



## Legislation Details (With Text)

**File #:** ID 23-521      **Version:** 1      **Name:**

**Type:** Action Item      **Status:** Agenda Ready

**File created:** 3/21/2023      **In control:** City Council

**On agenda:** 3/30/2023      **Final action:** 3/30/2023

**Title:** Submission and Acceptance of the City of Fresno Annual Comprehensive Financial Report (ACFR) and Annual Comprehensive Dept Report (ACDR) for Fiscal Year 2022

**Sponsors:** Finance Department

**Indexes:**

**Code sections:**

**Attachments:** 1. City of Fresno Annual Comprehensive Financial Report (ACFR), 2. City of Fresno Annual Comprehensive Debt Report (ACDR), 3. Single Audit and Independent Auditors' Reports, 4. Annual Comprehensive Financial Report Presentation

Date	Ver.	Action By	Action	Result
3/30/2023	1	City Council	PRESENTED	

### REPORT TO THE CITY COUNCIL

**FROM:** SANTINO DANISI, MBA, Finance Director/City Controller  
Finance Department

### SUBJECT

Submission and Acceptance of the City of Fresno Annual Comprehensive Financial Report (ACFR) and Annual Comprehensive Dept Report (ACDR) for Fiscal Year 2022

### RECOMMENDATION

Staff recommends that the City Council accept the ACFR and ACDR reports for the fiscal year ended June 30, 2022.

### EXECUTIVE SUMMARY

The Annual Comprehensive Financial Report is a set of financial statements prepared in conformity with Governmental Accounting Standards Board (GASB) and detail the financial activities of the City of Fresno for the year ended June 30, 2022. The statements are audited to determine whether they have been presented fairly without any material misstatements. Management is responsible for the preparation and presentation of the statements in accordance with accounting principles generally accepted in the United States of America. The auditor's opinion concludes that the financial statements are, in fact, presented fairly in all material respects resulting in an unmodified opinion, which is the highest quality opinion available.

The Annual Comprehensive Debt Report is included for City Council acceptance. This report is produced in accordance with Debt Management policies and provides an overview of the City of Fresno's debt management for fiscal year ended June 30, 2022.

## BACKGROUND

All governmental or public entities are required to prepare annual financial statements and have them audited. These financial statements are compiled to form the ACFR. The ACFR is an informative tool highlighting an agency's financial activity and viability. This report is used by various policy makers, investors, citizens or external agencies to make informed conclusions regarding the financial health of an organization.

As required by the City Charter the statements are audited. Additionally, the ACFR report and necessary disclosures are published to the Electronic Municipal Market Access (EMMA®) system, the official repository for financial and other information for municipal bonds. Lastly, the report will be filed with the Government Finance Officers Association (GFOA) for participation in their Certificate of Achievement in Excellence in Financial Reporting.

In accordance with Government Auditing Standards, the City of Fresno financial statements were audited by The Pun Group Accountants and Advisors who issued their report on March 15, 2023. The issued report opinion is unmodified, which is the highest quality opinion available. This means the statements were presented fairly, in all material respects, and were prepared in accordance with principles generally accepted in the United States of America.

The auditors also issued a report dated March 15, 2023 regarding the City's internal control over financial reporting and tests of compliance. This report is an integral component of the audit performed in accordance with Government Auditing Standards in considering internal controls and compliance. The auditors did not identify a material weakness, which would otherwise indicate a deficiency such that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. The auditors did identify two deficiencies in internal controls, which are described in the schedule of findings and questioned costs and are considered significant deficiencies, less severe than a material weakness yet called to attention.

Finding 2022-001 Internal Control Over Financial Reporting, describes that the City did not properly implement the new Government Accounting Standards Board (GASB) Statement 84, Fiduciary Activities, as required for the year ended June 30, 2021. This resulted in the need to restate beginning net position/fund balance for certain funds in the total amount of \$3.9 million. In order to prevent this occurrence again, staff will approach all future GASB pronouncements proactively, working closely with the City's auditors to adequately plan implementation in advance of effective dates.

Finding 2022-002 Internal Control Over Preparation of Schedule of Expenditures of Federal Awards, describes that the City did not properly include federal expenditures for the Emergency Rental Assistance Program totaling \$12,239,896 and the State and Local Fiscal Recovery Fund totaling \$14,391,754 in the schedule. Staff has identified and is implementing additional processes and procedures for tracking federal expenditures to ensure compliance with Uniform Guidance. This includes working with all City departments to ensure these charges are recognized in a timely manner and in the appropriate general ledger account.

## ENVIRONMENTAL FINDING

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section

15378, these recommendations do not qualify as a “project” as defined by CEQA.

## **LOCAL PREFERENCE**

Local preference was not a factor since there is no bid involved, nor is State or federal funding involved with this item.

## **FISCAL IMPACT**

This report relates only to the submission of informational financial accounting data and calls for no approval for spending or acceptance of receipts.

### **Attachments:**

City of Fresno Annual Comprehensive Financial Report

City of Fresno Annual Comprehensive Debt Report

Single Audit and Independent Auditors' Reports

Annual Comprehensive Financial Report Presentation