

Finance Committee

DEPARTMENT: Finance


FROM: Michael Franklin, Deputy Director of Finance

MEETING: May 27, 2026

SUBJECT:

Receive a report, hold a discussion, and provide recommendations to the city council on a professional services agreement with Pattillo, Brown & Hill, L.L.P for financial audit services, for an initial three-year term with two possible one-year extensions. *(Staff Contact: Michael Franklin, Deputy Director of Finance)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	1.2 Continue to improve the efficiency and productivity of operations 1.3 Deliver high-quality service and communications to external and internal customers 1.4 Be a responsible steward of the city's financial resources by providing rates and fees that represent a strong value to our citizens; providing timely, accurate and transparent financial reporting; and utilizing long-range planning.

SUMMARY:

The city charter requires an annual independent audit and the submission of an annual financial report. Per the Financial Policy, the City does not require auditor rotation but will request proposals for audit services at least every five years. The previous contract with Weaver & Tidwell, L.L.P., was executed in June 2021 for three years with two one-year extension options, which has now reached the end of its full term. As the five-year maximum engagement has been fulfilled, a Request for Qualifications was issued.

State law now provides that if a municipality's annual audit is not filed with the City Secretary's Office within 180 days after the end of the fiscal year, the City may be prohibited from adopting a property tax rate that exceeds the no-new-revenue tax rate until compliance is achieved. In

addition, the City’s Annual Comprehensive Financial Report (ACFR) is also expected to be completed within the same 180-day timeframe in accordance with recognized governmental financial reporting best practices and award program standards. The City has consistently met this 180-day ACFR submission benchmark for the past 34 consecutive years, demonstrating the organization’s continued commitment to sound financial management, transparency, and statutory compliance.

The RFQ for financial audit services closed January 29, 2026. Six CPA firms completed submissions and the top three in scoring were selected for 2nd round interviews.

Supplier	Total / 115 pts	Experience & Qualifications / 40 pts	Audit Team & Staffing Plan / 25 pts	Audit Approach & Responsiveness / 20 pts	References / 15 pts	Interview / 15 pts
Pattillo, Brown & Hill, L.L.P.	104	39	22	15.33	14.33	13.33
Forvis Mazars, LLP	102.67	39.33	21	16.33	14	12
Weaver and Tidwell, L.L.P.	96.67	39.33	19.67	16.33	12.33	9

Pattillo, Brown & Hill was the highest scoring firm after conducting in person interviews.

Pattillo, Brown & Hill, L.L.P. is a Waco-based certified public accounting firm established in 1923 whose primary business is serving local governments. The firm’s governmental audit practice has over 50 staff and serves over 100 governmental entities within Texas.

The City shall compensate Consultant on a fixed-fee, not-to-exceed basis as follows:

Fiscal Year	Financial Statement Audit	ACFR Preparation	Single Audit (if required)	Total Not-to- Exceed
2026	\$60,150	\$5,000	\$7,500	\$72,650
2027	\$61,955	\$5,000	\$7,500	\$74,455
2028	\$63,813	\$5,000	\$7,500	\$76,313
2029	\$65,728	\$5,000	\$7,500	\$78,228
2030	\$67,699	\$5,000	\$7,500	\$80,199

*A single audit is required if the City spends over \$1 million in federal or state awards

The fiscal year 2025 financial audit was completed by Weaver & Tidwell at a total cost of \$72,650.

This contract was procured through a Request for Qualifications in accordance with Texas Local Government Code Chapter 252. Solicitation No. 2026-010 was advertised on January 10 and 17, 2026, and posted on the City’s electronic bidding platform, Bonfire, from January 10 to January 29, 2026. The opportunity was distributed to 49 vendors under one applicable commodity code, and the City received six responses. Proposals were evaluated in accordance with the published criteria, and Pattillo, Brown & Hill, L.L.P. was determined to be the most qualified firm offering the best value to the City.

RECOMMENDATION:

Recommend approval of a three-year professional service agreement in the amount of \$223,418 with Pattillo, Brown & Hill L.L.P for financial audit services.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

N/A

REFERENCE:

N/A

FISCAL IMPACT:

N/A

STAFF CONTACT:

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