



Independent Auditor Presentation

Comprehensive Annual Financial Report and
Other Related Annual Audit Reports

For the fiscal year ended June 30, 2019

City of Richmond
City Council

September 22, 2020

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Partner

Annual Audit

- Maze and Associates – we are an independent CPA firm, independent from the City of Richmond.
- Audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

We Audit

- City (Comprehensive Annual Financial Report)
- Joint Powers Financing Authority
(component unit)
- Single Audit (federal award programs)
- Also engaged to audit Richmond Housing Authority (component unit) and its three discrete component units (***not complete***)

Results of Audit

- Independent Auditor's Report (pg 1 of CAFR)
 - Unmodified/clean opinions...fairly stated, in all material respects...in conformity with accounting principles generally accepted (GAAP) in the USA.
 - Disclaimer of opinions...unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
 - A summary of the opinions is included on the next slide

Results of Audit

■ Independent Auditor's Report (Continued):

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
Community Development and Loan Programs Special Revenue	Unmodified
Major Enterprise Funds:	
Richmond Housing Authority	Disclaimer
Port of Richmond	Unmodified
Municipal Sewer	Unmodified
Aggregate Remaining Fund Information	Unmodified

Results of Audit

- Management's Discussion and Analysis
(prepared by Finance Staff – pg 5 of CAFR)
 - Discusses significant activity for the fiscal year

Results of Audit

- Single Audit

- Required when the City has federally funded expenditures of \$750,000 or more
- Total Federal Expenditures for the Fiscal Year = \$5,734,363 over 16 programs (Pages 3-5)

Results of Audit

■ Single Audit

□ Three Programs Tested for Compliance with Program Requirements:

- 14.218 – Community Development Block Grants/Entitlement Grants
- 66.818 – Brownfields Assessment and Cleanup Cooperative Agreements
- 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Results of Audit

■ Single Audit

□ Results of Testing

- One compliance finding for two of the programs (14.218 and 66.818)
 - Timely Filing of SF-425 Federal Financial Report
- One Single Audit-related exception discussed in the Memo on Internal Control #2019-04

Results of Audit

- Memorandum on Internal Control
 - Three possible categories for comments:
 - Material Weakness
 - Significant Deficiency
 - Other Matters

Results of Audit

- Memorandum on Internal Control
 - Ten material weaknesses (CY and PY items)
 - Fifteen significant deficiencies (CY and PY items)
 - Other matters (CY and PY items)
 - Other informational items
 - Current status of prior matters
- See the handout summarizing the comments

Results of Audit

■ Required Communications

- Changes in Accounting Policies – GASB 88 (disclosure only)
- Unusual Transactions
 - RHA – temporary impairment of capital assets
 - Credit Risk
- Significant Accounting Estimates Include
 - Pension and OPEB Liabilities and Related Def Outflows/Inflows
 - Fair Value of Investments and Swaps
 - Due from Developer
 - Depreciation
 - Compensated Absences
 - Claims Liabilities

Results of Audit

- Required Communications (Continued)
 - No disagreements with management
 - No material adjustments, other than to record:
 - Capital asset activity
 - RHA's prior year and current year closing entries
 - No uncorrected misstatements to report (deemed trivial)

Net Position – Last 5 Years

	Fiscal Year Ended June 30				
	2015 (e)	2016	2017	2018(f)	2019
Governmental activities					
Net investment in capital assets	\$218,144,811	\$228,292,389	\$233,619,046	\$221,336,363	\$211,717,676
Restricted	54,578,939	70,322,707	76,810,440	87,380,363	93,157,922
Unrestricted	(479,961,080)	(508,981,299)	(504,602,583)	(625,067,289)	(644,341,826)
Total governmental activities net position	(\$207,237,330)	(\$210,366,203)	(\$194,173,097)	(\$316,350,563)	(\$339,466,228)
Business-type activities					
Net investment in capital assets	\$74,922,303	\$63,405,228	\$71,000,240	\$68,213,687	\$52,161,380
Restricted	9,408,237	9,008,038	9,441,288	9,514,522	9,440,965
Unrestricted	(18,432,590)	(23,382,659)	(24,096,174)	(27,908,968)	(8,644,683)
Total business-type activities net position	\$65,897,950	\$49,030,607	\$56,345,354	\$49,819,241	\$52,957,662
Primary government					
Net investment in capital assets	\$293,067,114	\$291,697,617	\$304,619,286	\$289,550,050	\$263,879,056
Restricted	63,987,176	79,330,745	86,251,728	96,894,885	102,598,887
Unrestricted	(498,393,670)	(532,363,958)	(528,698,757)	(652,976,257)	(652,986,509)
Total primary government net position	(\$141,339,380)	(\$161,335,596)	(\$137,827,743)	(\$266,531,322)	(\$286,508,566)

(e) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.

(f) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

Full schedule can be found on
page 218 of the CAFR

Fund Balance – Last 5 Years

		Fiscal Year Ended June 30				
		2015	2016	2017	2018	2019
General Fund						
Nonspendable		\$18,708,682	\$18,404,669	\$15,697,680	\$17,967,653	\$17,170,714
Assigned		23,934	4,460	10,013	72,506	63,180
Unassigned		9,949,120	10,988,266	19,709,197	17,590,764	19,534,660
Total General Fund		\$28,681,736	\$29,397,395	\$35,416,890	\$35,630,923	\$36,768,554
All Other Governmental Funds						
Nonspendable		\$484	\$550			
Restricted		41,017,602	53,752,247	\$56,052,014	\$64,125,353	\$72,865,392
Assigned		430,083	431,867	782,617	43,906	44,602
Unassigned		(9,755,130)	(13,824,433)	(12,190,388)	(8,939,781)	(5,403,755)
Total all other governmental funds		\$31,693,039	\$40,360,231	\$44,644,243	\$55,229,478	\$67,506,239

Full schedule can be found on
page 222 of the CAFR

QUESTIONS?



“We are in the business to help our clients succeed”