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Title: Annual Review and Acceptance of the FY 2016 Impact Fee Annual Report (the “Annual Audited Financial Report”) as required by California Government Code (all Council Districts)

Sponsors: Public Works Department

Indexes:

Code sections:

Attachments: 1. COF Impact Fee Annual Report ending June 30, 2016.pdf

Date	Ver.	Action By	Action	Result
12/15/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 15, 2016

FROM: SCOTT L. MOZIER, PE, Director
Public Works Department

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Public Works Department - Traffic & Engineering Services Division

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Public Works Department - Administration Division

SUBJECT

Annual Review and Acceptance of the FY 2016 Impact Fee Annual Report (the “Annual Audited Financial Report”) as required by California Government Code (all Council Districts)

RECOMMENDATION

Staff recommends that the City Council review and accept the FY2016 Impact Fee Annual Report (the “Annual Audited Financial Report”) as required by California Government Code.

EXECUTIVE SUMMARY

In 1974, the City embarked upon a direction of financing certain public facilities and infrastructure from the establishment of Development Impact Fees. These fees are also referred to as Urban Growth Management (UGM) fees. The stated objective of the Urban Growth

Management process is to facilitate urban development in such a way that the expansion of urban service delivery systems can be accomplished in a fiscally sound manner, while still providing required City services on an equitable basis to all community residents. The accompanying Annual Audited Financial Report is a complete accounting of the UGM and citywide impact fees for the fiscal year ended June 30, 2016, in accordance with Section 66006 (b) of the California Government Code. The Annual Audited Financial Report was independently audited by the accountancy firm of Paul C. Chen Accountancy Corporation.

BACKGROUND

The Annual Audited Financial Report was prepared pursuant to the reporting requirements of Section 66006 (b) of the California Government Code. This legislation requires that local agencies account for impact fees and report the beginning balances, fees collected, interest income, transfers, reimbursements, expenditures and the ending balances for each fiscal year. The legislation also requires that the report include information on the status of the project(s) to be constructed with the impact fees. The Annual Audited Financial Report materially includes this information from July 1, 2015 through June 30, 2016. It should be noted that the Annual Audited Financial Report does not purport to examine the relationship (“nexus”) between the amount of an impact fee and the cost of public facilities or portion thereof.

The City collected \$9,225,349 of impact fees during the year. These fees, in addition to the balances on hand and inclusive of other transactions specified in the Annual Audited Financial Report, totaled \$36,930,052 for the fiscal year ended June 30, 2016.

An audit of the Annual Audited Financial Report was performed by the accountancy firm of Paul C. Chen Accountancy Corporation in accordance with the auditing standards generally accepted in the United States of America. The audit examined, on a test basis, evidence supporting the amounts in the Annual Audited Financial Report so that they could obtain a reasonable assurance that the financial statements were free of material misstatement. The audit also included assessing the accounting principles used. The conclusion of the audit was an issuance of an opinion stating that the Annual Audited Financial Report presents fairly, in all material respects, the financial position of impact fees as of June 30, 2016, in conformity with the cash basis of accounting.

ENVIRONMENTAL FINDINGS

The Annual Audited Financial Report is not defined as a project under the California Environmental Quality Act and does not require an environmental finding.

LOCAL PREFERENCE

Local preference does not apply as this item is only for acceptance of the Annual Audited Financial Report.

FISCAL IMPACT

There is no fiscal impact of implementing the staff recommendation.

Attachments:
COF Impact Fee Annual Report ending June 30 2016