



REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 10/20/2026
Agenda Section: Consent Agenda

Department Origination: Finance

Agenda Item: Approve the 2026-2028 Audit Engagement with BerganKDV and Authorize Staff to Execute the Respective Engagement Letters

Approval Required: Simple Majority Vote

BACKGROUND

Requests for audit proposals (RFP's) for the city's annual financial audits were solicited in 2023 with the RFP awarded to BerganKDV. The RFP was for an initial three-year period of the city's 2023-2025 fiscal years with the option to extend the agreement an additional three subsequent fiscal years based upon satisfactory performance and negotiation of terms. Finance is recommending extending the audit services an additional three years.

The services cover the financial statement audits, assistance with the related Annual Comprehensive Financial Report (ACFR), and potential single audits during the period, if required. Similar to prior engagements, Finance staff prepares and assembles audit schedules and other information throughout the year in the auditors' prescribed formats. Upon approval, the auditors will commence the initial background work shortly in advance of next April's anticipated scheduled fieldwork.

FINANCIAL IMPLICATIONS

Funding for the audit is included in the 2027 Budget. The three-year quote is summarized in the table below. The 2026 financial statement audit and related ACFR assistance quote is \$51,000, excluding the separate single audit component, or \$57,000 if a Federal single audit is necessary. The overall increase from 2025 is \$2,250 or about 4.1%, near the currently announced 3.7% consumer price index (inflation).

Year	Financial Statement Audit & ACFR	Single Audit (if applicable)
2026	\$ 51,000	\$ 6,000
2027	53,950	6,000
2028	57,000	6,000

STAFF RECOMMENDATIONS

Based upon satisfaction working with BerganKDV, Finance Director Vacinek recommends approving the three-year audit engagement extension with BerganKDV for the City's 2026-2028 audits and authorizing staff to execute the respective engagement letters. Assistant Finance Director Brooks and Finance Director Vacinek are confident BerganKDV will continue to execute the annual audit in a professional and timely manner.

COUNCIL ACTION REQUESTED

Motion to approve the 2026-2028 audit engagement with BerganKDV for the city's audit and authorize staff to execute the respective engagement letters