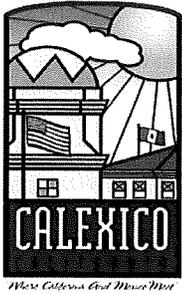


AGENDA  
ITEM

**12**



# AGENDA STAFF REPORT

**DATE:** July 18, 2018

**TO:** Mayor and City Council

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

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

**SUBJECT:** Approve an Extension of the Pun & McGeady, LLP Contract to Provide Annual Financial Audit Services for the City of Calexico for Fiscal Years Ended June 30, 2018, 2019, 2020, with Options for 2021 and 2022

=====

**Recommendation:**

Recommend that the City Council approve an extension of Pun & McGeady, LLP contract to provide annual Financial Audit Services for the City of Calexico for Fiscal Year ended June 30, 2018, 2019, 2020, with options for 2021 and 2022. Recommend that the City Council authorize the City Manager to execute any and all documents necessary to complete the transaction.

**Background:**

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 Pun & McGeady, LLP 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.

**AGENDA  
ITEM  
12**

**Fiscal Impact:**

Service fees as follows:

1. \$75,000 per FY 2018, 2019, 2020 (+\$4,000 each year for Single Audit), total of \$237,000.
2. \$75,000 per FY 2021 & 2022 (+\$4,000 each year for Single Audit), total of \$158,000.

**Coordinated with:**

N/A

**Attachment:**

1. Engagement Document of Pun & McGeady, LLP



June 1, 2018

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 a 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, 2018 – 2020 with the options to extend two additional years. 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 2018 - \$75,000  
FY 2019 - \$75,000  
FY 2020 - \$75,000  
FY 2021 - \$75,000  
FY 2022 - \$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.

City of Calexico  
Audit Contract Extension  
Page 2

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