

# City of Richmond, Virginia CAFR Presentation and Results

June 30, 2020

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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



Create Opportunities

# Presenter

- Greg Bussink, Principal, CLA

# Agenda

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



# Comprehensive Annual Financial Report

- The Comprehensive Annual Financial Report (CAFR) outlines the City's financial condition based on Generally Accepted Accounting (GAAP) and the Governmental Accounting Standards Board (GASB) practices
- The CAFR 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

## FY2020 CAFR

- The CAFR will be posted on the [Richmond.gov](http://Richmond.gov) and [RVA.gov](http://RVA.gov) websites
- Will distribute the FY 2020 CAFR to City Administration, City Council, Virginia localities and universities, banks, investment companies, etc.

# CAFR Overview

- Government-wide financial statements (Exhibits 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 Service Fund - (Exhibit C & D)*
    - *Capital Projects Fund - (Exhibit C & D)*
    - *Permanent Funds - (Exhibit I)*
    - *Special Revenue Funds - (Exhibit I)*
    - *Certain Internal Services Funds (Fleet, Radio, Health Ins., ARC, IT, Risk Management and Electric) - (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 Utilities - (Exhibit E)*
    - *Cemeteries, Richmond Coliseum 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 & 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 or 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 the 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 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 purpose of forming opinions as to whether the Financial Statements have been prepared in accordance with GAAP.



# Required Communications (continued)

## Qualitative Aspects of Accounting Practices

- 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.
- The preparation of the Financial Statements requires that certain estimates and judgments be made by management.
- No sensitive Financial Statement disclosures.



# Required Communications (continued)

No Difficulties Encountered in Performing the Audit

Uncorrected misstatements – unrecorded retainage



# 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!**

