



**CITY COUNCIL STAFF REPORT**

**ITEM NO. 6.16**

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**DATE:** May 11, 2026

**TO:** Honorable Mayor and City Council

**FROM:** Tina Olson, Administrative Services Director

**SUBJECT:** Resolution authorizing the execution of a three-year agreement with Eide Bailly, LLP for auditing services in an amount not-to-exceed \$555,000 for fiscal years 2025-26 through 2027-28.

**RECOMMENDED ACTION**

Staff recommends that the City Council adopt a resolution authorizing the City Manager to execute a three-year agreement with Eide Bailly, LLP for auditing services in an amount not-to-exceed \$555,000 for fiscal years 2025-26 through 2027-28.

**DECISION TYPE**

Administrative

**SUMMARY**

All local government entities are required to have an independent audit of their annual financial statements.

The City has been in contract with Eide Bailly for the last five years to provide auditing services. City staff propose continuing with Eide Bailly through the next three years.

**DISCUSSION**

The City is required to undergo an audit of its year-end financial reports and the supporting accounting records by independent auditors. The independent auditors play an important and reassuring role in testing and evaluating the City's system of internal controls and overall financial management for signs of strengths and weaknesses and reporting the results. The auditors also perform compliance testing and assist in the preparation of reports required by the State and Federal governments.

The City's current two-year agreement has ended with the completion of the annual financial audit for the fiscal year ended June 30, 2025. Staff is working through its transition to a new financial system that went live in FY 2024-25. Staff has had a positive working relationship with Eide Bailly especially during

the transition from the City's old financial software system to the new financial software system during the FY 2024-25 audit. Staff would like to continue using Eide Bailly for the City's auditors for the next three years to increase knowledge of how the new financial system works in preparing the Annual Comprehensive Financial Report (ACFR). Staff will issue a Request for Proposal for audit services at the end of the three-year contract to select a new audit firm.

Staff recommends that City Council award a professional services agreement for auditing services to Eide Bailly. The proposed agreement would provide audit services for three fiscal years, FY 2025-26 through FY 2027-28.

### **FISCAL AND ADMINISTRATIVE IMPACTS**

The total amount of the three-year agreement is not to exceed \$555,000, with the base audit fee of \$502,217 and a contingency of \$52,783 for the federal awards audit and other reports if required.

This fee is shared amongst the General Fund, Measure BB funds, and certain other funds, which require compliance reporting. The amount for fiscal years 2025-26 and 2026-27 audit has already been incorporated into the approved budget, therefore no additional appropriation is required at this time.

### **COMMUNITY PILLAR**

5: A City That Works

### **GOAL**

17: Ensure effective use of public resources.

### **ATTACHMENTS**

1. [Resolution](#)
2. [Exhibit A - Eide Bailey Contract](#)

Prepared by: Erik Peterson  
Finance Manager

Approved by:



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Marianna A. Burch  
City Manager

Fiscal Review by:



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Tina Olson  
Administrative Services Director