



AGENDA REPORT

City Council Meeting

TODAY'S DATE: September 3, 2026

MEETING DATE: September 16, 2026

TO: Mayor and City Council

FROM: Sarah Lynds, Finance Director

SUBJECT: Proposed Resolution: Engaging Magnuson-McHugh-Dougherty, CPA's for the Fiscal Year Ending September 30, 2026 Audit – **action item**

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 \$28,000 for the audit. If the City expends over \$1,000,000 in Federal Awards a Single audit is required, the city is not anticipated to need a Single Audit for FY26.

STAFF RECOMMENDATION:

1. Approve the Resolution for engaging Magnuson, McHugh, Dougherty CPAs for fiscal year 2026 audit
2. Authorize the Mayor to sign the Magnuson, McHugh, Dougherty CPAs FY 2026 Audit Engagement Letter

ACTION:

1. Approve the Resolution for engaging Magnuson, McHugh, Dougherty CPAs to conduct the City's annual independent audit for fiscal year ending September 30, 2026; or take such other action as deemed appropriate.
2. Authorize the Mayor to sign the Magnuson, McHugh, Dougherty CPAs FY 2026 Audit Engagement Letter; or take such other action as deemed appropriate.

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

ATTACHMENTS:

1. Resolution - Engaging Magnuson, McHugh, Dougherty CPAs for fiscal year 2026 audit
2. Magnuson, McHugh, Dougherty CPAs FY 2026 Audit Engagement Letter