



City of Richmond, Virginia ACFR Presentation and Results

June 30, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Presenter

- Greg Bussink, Principal, CLA



Agenda

- ACFR Overview
- Overview of the Audit Approach
- Audit Results
- Technical Update/New Standards
- Required Communications to Governance
- Questions



Annual Comprehensive Financial Report

- The Annual Comprehensive Financial Report (ACFR) outlines the City's financial condition based on Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB) practices.
- The ACFR is prepared by the Department of Finance with significant input from City agencies, the Richmond Retirement System, and component units including Richmond Public Schools, Richmond Economic Development Authority, Richmond Ambulance Authority, Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority.



FY2021 ACFR

- The Final ACFR is posted on the Richmondgov.com and RVA.gov websites
- The FY2021 ACFR is distributed to City Administration, City Council, Virginia localities and universities, banks, investment companies, etc.



ACFR Overview

Government-wide financial statements (Exhibit A & B) are reported and accounted for on the accrual basis of accounting, which include all assets and liabilities associated with governmental and business-type activities.

Governmental activities are those through which most governmental functions typically are financed. The City reports the following Governmental Funds:

- General Fund - (Exhibit C & D)
- Debt Services Fund - (Exhibit C & D)
- Capital Project Fund - (Exhibit C & D)
- Permanent Funds – (Exhibit I)
- Special Revenue Funds – (Exhibit I)
- Certain Internal Services Funds (Fleet, Radio, Health Self-Insurance., ARC, IT, Risk Management, and Electric Utility – (Exhibit K)

Business-type activities are used to report activities for which a fee is charged to external users for goods and services. The City reports the following Business-type (Enterprise) Funds:

- Gas, Water, Wastewater, and Stormwater – (Exhibit E)
- Cemeteries and Parking Fund (non-major) – (Exhibit J)
- Internal Service Fund – Stores and Transportation) – (Exhibit K)

Note: When referring to the Primary Government, it includes both Governmental and Business-type activities.



Categories of Fund Balance

- **Non-spendable** – Amounts that cannot be spent due to either their physical form or as a result of a legal or contractual obligation (such as inventory or the corpus of an endowment fund).
- **Restricted** – Amounts constrained to specific purposes by either a third party (such as grantors, bondholders, and creditors) or by law through constitutional provisions or enabling legislation.
- **Committed** – Amounts constrained to specific purposes by formal action (adoption of an ordinance) by the government's highest level of decision-making authority (City Council). Committed amounts do not lapse nor can they be used for any other purpose unless the government takes the same level of action (adoption of another ordinance) to remove or change the constraint.
- **Assigned** – Amounts constrained by the City's expressed intent to use resources for specific purposes. Intent can be expressed by the governing body or by an official body to which the governing body has delegated the authority.
- **Unassigned** – Amounts that are available for any purpose. These amounts are reported only in the General Fund, although unassigned fund balance may be expressed as a negative amount in other governmental funds.



Overview of Audit Approach – Financial Statements



CLA's Audit Scope



CLA's risk-based audit approach



Financial Audit Results and Reports



Auditors' opinion on the financial statements is unmodified.



Unmodified “clean” opinion is the highest level of assurance.



Financial Audit Results and Reports

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with Government Auditing Standards.



Required Communications to Governance

- **Auditors' responsibility under Generally Accepted Auditing Standards**
 - The financial statements are the responsibility of management.
 - Our audit was performed for the purposes of forming opinions as to whether the Financial Statements have been prepared in accordance with GAAP.



Required Communications (continued)

- Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies are disclosed in the Summary of Significant Accounting Policies in Note 1 of the Financial Statements.
 - New disclosures and restatement related to the implementation of GASB 84 *Fiduciary Activities*. See Note 18 for additional information.
- The preparation of the Financial Statements requires that certain estimates and judgements be made by management.
- No sensitive Financial Statement disclosures.



Required Communications (continued)



Difficulties encounter in performing the audit

Additional work required over cash



Uncorrected misstatements

Unrecorded retainage



Corrected misstatements

Prior period correction of an error in cash reconciliation

Prior period correction of an error in parking fund and capital projects funds – recording of the purchase of parking fund assets



Required Communications (continued)

Disagreements with Management

- No such disagreements arose during our audit.

Representations from Management

- Management has provided the signed representation letter.

Consultations with Other Accountants

- We were informed by management that they made no consultations on the applications of GAAP and GAAS.



Required Communications (continued)

- Significant issues discussed with Management prior to retention
 - There were no significant issues discussed with management prior to retention as the auditors.





Thank you to the City for their cooperation and assistance throughout the engagement!

Questions?

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