



AGENDA REPORT

City Council Meeting

TODAY'S DATE: September 9, 2025

MEETING DATE: September 17, 2025

TO: Mayor and City Council

FROM: Sarah Lynds, Finance Director

SUBJECT: Audit Engagement Letter for the Fiscal Year Ending September 30, 2025

DESCRIPTION/BACKGROUND: Idaho code requires the City Council in every city to have a full and complete audit of the financial statements by an independent auditor and to include budget authority to cover the necessary expenses of an audit.

The attached engagement letter from Magnuson, McHugh, Dougherty CPAs describes in detail elements of the audit, management's responsibility in preparation for the audit, and the associated fees and timing.

Fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Estimate of these fees are \$26,500 for the audit. If the City expends over \$750,000 in Federal Awards a Single audit is required, the city is not anticipated to need a Single Audit for FY25.

STAFF RECOMMENDATION: To approve the FY25 audit engagement letter.

ACTION: Council approve the Magnusson, McHugh, Dougherty CPAs engagement letter to conduct the City's annual independent audit for fiscal year ending September 30, 2025, and to authorize the Mayor to sign the agreement.

WILL THERE BE ANY FINANCIAL IMPACT? Yes **HAS THIS ITEM BEEN BUDGETED?** Yes

ATTACHMENTS: FY 2025 Audit Engagement Letter