

RECEIVED

2022 JAN 26 P 1:46

CITY OF FRESNO
CITY CLERK'S OFFICE

**Regular Council Meeting
January 27, 2022**

FRESNO CITY COUNCIL



Information Packet

ITEM(S)

File ID 22-77, 3-B

Submission and Acceptance of the City of Fresno Annual Comprehensive Financial Report (ACFR) and the Annual Comprehensive Debt Report (ACDR) for Fiscal Year 2021

Contents of Supplement:

PowerPoint Presentation

Item(s)

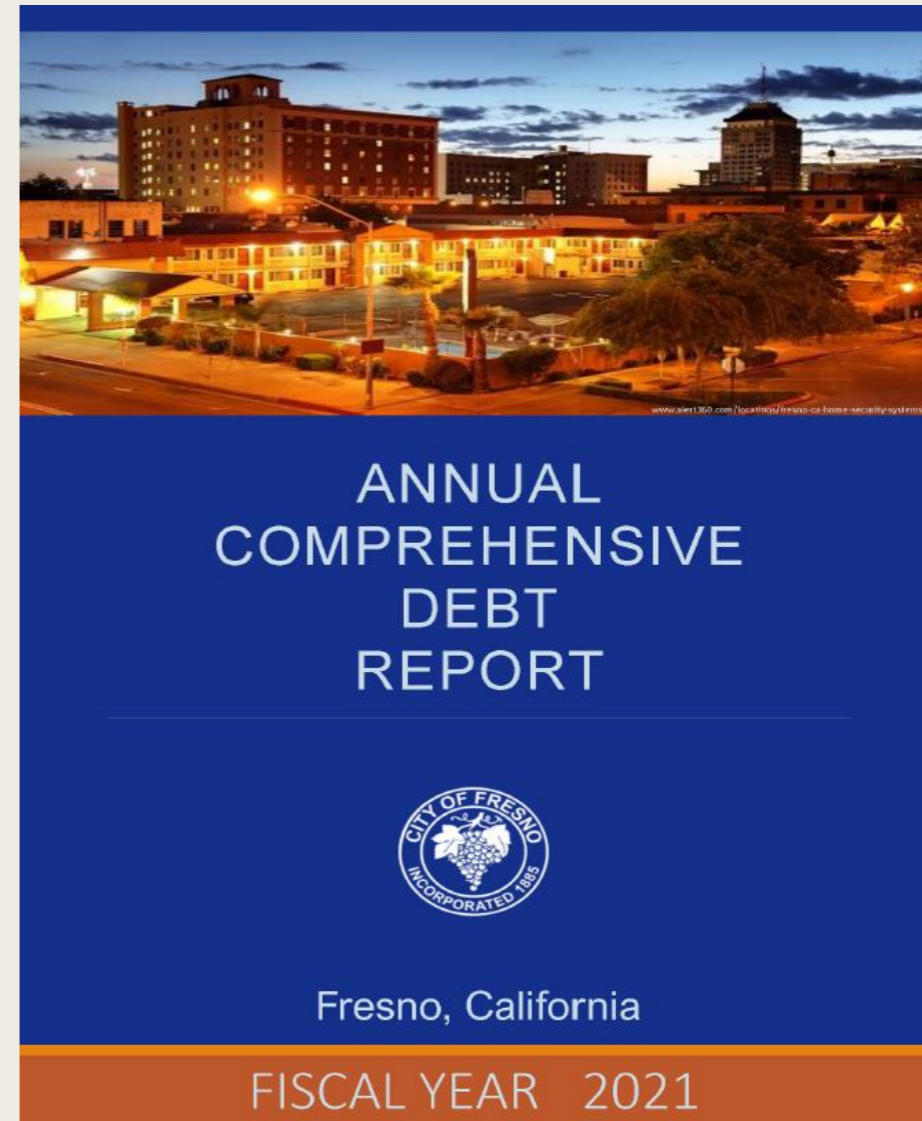
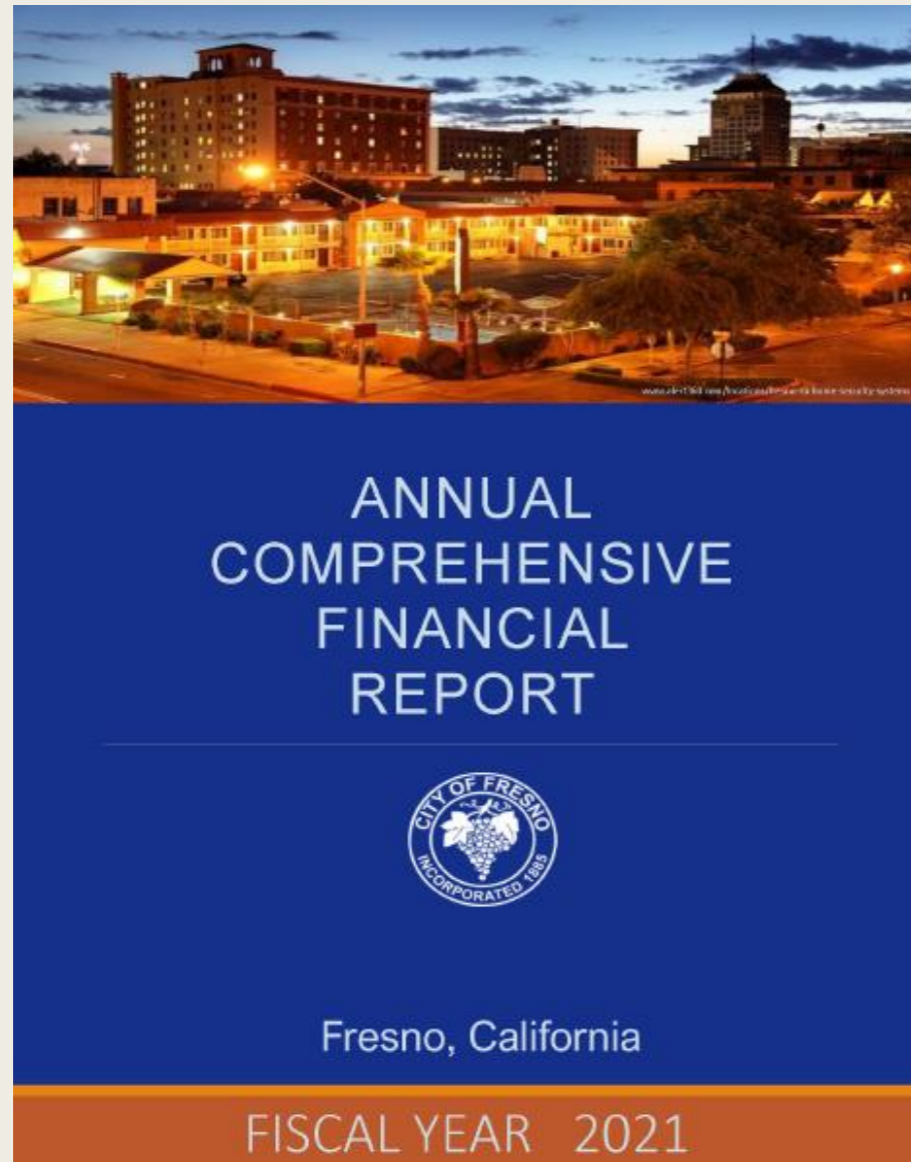
Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

FINANCE DEPARTMENT FY 2021 ACFR/ACDR PRESENTATION



What is an ACFR and an ACDR?

- **Annual Comprehensive Financial Report (ACFR)**

- Annual financial statements are required under Municipal Code Section 7-103.
- The ACFR is a set of financial statements that comply with the accounting requirements established by the Governmental Accounting Standards Board (GASB).
- It must be audited by an independent auditor using generally accepted governmental auditing standards.
- In 2015, Brown Armstrong Accountancy Corporation was awarded the contract to serve as the independent auditor who verifies the accuracy of the City of Fresno's ACFR.
- The City of Fresno has received the Governmental Financial Officers Association (GFOA) Certificate of Achievement for Excellence in Reporting for the past 28 years. We are likely to again receive this award for the Fiscal Year 2021 ACFR.

- **Annual Comprehensive Debt Report (ACDR)**

- The ACDR reports the various debt related activities of the City of Fresno.
- The ACDR is required by the City's Debt Management Policy (Resolution 2009-249, Article VII, Section 1A).
- GASB does not define a format for the ACDR, nor is it audited by independent auditor.

Government Wide Overview- All City Funds Combined

- Revenues rose 6.6% (\$57.4 million) to \$930.5 million in Fiscal Year 2021 (most in City history).
 - *\$77.8 million increase in Capital Grants*
 - *\$23.1 million decrease in Operating Grants*

- Expenses grew 17.6% (\$141.3 million) to \$943.6 million (also most in City history).
 - *\$44.1 million increase in General Government expenses*
 - *\$34.1 million increase in Public Protection expenses*
 - *\$29.8 million increase in Public Ways expenses*
 - *\$19.6 million increase in Business-Type Activities expenses*

- Assets decreased by 0.9% (\$35.6 million) to \$4.0 billion.
 - *\$47.7 million increase in Cash and Investments*
 - *\$36.9 million increase in Net Receivables*
 - *\$151.8 million offset to decrease Net Pension Asset*

- Liabilities grew by 4.8% (\$73.5 million) to \$1.6 billion.
 - *\$29.7 million of these liabilities is attributable to unspent COVID-19 grant monies at Fiscal Year 2021 year end*
 - *\$22.6 million rise in Long Term Liabilities due to the issuance of additional debt*

- Net Position declined slightly to \$2.6 billion, which was a \$13.1 million (0.5%) decrease.
 - *Unrestricted Net Position declined by \$115.9 million to \$384.2 million*

General Fund Overview

- **Revenues rose \$31.4 million (9.1%) to \$377.0 million**
 - *The overall growth was caused by a \$28.2 million increase in Tax Revenue primarily driven by \$16.9 million increase in Sales Tax Revenue generated at the Amazon Fulfillment Center.*
 - *Additional growth was provided by a \$7.6 million increase in Property Taxes.*

- **Expenditures grew \$64.2 million (19.8%) to \$388.1 million**
 - *A factor in this overall growth is an increase of \$12.4 million in Public Protection expenses, particularly personnel costs.*
 - *Capital Outlay expenditures grew from \$1.6 million to \$13.4 million. \$9.9 million of which was used to purchase a motel to be converted to a homeless shelter.*
 - *Additional expenditures of \$22.6 million in COVID mitigation that were funded with the City's allocation of federal CARES monies.*

- **The net Transfers In/Out increased \$61.9 million (259.5%) to \$38.0 million**
 - *A large portion of the difference between actual expenditures and actual revenues was funded by transfers from other funds; specifically, the CARES Fund.*

- **Assets increased by \$46.4 million (39.8%) to \$163.0 million**
 - *The largest drivers of the growth in assets were a \$31.1 million increase in Unrestricted Cash and a \$6.4 million increase in Intergovernmental Receivables.*

- **Liabilities grew by \$22.9 million (151.5%) to \$38 million**
 - *This growth was due to a \$9.4 million increase in Advances from Other Funds tied to monies lent from other funds for the purchase of a motel converted to a homeless shelter.*
 - *An additional \$9.4 million increase is associated with changes to the Governmental Accounting Standards Board's rules for the treatment of Agency Funds.*

- **The General Fund's Net Position increased by \$27 million (35.6%) to finish at \$102.9 million**

Business-Type Funds Overview

Business-Type Funds Total Net Position increased \$19.3 million (1.2%) to finish at \$1,581.9 million.

Fund Name	Net Position Change	Revenue Change	Expense Change
Airports	-\$4.5 million (-2.3%)	-\$2.3 million (-9.5%)	-\$0.0 million (-0.1%)
Convention Center	\$1.3 million (52.9%)	-\$2.4 million (100%)	-\$1.8 million (-30.8%)
Sewer	\$9.2 million (1.3%)	\$0.7 million (0.9%)	\$5.2 million (8.2%)
Solid Waste	-\$9.0 million (-21.6%)	-\$0.4 million (-1.4%)	\$2.3 million (6.2%)
Stadium	\$1.0 million (24.6%)	\$0.2 million (68.6%)	\$0.1 million (8.9%)
Transit	\$0.5 million (0.3%)	-\$4.8 million (-192.5%)	\$3.2 million (5.2%)
Water	\$30.1 million (6.2%)	\$7.4 million (6.2%)	-\$0.6 million (-0.6%)

Key Business-Type Funds COVID Impacts

- Transit passenger trips declined from 9.1 million in FY 20 to 5.6 million in FY 21. FY 21 passenger trips were 31.1% of the record FY 09 passenger trips of 18.1 million.
- Airport lost 14% of its passenger traffic when compared to FY 20. FY 21's passenger traffic was the Airports' lowest since FY 12.
- Convention Center had zero events at its facilities during FY 21.
- Solid Waste collected more tonnage in FY 21 than it has since FY 12: a fact mirrored in their increased expenses. However, Solid Waste revenues declined in spite of the increased work.

COVID Monies Received

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act - The City received \$92.8 million in CARES funding**
 - ❑ *As of June 30, 2021, \$89.7 million has been expended.*
 - ❑ *Funding has been used for services such as: expanded COVID testing and contact tracing for residents, food assistance, homeless transitional housing, small business assistance, and residential housing retention grants.*

- **CARES Act - Transit was awarded \$32.5 million**
 - ❑ *As of June 30, 2021, Transit has not received any of the awarded amount.*
 - ❑ *This funding assists in fixed route operation costs, Handy Ride operating support, and bus purchases.*
 - ❑ *The funding is intended to offset funding losses due to COVID-related shutdowns of service or ridership restrictions.*

- **CARES Act - Airports was awarded \$13 million**
 - ❑ *\$7.7 million was used in Fiscal Year 2021 for operating costs and debt payments.*
 - ❑ *\$5.2 million will be used in Fiscal Year 2022 to reimburse costs related to the Terminal Design Project.*

- **American Rescue Plan Act (ARPA) - The City was awarded \$170.8 million of ARPA funds**
 - ❑ *In May 2021, the City received \$85.4 million.*
 - ❑ *In May 2022, the City will receive the remaining \$85.4 million.*
 - ❑ *As of June 30, 2021, no funds have been expended as the City awaits finalization of the guidelines on the use of ARPA funds.*

- **ARPA Transportation - \$38.7 million**
 - ❑ *Transit received \$28.9 million to be used on operating expenses and salaries*
 - ❑ *Airports received \$9.7 million to be used on operating expenses and debt payments*
 - ❑ *Chandler Airport received \$59,000 to be used on operating expenses*

- **Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) - \$10.2 million**
 - ❑ *Transit was awarded \$5.6 million to be spent towards capital construction projects, vehicle procurement, COVID-related expenses, and operating expenses.*
 - ❑ *Airports was awarded \$4.6 million to be spent towards concessions relief, debt service payments, and operating expenses.*

City of Fresno Debt Overview

- City of Fresno has \$908,438,000 in long-term debt borrowings:
 - *Revenue Bonds: \$327,868,000*
 - *Judgment Bonds: \$98,395,000*
 - *Notes & Loans: \$426,200,000*
 - *Capital Leases: \$41,153,000*
 - *Bond Premiums/(Discounts) & Accreted Interest: \$14,822,000*

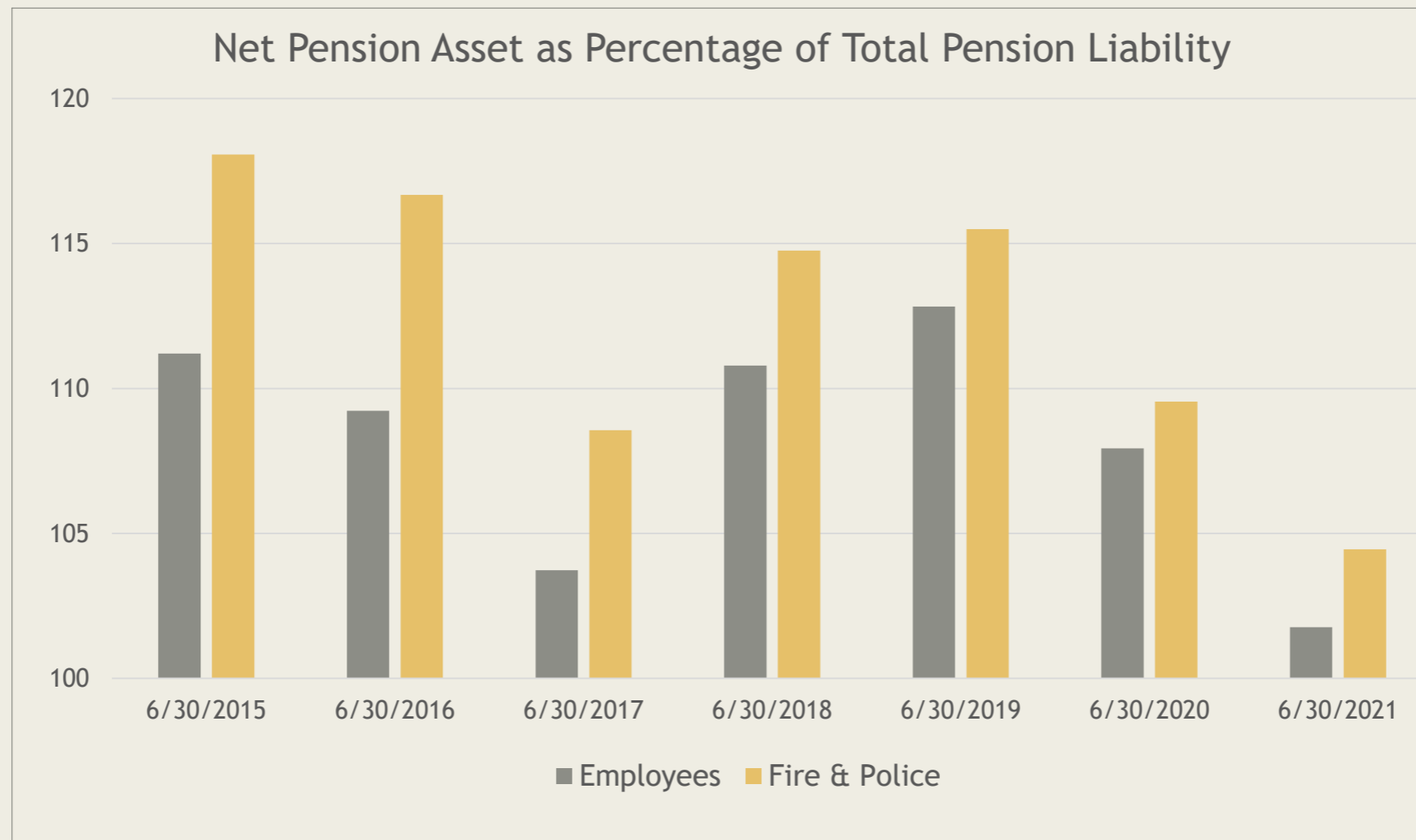
- A decrease of debt from prior year's \$928 million is mainly related to the City's defeasance of \$27.6 million to the Water 2010 A-1 bonds, partially offset by \$17.1 million bond issuance for a new animal shelter.

- The City has Interfund Loans totaling \$18,382,040:
 - *Sewer for Police Training Facility: \$256,760*
 - *Sewer for Fire Headquarters: \$1,240,000*
 - *Sewer for Fire Station No. 18: \$1,920,000*
 - *Water for Fire Station No. 18: \$1,253,780*
 - *Water for DPU Facility: \$3,711,500*
 - *Sewer for Purchase of Valley Inn: \$10,000,000*

City of Fresno Pension Obligation

The City of Fresno holds two pension plans.

- Employees System - Net Pension Asset of \$23.5 million
- Fire and Police System - Net Pension Asset of \$69.7 million



Need More Information?

For more information on the City of Fresno's FY 21 financial results, the best places to start are the City of Fresno Management Discussion and Analysis (MD&A) and Statistical sections. These can be found beginning on ACFR pages 5 and 208, respectively.

MANAGEMENT'S DISCUSSION & ANALYSIS



STATISTICAL SECTION

