



January 31, 2018

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Current requirements

- Locality submits audited CAFR and Comparative Report Transmittal form by November 30
- CPA firm presents audit to local governing body by December 31
- APA publishes Comparative Report of Local Government by January 31

Current Status

CAFRs	Filed by 11/30	Filed by 2/1	Filed after 2/1
2017	108	42	21 ^a
2016	85	64	20
2015	40	86 ^b	45 ^b

Transmittals	Filed by 11/30	Filed by 2/1	Filed after 2/1
2017	144	19	8 ^a
2016	150	15	4
2015	150	15	6

* Hopewell and Manassas Park still have not submitted for 2016 and 2017.

^a Localities have not submitted as of January 26, 2018.

^b 78 localities submitted a “draft” CAFR by 11/30/15. Effective with the 2016 reporting, the APA only accepts submission of the final audited CAFR.

FY 2016 – implemented a fiscal stress model

- APA calculated 10 ratios using information in the localities' CAFRs
- APA ranked each locality's performance by ratio and converted into percentile rankings
- APA used average of the percentile rankings to determine a Financial Assessment Model (FAM) score
- APA used the FAM score to determine need for follow-up

Initial Notification to Locality

- For localities that had a FAM score that caused concern, notification letter sent
- Explained the analytical process and the cause for concern
- Explained the follow up process that would be followed
- Explained potential assistance available
- Sent notification letters to all other localities to update on the new process and notify they did not fall below our threshold

Localities Identified for Follow Up

- Based on CAFR ratios and trends
 - Cities of Bristol and Richmond
 - Counties of Giles, Northumberland, Page, and Richmond
- Based on no CAFR available
 - City of Hopewell
 - City of Manassas Park

APA Current Follow-up Process

- Reviewed completed questionnaire responses for “follow-up” localities that chose to respond
- Scheduled meetings with locality officials to discuss responses
- Made a determination of whether there is a need to report to the Governor and Chairs of the money committees that the locality needs assistance
- Letter sent to each locality to summarize the results of our follow-up

Results of Follow Up

- Stressed it was more important to finalize 2017 (and prior) CAFRs than to respond to our questionnaire
- Two localities declined to participate
 - Counties of Giles and Page
- For three localities, the process indicated they did not currently need Commonwealth assistance
 - City of Richmond, Counties of Northumberland and Richmond

APA Current Follow-up Process, continued

- For one locality, we sent a letter to the Governor, Secretary of Finance, and the Chairs of HAC and SFC recommending Commonwealth assistance
 - City of Bristol
 - issues specific to operational sustainability and long-term debt of its solid waste disposal fund
 - short-term debt related to The Falls project

Pending APA actions

- Summary report of localities experiencing fiscal stress
- Revisions to the Model
 - Follow-up needed/not needed instead of a numerical score
 - Incorporate additional factors
 - Unemployment
 - Commission on Local Government's fiscal stress rankings on locality revenue capacity/effort
 - Information used by bond rating agencies
 - Additional ratios
- Run the revised Model in March for 2017 data

QUESTIONS