

**REPORT TO THE
CITY COUNCIL**
City of Salinas, California

DATE: April 4, 2017

FROM: Matt N. Pressey, CPA, Finance Director

SUBJECT: **AUDITED BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT REPORT ON
FEDERAL FUNDED PROGRAMS FOR THE YEAR ENDED JUNE 30, 2016**

RECOMMENDATION:

Staff recommends that City Council accept the audited Basic Financial Statements and Single Audit Report on federal funded programs for fiscal year ended June 30, 2016.

DISCUSSION:

Audited Basic Financial Statements

The Finance Department is pleased to present the audited financial statements for the fiscal year ended June 30, 2016. The transmittal letter in the Basic Financial Statements beginning on page "i" and the Management Discussion and Analysis beginning on page F-5 provide an overview of the City's financial activities for the fiscal year.

McGilloway, Ray, Brown & Kaufman, the City Council's independent auditor, has completed the annual audit of City affairs. The Independent Auditors Opinion Report is included in the Basic Financial Statements on page F-1 and is a "clean audit" opinion stating, "In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salinas, California, as of June 30, 2016."

Single Audit Report on Federal Funded Programs

The Finance Department is also pleased to present the Single Audit Report of federal funded programs for the fiscal year ended June 30, 2016. The report includes a summary of the federal financial awards, internal control, compliance and schedule of findings and questioned costs for the fiscal year ending June 30, 2016.

McGilloway, Ray, Brown & Kaufman has completed the annual audit of City of Salinas compliance requirements, as described in *OMB Circular A-133 Compliance Supplement*. During the audit, they noted no instance of non-compliance.

ISSUE:

Shall the City Council accept the audited Basic Financial Statements and Single Audit Report on federal funded programs for fiscal year ended June 30, 2016?

FISCAL IMPACT:

Costs associated with the audit are included in the City's FY 2016-17 budget.

AUDITOR'S RECOMMENDATIONS:

As part of the audit process, the City's auditor make recommendations to management intended to improve operating efficiencies of the City. Over the years, finance staff has implemented many audit recommendations. There were no areas of improvement recommended this year.

COUNCIL GOALS:

The audited financial statements and the Single Audit are consistent with the Council's goal of maintaining an "Effective, Sustainable Government."

CONCLUSION:

Staff recommends that City Council accept the audited Basic Financial Statements and Single Audit Report on federal funded programs for fiscal year ended June 30, 2016.

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City of Salinas 2016 Financial Statements

City of Salinas 2016 Single Audit Report on Federal Funded Programs