

Audited Financial Statements and Notes

The audited annual financial statements of the Federal Reserve Bank of Richmond as of and for the years that ended on December 31, 2018, and December 31, 2017, are incorporated here by reference. They are available from the Board of Governors of the Federal Reserve System at www.federalreserve.gov/aboutthefed/files/richmondfinstmt2018.pdf. That public disclosure also provides: Notes to Financial Statements, Management's Report on Internal Control over Financial Reporting, and the Independent Auditor's Report.

The Federal Reserve Board's Statement of Auditor Independence is provided below.

Statement of Auditor Independence

The Federal Reserve Board engaged KPMG to audit the 2018 combined and individual financial statements of the Reserve Banks.¹

In 2018, KPMG also conducted audits of internal controls over financial reporting for each of the Reserve Banks. Fees for KPMG services totaled \$7 million. To ensure auditor independence, the Board of Governors requires that KPMG be independent in all matters relating to the audits. Specifically, KPMG may not perform services for the Reserve Banks or others that would place it in a position of auditing its own work, making management decisions on behalf of the Reserve Banks, or in any other way impairing its audit independence. In 2018, the Bank did not engage KPMG for any non-audit services.

¹ In addition, KPMG audited the Office of Employee Benefits of the Federal Reserve System (OEB), the Retirement Plan for Employees of the Federal Reserve System (System Plan), and the Thrift Plan for Employees of the Federal Reserve System (Thrift Plan). The System Plan and the Thrift Plan provide retirement benefits to employees of the Board, the Federal Reserve Banks, the OEB, and the Consumer Financial Protection Bureau.