City of Grass Valley
City Council
Agenda Action Sheet

Title: Appointment of Independent Auditor for Fiscal Year 2025-26.

CEQA: Not a Project.

Recommendation: That the City Council 1) authorize the City Manager to execute an addendum to the agreement with Smith & Newell, CPAs for independent audit services for Fiscal Year 2025-26 in an amount not to exceed $51,530; and 2) approve the use of a sole-source procurement pursuant to Section 3.08.140(B) of the Grass Valley Municipal Code for the one-year extension of independent audit services with Smith & Newell, CPAs.

Prepared by: Jennifer Styczynski, Finance Director

Council Meeting Date: 07/28/2026 **Date Prepared:** 07/22/2026

Agenda: Consent

Background: Smith & Newell, CPAs has served as the City's independent auditor since Fiscal Year 2019-20 and has provided independent audit services through Fiscal Year 2024-25. Staff is requesting approval of a one-year addendum for the Fiscal Year 2025-26 audit in an amount not to exceed $51,530.

The one-year extension will ensure continuity in the City's annual financial audit while allowing sufficient time to conduct a competitive Request for Proposals (RFP) process in early 2027 for future audit services. Completing the FY 2025-26 audit under the current auditor will provide a smoother transition to a new audit firm, allowing the selected firm to begin with the Fiscal Year 2026-27 audit.

Because this request is for a one-year extension to maintain audit continuity while the City completes a competitive procurement process, staff recommends approval of a sole-source procurement pursuant to Section 3.08.140(B) of the Grass Valley Municipal Code. The sole-source procurement is limited to the Fiscal Year 2025-26 audit and will provide adequate time for the City to complete the RFP process and select a firm for future audit services.

The proposed addendum is attached for Council's review.

Council Goals/Objectives: The annual independent audit supports the City's Strategic Plan goal of maintaining a High-Performance Government and Quality Service by promoting sound financial management, transparency, and accountability.

Fiscal Impact: The cost of the Fiscal Year 2025-26 independent audit will not exceed $51,530. Funding is included in the adopted Fiscal Year 2026-27 Budget and is allocated within the General Fund, Water Fund, Sewer Fund, and Successor Agency Fund. No additional appropriation is required.

Funds Available: Yes.

Account #: 100-601-51113 – General Fund – Auditing Services
500-701-51113 – Water Fund – Auditing Services
510-801-51113 – Sewer Fund – Auditing Services
780-901-51113 – Successor Agency – Auditing Services

Reviewed by: Interim City Manager

Attachment: Addendum to Agreement for Auding Services