



CITY OF ORLAND STAFF REPORT

MEETING DATE: August 19, 2025

TO: Honorable Mayor and Council

FROM: Joe Goodman, City Manager

SUBJECT: **FY 2024-2025 Letter of Engagement – Financial Auditor**

BACKGROUND:

In accordance with California State Government Code Section 12410.5 and the standards established by the Governmental Accounting Standards Board (GASB), the City of Orland undergoes an annual independent audit of its financial records. This process is conducted by a Certified Public Accountant (CPA) firm qualified to perform municipal audits.

The primary responsibility of City management in this process is to ensure the preparation of financial statements that are fair, accurate, and presented in accordance with Generally Accepted Accounting Principles (GAAP). The independent auditor's role is to examine these statements, provide the City Council with a professional opinion on their accuracy, and report any findings or areas of concern identified during the audit.

On September 6, 2022, following the retirement and closure of the practice of the City's long-term auditor, Ralph Marcello, the City Council awarded a professional services contract to RT Dennis Accountancy. The original agreement was established for a three-year term, with the option to extend on an annual basis thereafter. The initial three-year term was concluded upon the completion of the Audit Report for the 2023–2024 fiscal year.

ANALYSIS:

Two primary options are available for consideration:

Option 1: Approve the proposed engagement letter with RT Dennis Accountancy. Approval will authorize the Auditor to proceed promptly with the audit of the City's 2024–2025 fiscal year financial statements. Moving forward without delay will help ensure the audit is completed within the standard reporting timelines and in compliance with statutory requirements.

Option 2: Issue a Request for Proposals (RFP) for professional financial auditing services. This option would invite competitive proposals from qualified CPA firms, potentially broadening the range of services, expertise, and cost structures available to the City. However, initiating an RFP process would extend the timeline for selecting an auditor, which could result in delays to the commencement and completion of the fiscal year 2024–2025 audit, and may impact the City's ability to meet required reporting deadlines.

RECOMMENDATION:

Select Option 1 to approve the proposed engagement letter with RT Dennis Accountancy for fiscal audit services and authorize the City Manager to execute the contract.

FISCAL IMPACT OF RECOMMENDATION:

\$41,000.00 allocated proportionately to general, development impact, water and sewer funds.