



## **CITY OF ORLAND STAFF REPORT**

### **MEETING DATE: June 4, 2024**

---

**TO:** Honorable Mayor and Councilmembers

**FROM:** Pete Carr, Finance Director  
Rebecca Pendergrass, Administrative Services Director

**SUBJECT:** **Annual Financial Audit Report FY23 (Discussion/Action)**

---

City Staff will present the annual independent financial audit report for Council consideration.

### **BACKGROUND**

The City each year engages an outside auditor to perform an independent audit of City finances compliant with Orland Municipal Code and California State Government Code. The report contains financial statements, audit-based opinions about the accuracy and reasonableness of management's presentation of financial information as well as internal controls, and a management letter to the City Council.

Once accepted by the City Council, the entire audit report is made available by the City in digital and printed form for public inspection and filed with the State.

### **ANALYSIS**

We continued our engagement with an auditor who was new to Orland last year, RT Dennis Accountancy. The auditor reports that Orland's financial statements "... present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orland, as of June 30, 2023..." Many documents were analyzed, many questions were asked, but no material deficiencies were identified.

The fiscal year was characterized by many significant capital improvement projects on top of full ongoing operations. The City completed several construction projects for the library and re-roofing of City Hall, made significant progress in upgrading public safety radio systems infrastructure, and continued progress on the DWR grant-funded Orland Emergency Groundwater Supply Project implementation. The City also supported completion of Purpose Place and construction of three other apartment complexes as well as Linwood II housing, and development of the Maverik facility with associated improvements to the I-5 off-ramp, Newville Road widening and Commerce intersection signalization.

As of June 30, 2023, the City had:

- \$41.4M in total assets
- \$12.5M in cash & equivalent assets (\$9.3M GenFund, \$3.2M Water & Sewer)
- General Fund reserve balance of \$3.14M including Measure A and ARPA.

Operationally, for the fiscal year 2022-23:

- The General Fund received \$8.1M and expended \$8.2M.
- Water & Sewer took in \$3.3M against \$3.7M in operating expenses but this was affected by DWR project cash flow; total change in net position for Water & Sewer was positive > \$1M.
- The total change in net position for the City for the year was \$4.1M.

This past fiscal year's audit was started on time but delayed in completion, while similar in content and equal in quality to previous years. Upon acceptance by the City Council, the financial audit report becomes a completed document, published and filed in the permanent records of the City.

Attachments (2):

1. Fiscal Year 2022-23 Financial Audit Report for City of Orland – digital format 74-page report published on City website along with agenda packet
2. Management Letter

**RECOMMENDATION:**

Accept the annual financial report and the auditor's management letter.

**Fiscal Impact of Recommendation:**

The annual audit expense is \$27,000. This expense is allocated to the General Fund and enterprise funds.