



## Memorandum

**Date:** 6/10/2025  
**Meeting of:** City Council Special Meeting

**File No.** SS 25-032  
**Type:** Study Session

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Finance	Kelley Cochran	425-556-2748
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**DEPARTMENT STAFF:**

Finance	Haritha Narra	Deputy Finance Director
Finance	Nida Hermoso	Finance Manager, Accounting

**TITLE:**  
2023 Financial Audit Entrance Conference

**OVERVIEW STATEMENT:**

During the entrance conference, the state auditors will discuss the scope, timing, and cost of the 2023 financial audit.

☐ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☒ **Receive Information**      ☐ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
In accordance with generally accepted accounting principles, cities over 2,500 in population must have an annual audit.
- **Required:**  
N/A
- **Council Request:**  
N/A
- **Other Key Facts:**  
N/A

**OUTCOMES:**

The mission of the Office of the Washington State Auditor is to provide independent and transparent examinations of how state and local governments use public funds and develop strategies that make government more efficient and

effective.

The auditor will perform a financial statement audit to provide an independent opinion on the City's financial statements and results of operations to determine if the financial statements present a reliable, accurate picture of the City's finances.

There was a delay in the timing of the 2023 audit due to the implementation of the City's new Financial System (D365), which went live in July 2023. The delay will also impact the timing of the 2024 audit. A delayed audit is typical when financial systems are impacted, and the City has been working in partnership with the State Auditor's Office to allow for the exception to the standard audit practice. The creation of the City's 2024 financial statements is currently underway but cannot be finalized until the 2023 audit has been completed. Staff expects to complete the 2023 audit in August 2025 and begin the 2024 audit in September 2025.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**

The total cost is still to be determined.

- Per the Auditor's Office on May 27, 2025:
  - We are working on providing the City with an engagement letter that will confirm both management and auditor responsibilities, and other engagement terms and limitations. Additionally, the letter will identify the cost of the audit, estimated timeline for completion and expected communications.

**Approved in current biennial budget:** ☒ **Yes** ☐ **No** ☐ **N/A**

**Budget Offer Number:**

297 (Fiscal Accountability)

**Budget Priority:**

Strategic and Responsive

**Other budget impacts or additional costs:** ☐ **Yes** ☒ **No** ☐ **N/A**

**If yes, explain:**

N/A

**Funding source(s):**

General Fund

**Budget/Funding Constraints:**

N/A

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
TBD	Special Meeting	Receive Information

**Time Constraints:**

The 2023 Financial Audit Entrance Conference should be held as soon as possible so the 2023 audit can proceed. Upon completion of the audit, an exit conference will be scheduled with Council.

**ANTICIPATED RESULT IF NOT APPROVED:**

N/A

**ATTACHMENTS:**

Attachment A: 2023 Financial Audit Entrance Conference Packet

Attachment B: 2023 Financial Audit Entrance Conference PowerPoint