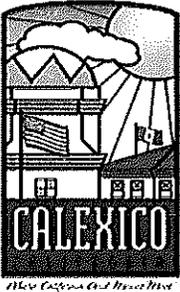


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ITEM

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AGENDA STAFF REPORT

DATE: November 6, 2019

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *DD*

PREPARED BY: Karla E. Lobatos, Finance Director *Ke*

SUBJECT: Approve an Extension of The Pun Group Accountants & Advisors Contract to Provide Annual Financial Audit Services for the City of Calexico for Fiscal Years Ended June 30, 2019, 2020, and 2021

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Recommendation:

Recommend that the City Council approve an extension of The Pun Group Accountants & Advisors contract to provide annual Financial Audit Services for the City of Calexico for Fiscal Year ended June 30, 2019, 2020, and 2021. Recommend that the City Council authorize the City Manager to execute any and all documents necessary to complete the transaction.

Background:

The Pun Group Accountants & Advisors, (formerly Pun & McGeady, LLP), has been working for the City of Calexico for a several years, providing financial audits and assistance in accordance with terms of the agreement. During the past years, the Firm's staff has worked closely with City staff and the City's contract representative.

The professional quality of this Firm's work is commendable and the continuity, familiarity and track record with the City of Calexico is excellent, all good reason to continue with this Firm.

Discussion & Analysis:

It would be ideal for the City of Calexico to continue with The Pun Group Accountants & Advisors, as they are familiar with the financial struggles that the City of Calexico has faced, and the Firm has diligently provided guidance through their audits and recommendations.

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Fiscal Impact:

Service fees as follows:

1. \$75,000 per FY 2019, 2020 and 2021 (+\$4,000 each year for Single Audit), total of \$237,000.

Coordinated with:

N/A

Attachment:

1. The Pun Group Accountants & Advisors Proposal Contract.



October 16, 2019

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

Dear Karla,

I would like to take this opportunity to thank you for the confidence and support the City have provided to us over the past years. I would like to take this opportunity to present this letter for your consideration regarding extending The Pun Group, LLP audit 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 City staff. We have also demonstrated our ability to respond to requests of the City and our ability to deliver quality services. The City has been satisfied with our efforts.

I would like to propose an extension of our audit contract to include the fiscal years ending June 30, 2019 – 2021. The objective of our audits is to issue an opinion regarding the fairness of presentation of the City's financial statements in accordance with generally accepted accounting principles.

Our fee for these services is as follows:

FY 2019 - \$75,000
FY 2020 - \$75,000
FY 2021 - \$75,000

*The Single Audit fees are based on (2) one major program. If the City of Calexico applies for additional funding subsequent to the preparation of this proposal, the fee to audit additional major programs will be \$4,000 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's Management before starting Single Audit work.

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

4365 Executive Drive, Suite 710, San Diego, California 92121
Tel: 858-242-5100 • Fax: 858-242-5150
www.pungroup.com

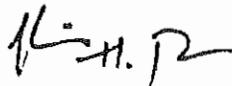
City of Calexico
Audit Contract Extension
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We would very much like to continue our relationship with the City of Calexico and stand ready to provide the level of service and commitment for which the City has become accustomed.

If you have any questions, please feel free to call me at (949) 777-8801.

Sincerely,

The Pun Group, LLP



Kenneth H. Pun, CPA, CGMA
Managing Partner

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

Acknowledged by:

City of Calexico

Signature

Name and Title

Date