

# Memorandum

**REPORT TO:** City Commission

**FROM:** Aaron Funk, Controller  
Melissa Hodnett, Finance Director

**SUBJECT:** Authorize the City Manager to Sign an Audit Engagement Letter for Fiscal Year 2025

**MEETING DATE:** April 7, 2026

**AGENDA ITEM TYPE:** Agreement - Vendor/Contract

**RECOMMENDATION:** Approve the authorization of the City Manager to sign an audit engagement letter for fiscal year 2025.

**STRATEGIC PLAN:** 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

**BACKGROUND:** MCA Section 2-7-503 requires that a financial report be prepared every year. This statute also requires a biannual audit of the financial report - including the accounts, financial records, and transactions of all administrative departments of the City - by independent certified public accountants selected by the City Commission. The City Commission and City Administration have historically believed that an annual audit provides a higher level of financial assurance and fiscal integrity than a biannual audit, and this intension is expressed in Section 5.09 of the City Charter. The Association of International Certified Public Account (AICPA) through AU-C 210 requires the terms of an audit engagement to be documented in an audit engagement letter.

The statement of work for fiscal year 2026 is with the audit firm Eide Bailly, LLP.

**UNRESOLVED ISSUES:** None.

**ALTERNATIVES:** None.

**FISCAL EFFECTS:** None, this agreement is budgeted for each fiscal year.

Attachments:

[City of Bozeman 2026 Audit Statement of Work.pdf](#)

Report compiled on: March 17, 2026