



City of Morgan Hill

Legislation Text

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CITY COUNCIL STAFF REPORT **MEETING DATE: DECEMBER 14, 2016**

PREPARED BY: Dat Nguyen, Finance Director/Administrative Services
APPROVED BY: City Manager

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

RECOMMENDATION(S)

Accept the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Maintaining fiscal responsibility
Preserving and cultivating public trust

REPORT NARRATIVE:

The Fiscal Year 2015-16 Comprehensive Annual Financial Report (CAFR) is presented for your review. Each year the City engages an independent firm to audit the books and accounts of the City's general ledger. Included in this audit are the review and verification of all finance processes. An annual audit is required by state law and by bond covenants.

The CAFR presents the operations and financial activity of all City's various funds, including the General Fund. It includes an unmodified audit opinion from Maze & Associates, the City's external auditors, stating that the financial statements present fairly the results of operations for the year ended June 30, 2016, in conformance with Generally Accepted Accounting Principles (GAAP). An auditor gives an Unmodified Opinion (or clean opinion) when he or she does not have any significant reservation in respect of matters contained in the Financial Statements.

A summary of significant highlights follows:

- The General Fund's fund balance increased by approximately \$1.8 million. This is a combination of better than expected tax revenues and cost savings in Fire, Community Services, and Administration.
- The Community Development Fund's fund balance decreased by approximately \$1.0 as

development activity returned to a normal level, coupled with large ticket items undertaken such as the General Plan Update and the purchase and implementation of the new permitting system, TRAKiT.

- The Wastewater Enterprise Funds combined added \$4.8 million to its net position. These funds will in part be added to the reserves and the remainder used for operations.
- The Water Enterprise Funds combined net position decreased by approximately \$1.4 million, mainly due to reduced impact fee revenues collected from developers.

COMMUNITY ENGAGEMENT: Inform

Finance staff presents these audited reports in an effort to keep the City Council, community, and various lenders and stakeholders informed on the financial health of the organization, which assists each one of the interested parties in making sound financial decisions.

ALTERNATIVE ACTIONS:

No alternative action is recommended, as this is an audited report on City transactions which have already occurred.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The audited financial report is presented to council each year for the prior fiscal year ending June 30.

FISCAL AND RESOURCE IMPACT:

There is no fiscal impact for the recommended action.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

Link to the pdf copy which has been posted onto City's website: [Comprehensive Annual Financial Report FY 2015-16 <http://www.morgan-hill.ca.gov/DocumentCenter/View/20054>](http://www.morgan-hill.ca.gov/DocumentCenter/View/20054)