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Title: Annual Review and Acceptance of the FY 2021 Impact Fee Annual Report as Required By California Government Code.

Sponsors: Public Works Department

Indexes:

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Attachments: 1. 21-914 FY 2021 Impact Fee Annual Report

Date	Ver.	Action By	Action	Result
12/9/2021	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

FROM: SCOTT L. MOZIER, P.E., Director
Public Works Department

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Public Works Department, Traffic Operations & Planning Division

SUBJECT

Annual Review and Acceptance of the FY 2021 Impact Fee Annual Report as Required By California Government Code.

RECOMMENDATIONS

Staff recommends that the City Council review and accept the FY2021 Impact Fee Annual Report (the "Annual Audited Financial Report") as required by California Government Code.

EXECUTIVE SUMMARY

In 1974, the City began financing certain public facilities and infrastructure by establishing impact fees commonly referred to as Urban Growth Management (UGM) fees. The stated objective of the 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, 2021, in accordance with Section 66006(b) of the California Government Code. The Annual Audited Financial Report was independently audited by the accountancy firm of Dritsas

Groom McCormick LLP.

BACKGROUND

The Annual Audited Financial Report was prepared pursuant to the reporting requirements of Section 66006(b) of the California Government Code, which 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, 2020, through June 30, 2021. 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 \$28,512,007 of impact fees during the fiscal year ended June 30, 2021. These fees, in addition to the balances on hand and inclusive of other transactions specified in the Annual Audited Financial Report, totaled \$73,858,668 for the fiscal year ended June 30, 2021.

An audit of the Annual Audited Financial Report was performed by the accountancy firm of Dritsas Groom McCormick LLP in accordance with the generally accepted government auditing standards. 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, 2021, in conformity with the cash basis of accounting.

ENVIRONMENTAL FINDINGS

The Annual Audited Financial Report is not 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.

Attachment:
FY 2021 Impact Fee Annual Report