

AGENDA
ITEM

11



CITY COUNCIL
AGENDA STAFF REPORT

DATE: September 3, 2025

TO: Mayor and City Council

APPROVED BY: Benjamin A. Martinez, City Manager *Bm*

PREPARED BY: Karla Chaparro, Finance Director *KC*

SUBJECT: Approve a contract with The Pun Group Accountants & Advisors to provide Financial Audit Services for the City of Calexico for Fiscal Year 2025, with options to extend through Fiscal Years 2026 and 2027

Recommendation:

Recommend that the City Council approve a contract with The Pun Group Accountants & Advisors to provide Financial Audit Services for the City of Calexico for Fiscal Year 2025, with options to extend through Fiscal Years 2026 and 2027.

Background:

The Pun Group has been the City of Calexico's independent auditor for several years, providing annual financial audits and specialized assistance beyond the standard audit scope. The firm has also worked closely with City staff to ensure accuracy, compliance, and transparency in financial reporting. Over this time, The Pun Group has developed a detailed understanding of the City's financial structure, internal controls, and operational challenges, allowing them to deliver services with efficiency and precision.

In May 2022, the City Council approved a contract with The Pun Group to conduct the fiscal year 2022 audit. The agreement included options to extend the engagement for two additional years, fiscal years 2023 and 2024, to ensure continuity and stability in the City's financial oversight.

Discussion & Analysis:

The Pun Group's familiarity with the City's operations reduces the learning curve associated with new audit engagements and supports accurate, timely, and compliant financial reporting. Their track record demonstrates technical expertise, professionalism, and a collaborative approach to problem-solving. The firm has successfully navigated complex municipal accounting standards, met strict reporting deadlines, and provided valuable recommendations to strengthen the City's financial practices.

Given their proven history, quality of service, and strong working relationship with the City, continuing with The Pun Group will provide stability in the audit process, preserve institutional knowledge, and support the City's commitment to accurate, timely, and transparent financial reporting.

Fiscal Impact:

The cost of the proposed contract will be funded through the City's General Fund under the Finance Department's Audit Fees budget. Funding for the Fiscal Year 2025 financial audit has been appropriated in the adopted budget, and future year costs will be included in subsequent budget cycles.

1. \$85,124 for FY 2024-25
2. \$88,529 for FY 2025-26 (Optional Year)
3. \$92,070 for FY 2026-27 (Optional Year)

Coordinated with:

None.

Attachment:

- 1) The Pun Group Audit Services Contract for Fiscal Year Ending June 30, 2025, with Options to Extend for Two Additional Fiscal Years.

ATTACHMENT 1



August 18, 2025

4660 La Jolla Village Drive, Suite 100
San Diego, California 92122



City of Calexico
Ms. Karla Chaparro
420 Heber Ave
Calexico, CA 92231

www.pungroup.cpa



RE: Audit Services Contract Extension – Fiscal Year Ending June 30, 2025, with the option to extend for two (2) additional fiscal years

Dear Ms. Chaparro:

I would like to take this opportunity to thank you for the confidence and support the City of Calexico (the “City”) has provided to us over the past years and present this letter for your consideration regarding extending The Pun Group, LLP’s contract with the City.

We have developed an understanding of the City’s operations that has aided us in providing quality Audit Services. With that knowledge, we have been able to expand our audit efforts and provide observations that have assisted the City’s staff. We have also demonstrated our ability to respond to requests of the City and our ability to deliver quality services. It is our understanding the City of Calexico has been satisfied with our efforts.

We would like to propose an extension of our Audit Services contract to include the Fiscal Year Ending June 30, 2025, with the option to extend for two (2) additional fiscal years. The objective of our audits is to issue an opinion regarding the fairness of the presentation of the City’s financial statements in accordance with generally accepted accounting principles. The proposed total all-inclusive maximum price ⁽¹⁾ ⁽²⁾ is presented as follows:

Fiscal Year	All-Inclusive Maximum Price ⁽¹⁾ ⁽²⁾
FY 2025	\$ 85,124
FY 2026 (Optional Year)	\$ 88,529
FY 2027 (Optional Year)	\$ 92,070

(1) The above quote includes Single Audit services based on up to one (1) major program. The fees to audit additional major programs will be \$5,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City Management before starting Single Audit work.

(2) Supplemental reports, audits, or agreed-upon procedures must be added in a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks.

If the City agrees with the foregoing, please sign the copy of this letter in the space provided and return it to us.



We would very much like to continue our relationship with the City of Calexico and stand ready to provide the level of service and commitment to which the City has become accustomed. If you have any questions, please feel free to call me at (858) 242-5102.

Sincerely,
The Pun Group, LLP



Andrew M. Roth, CPA | Engagement Partner

This letter correctly sets forth the understanding of the City of Calexico as described.

Acknowledged by:

City of Calexico

Signature

Name and Title

Date