Pursuant to California Government Code Section 54954.2, the City of Laguna Woods posts agendas at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637; on the City of Laguna Woods’ website (www.lagunawoods.gov); and, at other locations designated by Resolution No. 24-08, at least 72 hours in advance of regular and adjourned regular meetings. Agendas and agenda materials are available at Laguna Woods City Hall during normal business hours and on the City of Laguna Woods’ website. Printed copies of agendas and agenda materials are provided at no charge in advance of meetings. After meetings have occurred, a per page fee is charged for printed copies except when prohibited by law.

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FOR ADDITIONAL INFORMATION

For additional information regarding this agenda, please contact the City Clerk’s Office at (949) 639-0500, cityhall@lagunawoods.gov, or 24264 El Toro Road, Laguna Woods, CA 92637.

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, Yolie Trippy, City Clerk, City of Laguna Woods, hereby certify under penalty of perjury that this agenda was posted at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637; on the City’s website (www.lagunawoods.gov); and, at other locations designated by Resolution No. 24-08, pursuant to California Government Code Section 54954.2.

/s/ Yolie Trippy _____
YOLIE TRIPPY, CMC, City Clerk

6/5/26 _____
Date

I. CALL TO ORDER

Introductory Notes: Members of the public may provide public comments during this meeting in person or in writing.

Each speaker will have the opportunity to speak for up to three minutes once per agenda item, unless otherwise stipulated by the Committee. Speakers may not yield their time, or any portion thereof, to any other speaker.

Speakers are requested, but not required, to identify themselves.

To ensure each speaker is provided with an uninterrupted opportunity to speak for the full time allotted, the Committee and City staff are asked to reserve any responses they wish to make to public comments until after each speaker has completed their comments.

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENTS ON NON-AGENDA ITEMS

About Public Comments on Non-Agenda Items: This is the time and place for members of the public to address the Committee on items *not* appearing on this agenda. As a reminder, each speaker will have the opportunity to speak once for up to three minutes, unless otherwise stipulated by the Committee.

Please note that, pursuant to state law, the Committee is unable to take action on or discuss items not appearing on this agenda, but may briefly respond to statements made or questions posed by speakers. The Committee may also refer items to City staff for follow up or response, request that City staff report back to the Committee at a subsequent meeting concerning items, or direct City staff to place items on a future agenda.

V. AUDIT COMMITTEE BUSINESS

5.1 Annual Financial Audit for Fiscal Year 2025-26

Recommendation:

1. Receive and file a report from the City's independent auditor (CliftonLarsonAllen LLP) on the status of the annual financial audit for

Fiscal Year 2025-26;

2. Approve the following documents prepared by the City's independent auditor related to the annual financial audit for Fiscal Year 2025-26 and authorize the Chair to execute the documents on behalf of the Audit Committee:
 - a. Statement of Work - Audit Services
 - b. Statement of Work - Agreed-upon Procedures; and
 - c. Statement of Work - Assertion Based Examination Services; and
3. Provide input to staff and the City's independent auditor on the annual financial audit for Fiscal Year 2025-26.

5.2 Committee Meeting Schedule

Recommendation:

1. Cancel the regular meeting of the Audit Committee scheduled for November 11, 2026 at 2 p.m. due to a conflict with Veterans Day; and
2. Schedule an adjourned regular meeting of the Audit Committee.

VI. ADJOURNMENT

Next Regular Meeting: Wednesday, November 11, 2026 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, CA 92637



June 1, 2026

Statement of Work - Audit Services

This agreement constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated March 21, 2024, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and City of Laguna Woods ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the year ended June 30, 2026.

Robert J. Callanan is responsible for the services provided to you. They will be assisted by Kassie Radermacher, CPA, Principal, who is responsible for the performance of the audit engagement.

Scope of audit services

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of City of Laguna Woods, and the related notes to the financial statements as of and for the year ended June 30, 2026.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements.

The following RSI will be subjected to certain limited procedures, but will not be audited.

- Management's discussion and analysis.
- Budgetary comparison schedules.
- GASB-required supplementary pension, OPEB, and/or infrastructure information under modified reporting.

We will also evaluate and report on the presentation of the supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of your financial statements and the related notes.
- Preparation of the required supplementary information (RSI).

- Preparation of the supplementary information.

Audit objectives

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Our audit will be conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Our audit will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinions.

We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will issue a written report upon completion of our audit of your financial statements.

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from the engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue a report, or withdrawing from the engagement.

We will also provide a report (which does not include an opinion) on internal control over financial reporting and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely

to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the entity is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

It is our understanding that our auditors' report will be included in your annual report which is comprised of other information, including the introductory and statistical sections, and that your annual report will be issued at the same time as the financial statements. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*.

Those standards require that we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. As part of our audit, we will:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and evaluate whether audit evidence obtained is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the entity and its environment, including the system of internal control, relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements,

including the amounts and disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on our evaluation of audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Although our audit planning has not been concluded and modifications may be made, we have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not require auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the

objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and on compliance relevant information about any identified or suspected instances of fraud and any identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements that may have occurred that are required to be communicated under *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements and RSI in accordance with U.S. GAAP.

Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for 12 months beyond the financial statement date.

You are responsible for the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities and safeguarding assets to help ensure that appropriate goals and objectives are met. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered. You are responsible for

taking timely and appropriate steps to remedy any fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we may report.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including amounts and disclosures, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, and for the accuracy and completeness of that information (including information from within and outside of the general and subsidiary ledgers); (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for the preparation of the supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for the preparation of other information included in your annual report. You agree to provide the final version of such information to us in a timely manner, and if possible, prior to the date of our auditors' report. If the other information included in your annual report will not be available until after the date of our auditors' report on the financial statements, you agree to provide written representations indicating that (1) the information is consistent with the financial statements, (2) the other information does not contain material misstatements, and (3) the final version of the documents will be provided to us when available, and prior to issuance of the annual report by the entity, so that we can complete the procedures required by professional standards. Management agrees to correct material inconsistencies that we may identify. You agree to include our auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

Use of financial statements

Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or decide to withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our workpapers for those periods, we are under no obligation to permit such access.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

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

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing confidential or sensitive information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of CLA and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory bodies pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of CLA's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to those regulators. The regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulator. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our audit engagement ends on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific SOW for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly

available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Fees

Our professional fee is \$36,430.00 which includes a technology and client support fee of five percent (5%) of all professional fees billed. This estimate is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. Our invoices, including applicable state and local taxes, will be rendered as work progresses and are payable on presentation.

Audit of financial statements	\$33,750.00
Financial statement footnotes preparation	\$2,680.00

Unexpected circumstances

We will advise you if unexpected circumstances require significant additional procedures resulting in a substantial increase in the fee estimate.

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the SOW increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Agreement

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below to indicate your acknowledgement and understanding of, and agreement with, this SOW.

Sincerely,

CliftonLarsonAllen LLP

Response:

This letter correctly sets forth the understanding of City of Laguna Woods.

CLA

CliftonLarsonAllen LLP

Robert J. Callanan

Robert J. Callanan, CPA, Principal

SIGNED 6/4/2026, 12:18:10 PM PDT

CLA

SIGN:

Kassie Radermacher, CPA, CFE, Principal

DATE:

Client

City of Laguna Woods

SIGN:

Liz Torres, Administrative Services Director/City Treasurer

DATE:

City of Laguna Woods

SIGN:

Christopher Macon, City Manager

DATE:

City of Laguna Woods

SIGN:

Carol Moore, Councilmember/Audit Committee Chair

DATE:



June 1, 2026

Statement of Work - Agreed-upon Procedures

This agreement constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated March 21, 2024, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and City of Laguna Woods and City of Laguna Woods ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the year ended June 30, 2026.

Robert J. Callanan is responsible for the services provided to you. They will be assisted by Kassie Radermacher, who is responsible for the performance of the agreed-upon procedures engagement.

Scope, objective, and responsibilities

We will apply the agreed-upon procedures which the City of Laguna Woods and the League of California Cities (as presented in the League Publication entitled "Article XIII-B Appropriation Limit Uniform Guidelines") has specified and agreed to, listed in the attached schedule, to Appropriation Limit Worksheet No. 6 of the City of Laguna Woods as of or for the year ended June 30, 2026. The City of Laguna Woods is responsible for Appropriation Limit Worksheet No. 6.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require us to be independent of the entity or responsible party, as applicable, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our engagement. The City of Laguna Woods agrees to and acknowledges the procedures performed or to be performed are appropriate for the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The intended users of the agreed-upon procedures report are City Council and management of the City of Laguna Woods. Intended users in addition to the City Council and management of the City of Laguna Woods may be requested to agree to the procedures and acknowledge that the procedures performed are appropriate for the intended purpose. Consequently, we make no representation regarding the appropriateness of the procedures enumerated in the attached schedule either for the purpose for which this report has been requested or for any other purpose. The intended users assume the risk that such procedures might be inappropriate for the intended purpose and the risk that they might misunderstand or otherwise inappropriately use findings properly reported by CLA.

Our responsibility is to perform the specified procedures and report the findings in accordance with the attestation standards. For purposes of reporting findings, you specified a threshold of \$0.00 for reporting

exceptions. Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, audit, or review, we will not express an opinion or conclusion on the Appropriation Limit Worksheet No. 6 or the City of Laguna Woods's financial statements or any elements, accounts, or items thereof. Also, we will not express an opinion or conclusion on the effectiveness of City of Laguna Woods's internal control over financial reporting or any part thereof. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

At the conclusion of the engagement, you agree to provide a written representation letter that includes your agreement and acknowledgement that the procedures performed are appropriate for the intended purpose of the engagement and, if applicable, that you have obtained from necessary other parties their agreement to the procedures and acknowledgement that the procedures performed are appropriate for their purposes.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. This report is intended solely for the information and use of City Council and management of the City of Laguna Woods, and should not be used by anyone other than the specified parties. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report and withdraw from this engagement. Our report will include a statement indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the Appropriation Limit Worksheet No. 6 that come to our attention, unless they are clearly inconsequential. In addition, if, in connection with this engagement, matters come to our attention that contradict the Appropriation Limit Worksheet No. 6, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

Management is responsible for providing us with (1) access to all information of which you are aware that is relevant to the Appropriation Limit Worksheet No. 6 and the agreed-upon procedures, such as records, documentation, and other matters, and for the accuracy and completeness of that information; (2) additional information that we may request for the purpose of performing the agreed-upon procedures; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing the procedures. You agree to inform us of events occurring or facts discovered subsequent to the date of the Appropriation Limit Worksheet No. 6 that may affect the Appropriation Limit Worksheet No. 6.

Engagement administration and other matters

A list of information we expect to need for the engagement and the dates required will be provided in a separate communication.

CLA will not disclose any of your confidential, proprietary, or privileged information to any persons without the authorization of your management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company

shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement ends on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific SOW for that service.

Fees

Our professional fee is \$450.00. This fee includes a technology and client support fee of five percent (5%) of all professional fees billed. This estimate is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. Our invoices, including applicable state and local taxes, will be rendered as work progresses and are payable on presentation.

Bill to be mailed on	Amount to be billed
At conclusion of services	450

Agreement

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below to indicate your acknowledgement and understanding of, and agreement with, this SOW.

Sincerely,

CliftonLarsonAllen LLP

CLA

CliftonLarsonAllen LLP

Robert J. Callanan

Robert J. Callanan, Principal

SIGNED 6/4/2026, 10:28:26 AM PDT

CLA

SIGN:

Kassie Radermacher, CPA, CFE, Principal

DATE:

Client

City of Laguna Woods

SIGN:

Liz Torres, Administrative Services Director/City Treasurer

DATE:

City of Laguna Woods

SIGN:

Christopher Macon, City Manager

DATE:

City of Laguna Woods

SIGN:

Carol Moore, Councilmember/Audit Committee Chair

DATE:

Schedule of Procedures to be Performed

1.We will obtain the completed Worksheet No. 6 for the year ended June 30, 2026, and compare the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the City Council. We will also compare the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the City Council.

2.For the Appropriations Limit Worksheet No. 6, we will add last year's limit to the total adjustments, and

compare the resulting amount to this year's limit. We will also recalculate the adjustment factor and the adjustment for inflation and population, and compare the results to the amounts on Worksheet No. 6.

3. We will compare the prior year appropriations limit presented in the Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

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June 1, 2026

Statement of Work - Assertion Based Examination Services

This agreement constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated March 21, 2024, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and City of Laguna Woods ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the year ended June 30, 2026.

Robert J. Callanan is responsible for the services provided to you. They will be assisted by Kassie Radermacher, who is responsible for the performance of the examination engagement.

Examination services

We will examine your compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the period July 1, 2025 to June 30, 2026.

Examination objectives

The objectives of our examination are (1) to obtain reasonable assurance about whether the entity complied with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"), in all material respects; and (2) to express an opinion in a written report about whether the entity complied with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving

Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"), in all material respects.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your records and other procedures we consider necessary to enable us to express such an opinion.

Those standards require us to be independent of the entity or responsible party, as applicable, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our engagement.

We will issue a written report upon completion of the examination. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate evidence, or the existence of a significant risk of material misstatement or deviation from the criteria, which in our professional judgment prevent us from completing the examination or forming an opinion, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Our responsibilities, procedures, and limitations

We will conduct our examination in accordance with attestation standards established by the AICPA and the standards for attestation engagements contained in *Government Auditing Standards*.

Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the entity complied with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"), in all material respects, including designing the examination to detect both intentional and unintentional material noncompliance. An examination involves performing procedures to obtain evidence we consider necessary to enable us to express our opinion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. There is an unavoidable risk, because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, that some material noncompliance may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards and *Government Auditing Standards*. Because the determination of waste and abuse

is subjective, *Government Auditing Standards* do not require auditors to perform specific procedures to detect waste or abuse in attestation engagements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

In making our risk assessments, we consider internal control relevant to the entity's internal control over compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") in order to identify types of potential noncompliance, to consider factors that affect the risk of material noncompliance, and to design examination procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control relevant to the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"). An examination is not designed to provide assurance on internal control over compliance or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") that we identify during the examination that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or noncompliance with laws, regulations, contracts, and grant agreements, that may exist and have a material effect on compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"). However, we will inform you of any material errors, uncorrected misstatements, identified

or suspected fraud or noncompliance with laws, regulations, contracts, and grant agreements identified during the engagement.

Management responsibilities

You are responsible for the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"). You are responsible for, and agree to provide us with, a written assertion about the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"). You are responsible for the design, implementation, and maintenance of effective internal control over compliance, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") should be considered. You are responsible for taking timely and appropriate steps to remedy any fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements we may report.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the measurement, evaluation, or disclosure of the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"), such as records, documentation, and other

matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported ; (2) additional information that we may request for the purpose of the examination; and (3) unrestricted access to persons from whom we determine it necessary to obtain evidence.

You agree to inform us of events occurring or facts discovered subsequent to the period covered by our report affecting the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement").

You are responsible for the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"); and for selecting the suitable criteria and determining that such criteria are appropriate for the purpose of the engagement. You are responsible for determining that the criteria will be available to the intended users. We may advise you about appropriate criteria, but the responsibility for compliance with the specified requirements remains with you.

For all nonattest services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will include management's assertion about and confirm management's responsibility for the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"), acknowledge management's responsibility for establishing and maintaining effective internal control over compliance, state that management has performed an evaluation of the entity's compliance with the specified requirements, and state

management's interpretation of any compliance requirements that have varying interpretations. Management acknowledges that it agrees to provide us with a written representation letter at the conclusion of the engagement which provides confirmation of representations made by you and your staff to us in connection with the examination engagement. During our engagement, we will request information and explanations from you regarding the entity's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"). The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud, error, or noncompliance to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any noncompliance that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies that could have a material effect on compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") or your assertion related to compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the "specified requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Section of the 2024 U.S. Office of Management and Budget (OMB) Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement"). This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Engagement administration and other matters

A list of information we expect to need for the engagement and the dates required will be provided in a separate communication.

We will provide copies of our report(s) to the entity; however, management is responsible for distribution of the report(s). Unless restricted by law or regulation, or containing confidential or sensitive information, copies of our reports are to be made available for public inspection.

The attest documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, attest documentation and appropriate individuals will be made available upon request and in a timely manner to California State Controller's Office, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the examination, to resolve findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such attest documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected attest documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The attest documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California State Controller's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an attest finding, we will contact the party(ies) contesting the attest finding for guidance prior to destroying the attest documentation.

Our engagement ends on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific SOW for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Fees

Our professional fee is \$5,620.00, which includes a technology and client support fee of five percent (5%). This estimate is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. Our invoices, including applicable state and local taxes, will be rendered as work progresses and are payable on presentation.

Agreement

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below to indicate your acknowledgement and understanding of, and agreement with, this SOW.

Sincerely,

CliftonLarsonAllen LLP

CLA

CliftonLarsonAllen LLP

Robert J. Callanan

Robert J. Callanan, Principal

SIGNED 6/4/2026, 11:14:55 AM PDT

CLA

SIGN:

Kassie Radermacher, CPA, CFE, Principal

DATE:

Client

City of Laguna Woods

SIGN:

Liz Torres, Administrative Services Director/City Treasurer

DATE:

City of Laguna Woods

SIGN:

Christopher Macon, City Manager

DATE:

City of Laguna Woods

SIGN:

Carol Moore, Councilmember/Audit Committee Chair

DATE: