

In the opinion of Bond Counsel, under current law and subject to the conditions described in "SECTION THREE: MISCELLANEOUS – TAX EXEMPTION," interest on the 2024 Bonds (as defined herein) (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the alternative minimum tax imposed on such corporations and (d) is exempt from income taxation by the Commonwealth of Virginia. A holder may be subject to other federal tax consequences as described in the section "SECTION THREE: MISCELLANEOUS – TAX EXEMPTION."

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

\$33,745,000

Revenue Bonds (Diamond District Project), Series 2024

Dated: Date of Issuance

Due: June 1, as shown on the inside cover

This Official Statement has been prepared by the City of Richmond, Virginia (the "City"), on behalf of the Economic Development Authority of the City of Richmond, Virginia (the "Authority"), to provide information on its \$33,745,000 Revenue Bonds (Diamond District Project), Series 2024 (the "2024 Bonds"), the security therefor, the City, the use of the proceeds of the 2024 Bonds and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the 2024 Bonds, a prospective investor should read this Official Statement in its entirety.

Security

THE 2024 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM CERTAIN PAYMENTS TO BE MADE BY THE CITY PURSUANT TO A COOPERATION AGREEMENT DATED AS OF JUNE 1, 2024 (THE "COOPERATION AGREEMENT"), BETWEEN THE CITY AND THE AUTHORITY, AND FROM CERTAIN FUNDS AND THE INVESTMENT INCOME THEREFROM HELD BY THE TRUSTEE PURSUANT TO THE TRUST AGREEMENT DESCRIBED HEREIN. THE UNDERTAKING BY THE CITY TO MAKE PAYMENTS UNDER THE COOPERATION AGREEMENT IS SUBJECT TO APPROPRIATION BY THE CITY COUNCIL FROM TIME TO TIME OF SUFFICIENT AMOUNTS FOR SUCH PURPOSE, AND THE CITY COUNCIL HAS NO OBLIGATION TO DO SO. NEITHER THE 2024 BONDS NOR THE COOPERATION AGREEMENT CONSTITUTES A DEBT OF THE CITY OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE CITY. THE 2024 BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE CITY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2024 BONDS OR OTHER COSTS INCIDENT TO THEM EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED FOR SUCH PURPOSE AND ASSIGNED THEREFOR. THE AUTHORITY HAS NO TAXING POWER.

Issued Pursuant To

The 2024 Bonds will be issued pursuant to an Agreement of Trust dated as of June 1, 2024, as supplemented by a First Supplemental Trust Agreement dated as of June 1, 2024, each between the Authority and U.S. Bank Trust Company, National Association, as Trustee.

Trustee

U.S. Bank Trust Company, National Association.

Purpose

The proceeds of the 2024 Bonds will be used, together with other available funds, to (a) finance the design, construction and equipping of certain public infrastructure necessary or desirable in connection with the initial phases of the redevelopment of the area in the City known as the "Diamond District" (including, without limitation, all site preparation work and such other work as may be necessary or incidental to the acquisition, development and construction of such public infrastructure), (b) fund certain capitalized interest on the 2024 Bonds and (c) pay the related costs of issuance of the 2024 Bonds. Such public infrastructure is expected to include some or all of the following: (1) park and public space improvements, (2) parking facilities, (3) cultural facilities, (4) water, sewer, storm water, gas and electric utility improvements, (5) utility installations, relocations and abandonments, (6) road, alley and sidewalk improvements and (7) streetlight, traffic signal, traffic control, street signage, curb, gutter, streetscape and landscaping improvements.

Interest Payment Dates June 1 and December 1, commencing December 1, 2024.

Regular Record Dates May 15 and November 15.

Redemption The 2024 Bonds are subject to redemption as set forth herein.

Denominations \$5,000 and integral multiples thereof.

Closing/Delivery Date On or about June 27, 2024.

Registration Full book-entry only; The Depository Trust Company, New York, New York.

Bond Counsel Hunton Andrews Kurth LLP, Richmond, Virginia.

City Attorney Laura K. Drewry, Esquire, City Attorney.

Authority Counsel Bonnie M. Ashley, Esquire, Deputy City Attorney.

Underwriter's Counsel Squire Patton Boggs (US) LLP, Washington, D.C.

Financial Advisor Davenport & Company, LLC, Richmond, Virginia.

Conditions Affecting Issuance The 2024 Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Hunton Andrews Kurth LLP, Bond Counsel, and to certain other conditions referred to herein.

LOOP CAPITAL MARKETS

J.P. MORGAN

Dated: June 20, 2024

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

\$33,745,000
REVENUE BONDS (DIAMOND DISTRICT PROJECT), SERIES 2024

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP** 76541F
2027	\$1,375,000	5.000%	3.000%	AA0
2028	1,435,000	5.000	2.980	AB8
2029	1,510,000	5.000	2.940	AC6
2030	1,585,000	5.000	2.920	AD4
2031	1,660,000	5.000	2.930	AE2
2032	1,745,000	5.000	2.930	AF9
2033	1,835,000	5.000	2.940	AG7
2034	1,925,000	5.000	2.960	AH5
2035	2,020,000	5.000	3.000*	AJ1
2036	2,115,000	5.000	3.070*	AK8
2037	225,000	5.000	3.180*	AL6
2038	270,000	5.000	3.240*	AM4
2039	315,000	5.000	3.300*	AN2
2040	360,000	5.000	3.400*	AP7
2041	410,000	5.000	3.490*	AQ5
2042	465,000	5.000	3.550*	AR3
2043	525,000	5.000	3.610*	AS1
2044	585,000	5.000	3.660*	AT9

\$4,005,000 5.000% 2024 Term Bond due June 1, 2049; Yield 3.910%*;
CUSIP No. 76541F AU6**

\$6,180,000 4.000% 2024 Term Bond due June 1, 2054; Yield 4.200%;
CUSIP No. 76541F AV4**

\$3,200,000 5.000% 2024 Term Bond due June 1, 2056; Yield 4.040%*;
CUSIP No. 76541F AW2**

* Yield reflects 2024 Bonds priced to first optional call date of June 1, 2034.

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The 2024 Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the 2024 Bonds will also be exempt from registration under the securities laws of Virginia.

No dealer, broker, salesman or other person has been authorized by the Authority or the City to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Authority or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the 2024 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Authority and/or the City and the purchasers or owners of any of the 2024 Bonds.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the City or the Authority since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

This Official Statement, including, but not limited to information contained in Appendix C, contains statements that, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” “plan,” “budget” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to differ materially from those stated in the forward-looking statements. A number of important factors affecting the City’s operations and financial results could cause actual results to differ materially from those stated in the forward-looking statements. All such forward-looking statements are expressly qualified by the cautionary statements in the preceding sentences, as well as any other disclaimers set forth in this Official Statement. Neither the Authority nor the City plan to issue any updates or revisions to any such forward-looking statements.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the 2024 Bonds, including transactions to (a) over allot in arranging the sales of the 2024 Bonds and (b) make purchases and sales of the 2024 Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the underwriter may determine.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

\$33,745,000

Revenue Bonds (Diamond District Project), Series 2024

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide information in connection with the issuance by the Economic Development Authority of the City of Richmond, Virginia (the “Authority”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), of its \$33,745,000 Revenue Bonds (Diamond District Project), Series 2024 (the “2024 Bonds”). The following introductory material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes. Certain capitalized terms used in this Official Statement are defined in Appendix A - “Definitions of Certain Terms.”

The Issuer

The issuer of the 2024 Bonds is the Economic Development Authority of the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia.

The Diamond District Redevelopment Project

The City of Richmond, Virginia (the “City”), and the Authority are advancing a comprehensive redevelopment of the approximately 67-acre site located in the Greater Scott’s Addition area of the City known as the “Diamond District,” which is not utilized to its full market potential. The Diamond District is also home to The Diamond baseball stadium, a nearly 40-year old facility that is currently home to the Richmond Flying Squirrels (the “Team”). The mixed-use redevelopment project is expected to be anchored by a new stadium and to feature affordable and market rate housing, a new hotel, commercial space, park space and public areas, as well as the public infrastructure necessary or desirable to support such redevelopment.

Following the selection of Diamond District Partners, LLC (the “Master Developer”), as the master developer to undertake the initial phases of the redevelopment project, the City, the Authority and the Master Developer entered into the Diamond District Redevelopment Project Purchase and Sale and Development Agreement dated as of May 15, 2024 (the “Master Development Agreement”), to provide for the initial phases of the mixed-use redevelopment project. The Authority and the Team are actively negotiating (a) a Stadium Development Agreement (the “Stadium Development Agreement”) to provide for the development of the new stadium (to be owned by the Authority) in connection with the broader redevelopment project and (b) a Stadium Lease (the “Stadium Lease”) to provide for the Team’s lease of the new stadium from the Authority, and the Authority currently expects to execute the Stadium Development Agreement and the Stadium Lease in summer 2024. *For additional detail regarding the Diamond District redevelopment project, see “LOCAL ECONOMY – Economic Development” in Appendix C - “Information Regarding the City of Richmond, Virginia.”*

To assist the Authority in the performance of its undertakings pursuant to the Master Development Agreement, the Stadium Development Agreement and the Stadium Lease and the financing of the public infrastructure necessary or desirable to support the redevelopment project, the City is entering into a Cooperation Agreement dated as of June 1, 2024, with the Authority (the “Cooperation Agreement”). Pursuant to the terms of the Cooperation Agreement, the City will, subject to annual appropriation by the City Council of the City (the “City Council”) of sufficient amounts for such purpose, make available to the Authority such funds as may be necessary to enable the Authority to (a) satisfy its undertakings pursuant to the Master Development Agreement, the Stadium Development Agreement and the Stadium Lease, (b) pay the debt service on the bonds (including the 2024 Bonds) issued to fund the public infrastructure (including the public infrastructure to be developed as part of the 2024 Project (as hereinafter defined)), (c) if applicable, replenish any debt service reserve fund established in connection with such bonds, (d) pay the Trustee its reasonable fees and expenses in connection with the performance of its duties as Trustee and any other costs or expenses necessary to cancel and discharge the Trust Agreement and (e) pay any arbitrage rebate liability with respect to such bonds. *For additional detail regarding the Cooperation Agreement, see “SECTION TWO: THE*

2024 BONDS – SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS – The Cooperation Agreement” in this Official Statement.

In connection with the approval of the Master Development Agreement in May 2024, the City Council authorized the issuance of up to \$170,000,000 principal amount of general obligation bonds to finance the design, acquisition, construction and equipping of the new baseball stadium (the “Stadium”) to be developed in connection with the redevelopment of the area known as the “Diamond District.” At the same time, the City Council authorized the execution of the of the Cooperation Agreement and the plan to finance the public infrastructure through the issuance of the 2024 Bonds by the Authority. Both the Stadium and the public infrastructure are integral to the plan of redevelopment for the Diamond District, and the City and the Authority are continuing to advance them as a part of the comprehensive redevelopment project. The City had planned to issue its General Obligation Public Improvement Bonds, Series 2024C (the “2024C GO Bonds”), in an aggregate principal amount of approximately \$135,000,000, in June 2024 to finance the costs of the Stadium project. However, in May 2024, a citizen filed a lawsuit in the Circuit Court of the City of Richmond contesting the proposed issuance of the bonds and seeking clarification of and relief from certain legal requirements to exercise the citizen’s right to circulate a petition calling for a referendum on the proposed bond issuance. The Circuit Court conducted a hearing on the citizen’s complaint on June 7, 2024, and issued a ruling from the bench dismissing each of the claims in the citizen’s complaint. The citizen has a right to appeal the ruling by filing a notice of appeal within 15 days of the Circuit Court’s order dismissing the complaint, which order is expected to be formally entered on or about June 14, 2024. No notice of appeal has been filed as of the date hereof. In the event that the Circuit Court decision of June 7, 2024, is appealed, the City will continue to defend the legality of City Council’s approval of the general obligations bonds it authorized to be issued for the Stadium project.

The 2024 Bonds

The Authority plans to use the proceeds of the 2024 Bonds to (a) finance the 2024 Project, (b) fund certain capitalized interest on the 2024 Bonds and (c) pay the related costs of issuance.

The 2024 Bonds will consist of \$33,745,000 Revenue Bonds (Diamond District Project), Series 2024, dated the date of issuance and maturing on June 1 in the years and in the amounts set forth on the inside cover of this Official Statement. Interest on the 2024 Bonds will be payable on each June 1 and December 1, beginning December 1, 2024, until the earlier of maturity or redemption, at the rates set forth on the inside cover of this Official Statement.

The 2024 Bonds will be issued in accordance with the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), and pursuant to an Agreement of Trust dated as of June 1, 2024 (the “Master Trust Agreement”), as supplemented by a First Supplemental Agreement of Trust dated as of June 1, 2024 (the “First Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”), both between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Pursuant to the terms of the Trust Agreement, the Authority may issue from time to time revenue bonds or notes and use the proceeds thereof to finance and refinance certain “authority facilities” (as defined in the Act) constituting “Public Infrastructure” as defined in the Master Trust Agreement.

Pursuant to the Cooperation Agreement, the City has agreed to assist the Authority in the performance of its undertakings pursuant to the Master Development Agreement, including, but not limited to, the financing of the public infrastructure comprising the 2024 Project. To facilitate the financing of the 2024 Project, the City has agreed, subject to appropriation by the City Council of sufficient amounts for such purpose, to make available to the Authority such funds as may be necessary to enable the Authority to pay the principal of and interest due on the 2024 Bonds (the “Debt Service Payments”) and to pay other Bond-Related Costs (the “Bond Cost Payments”).

The 2024 Bonds and the interest thereon are limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Cooperation Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Trust Agreement. The 2024 Bonds and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the principal of or interest on the 2024 Bonds or other costs incident thereto except from the revenues and receipts pledged for such purpose and assigned therefor, and neither the faith and credit nor

the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the City, is pledged to the payment of the principal of or interest on the 2024 Bonds or other costs incident thereto. The Authority has no taxing power. Rent Payments, if and when available to the Authority, may be transferred by the Authority to the Trustee pursuant to the terms of the Cooperation Agreement, but such Rent Payments are not pledged or assigned to secure payment of the 2024 Bonds. *For additional detail regarding the availability and application of Rent Payments, see “SECTION TWO: THE 2024 BONDS – SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS – Cooperation Agreement.”*

More complete descriptions of the Trust Agreement and the Cooperation Agreement are provided in Appendix B - “Summary of the Financing Documents.”

Redemption

Optional Redemption. The 2024 Bonds will be subject to optional redemption as set forth in “SECTION TWO: THE 2024 BONDS – Redemption.”

Mandatory Sinking Fund Redemption. The 2024 Bonds will be subject to mandatory sinking fund redemption as set forth in “SECTION TWO: THE 2024 BONDS – Redemption.”

Delivery

The 2024 Bonds are offered for delivery when, as and if issued, subject to the approval of validity by Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, and to certain other exceptions referred to herein. Certain legal matters will be passed upon for the City by the City Attorney, Laura K. Drewry, Esquire, for the Authority by its counsel, Deputy City Attorney, Bonnie M. Ashley, Esquire, and for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, Washington, D.C.

Ratings

The 2024 Bonds have been rated as shown on the cover page hereto by Fitch Ratings, Moody’s Investors Service, Inc., and S&P Global Ratings. A more complete description of each rating is provided in “SECTION THREE: MISCELLANEOUS – RATINGS.”

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, is employed as Financial Advisor to the City in connection with the issuance of the 2024 Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the 2024 Bonds is contingent upon the issuance and delivery of the 2024 Bonds.

Continuing Disclosure

For purposes of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”), the City is an obligated person with respect to the 2024 Bonds. The City has agreed to execute a Continuing Disclosure Agreement at closing to assist the Underwriters in complying with the provisions of the Rule as in effect on the date hereof, by providing annual financial information and certain event notices required by the Rule. *See “SECTION THREE: MISCELLANEOUS – CONTINUING DISCLOSURE.”*

Additional Information

Any questions concerning the content of this Official Statement should be directed to Sheila White, Director of Finance, City of Richmond, 900 E. Broad Street, Richmond, Virginia 23219 (804-646-7000), or the City’s Financial Advisor, Davenport & Company LLC (804-697-2900).

SECTION TWO: THE 2024 BONDS

THE AUTHORITY

The Authority is a political subdivision of the Commonwealth of Virginia created pursuant to the Act. The Act empowers the Authority to acquire, construct and equip public facilities and to finance or refinance the costs of such facilities. By resolution adopted on May 29, 2024 (the “Authorizing Resolution”), the Authority authorized the issuance of the 2024 Bonds for the purpose of financing the 2024 Project.

The Authority is not obligated to pay the principal of or interest on the 2024 Bonds or other costs incident thereto except from amounts received therefor under the Cooperation Agreement. ***The Authority has no taxing power.***

THE 2024 BONDS

General

The 2024 Bonds will be dated the date of issuance, will bear interest from their date, payable semiannually on each June 1 and December 1, beginning December 1, 2024, at the rates, and will mature on June 1 in the years and amounts as set forth on the inside cover of this Official Statement. If such interest payment date is not a Business Day, such payment will be made on the next succeeding Business Day with the same effect as if made on the interest payment date and no additional interest will accrue. Interest on the 2024 Bonds will be payable by check or draft mailed to the registered owner at its address as it appears on the registration books kept by the Trustee as of the fifteenth day of the month preceding each respective payment date.

The 2024 Bonds will be issued as fully registered bonds, in denominations of \$5,000 or integral multiples thereof, initially in book-entry form only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Individual purchases of beneficial ownership in the 2024 Bonds will be made in principal amounts of \$5,000 and multiples of \$5,000. Individual purchasers of beneficial ownership in the 2024 Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates. So long as the 2024 Bonds are in book-entry form, transfer of the 2024 Bonds and payment of principal of and interest on the 2024 Bonds will be effected as described below in Appendix G - “Book-Entry Only System.” If the book-entry system is discontinued, bond certificates will be delivered as described in the Trust Agreement, and Beneficial Owners will become registered owners of the 2024 Bonds. Registered owners of the 2024 Bonds, whether Cede & Co. or, if the book-entry system is discontinued, the Beneficial Owners, will be defined in this Official Statement as the “Bondholders.” **So long as Cede & Co. is the sole Bondholder, as nominee for DTC, reference in this Official Statement to Bondholders means Cede & Co. and does not mean the Beneficial Owners.** See Appendix G - “Book-Entry Only System.”

The 2024 Bonds are limited obligations of the Authority as described more fully in the section “SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS” below.

Redemption

Optional Redemption. The 2024 Bonds maturing on and before June 1, 2034, will not be subject to optional redemption prior to maturity. The 2024 Bonds maturing on and after June 1, 2035, will be subject to redemption prior to maturity, at the option of the Authority, at any time on or after June 1, 2034, in whole or in part (in integral multiples of \$5,000), upon payment of 100% of the principal amount to be redeemed, plus interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2024 Bonds maturing on June 1, 2049, will be required to be redeemed prior to maturity in part upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption on June 1 in years and amounts, as follows:

Year (June 1)	Amount
2045	\$650,000
2046	720,000
2047	795,000
2048	875,000
2049*	965,000

*Final maturity

The 2024 Bonds maturing on June 1, 2054, will be required to be redeemed prior to maturity in part upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption on June 1 in years and amounts, as follows:

Year (June 1)	Amount
2050	\$1,055,000
2051	1,140,000
2052	1,230,000
2053	1,325,000
2054*	1,430,000

*Final maturity

The 2024 Bonds maturing on June 1, 2056, will be required to be redeemed prior to maturity in part upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption on June 1 in years and amounts, as follows:

Year (June 1)	Amount
2055	\$1,535,000
2056*	1,665,000

*Final maturity

Selection of Bonds for Redemption

If less than all of the 2024 Bonds are called for optional redemption, the maturities or sinking fund installments of the 2024 Bonds to be redeemed will be selected by the Authority. If less than all of the 2024 Bonds of a maturity or a sinking fund installment thereof are called for optional redemption, the specific 2024 Bonds within such maturity or sinking fund installment to be redeemed will be selected by the Securities Depository or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any 2024 Bond to be redeemed will be in the principal amount of \$5,000 or some multiple thereof. In selecting 2024 Bonds for redemption, each Series 2024 Bond will be considered as representing that number of 2024 Bonds that is obtained by dividing the principal amount of such 2024 Bond by \$5,000. If a portion of a 2024 Bond will be called for redemption, a new 2024 Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

Notice of Redemption

Notice of redemption will be given by the Trustee by facsimile transmission or other electronic means, registered or certified mail, overnight express delivery or such other means acceptable to the Bondholders not less than 30 nor more than 60 days before the date fixed for redemption to DTC, or, if DTC is no longer serving as securities depository for the 2024 Bonds, to the substitute securities depository, or, if none, to the respective registered owner of each 2024 Bond to be redeemed at the address shown on the registration books maintained by the Trustee. This notice of redemption will also be given to certain securities depositories and certain national information services

which disseminate redemption notices. During the period that DTC or its nominee is the registered owner of the 2024 Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners.

In the case of an optional redemption, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee (or, if applicable, such other escrow agent as may be appointed by the Authority) no later than the date fixed for redemption or (2) the Authority retains the right to rescind such notice of redemption on or prior to the date fixed for redemption (in either case, a “Conditional Redemption”), and such notice of redemption and optional redemption will be of no effect if such moneys are not so deposited or if the notice of redemption is rescinded as described herein. Any Conditional Redemption pursuant to clause (2) above may be rescinded at any time prior to the date fixed for redemption if the Authority delivers a written direction to the Trustee directing the Trustee to rescind the notice of redemption, and any funds deposited with the Trustee in connection with such rescinded redemption will be returned to, or at the direction of, the Authority. The Trustee will give prompt notice of such rescission to the affected Bondholders. Any 2024 Bonds subject to Conditional Redemption where redemption has been rescinded will remain outstanding, and the rescission will not constitute an event of default under the Trust Agreement. Further, in the case of a Conditional Redemption, the failure of the Authority to make funds available on or before the date fixed for redemption will not constitute an event of default under the Trust Agreement, and the Trustee will give prompt notice to all organizations registered with the Securities and Exchange Commission as securities depositories or the affected Bondholders that the redemption did not occur and that the 2024 Bonds called for redemption and not so paid remain outstanding.

Effect of Redemption

On the date on which any 2024 Bonds have been called for redemption and sufficient funds for their payment on such date are held by the Trustee, interest on such 2024 Bonds will cease to accrue and their registered owners will be entitled to receive payment only from the Trustee from funds available for that purpose.

Plan of Financing of the 2024 Project

The Authority expects to use the 2024 Bond proceeds to (a) finance the design, construction and equipping of certain public infrastructure necessary or desirable in connection with the initial phases of the redevelopment of the area in the City known as the “Diamond District” (including, without limitation, all site preparation work and such other work as may be necessary or incidental to the acquisition, development and construction of such public infrastructure), (b) fund capitalized interest on the 2024 Bonds through June 1, 2026, and (c) pay the related costs of issuance of the 2024 Bonds. Such public infrastructure is expected to include some or all of the following: (1) park and public space improvements, (2) parking facilities, (3) cultural facilities, (4) water, sewer, storm water, gas and electric utility improvements, (5) utility installations, relocations and abandonments, (6) road, alley and sidewalk improvements and (7) streetlight, traffic signal, traffic control, street signage, curb, gutter, streetscape and landscaping improvements.

Estimated Sources and Uses of Funds

The proceeds received from the sale of the 2024 Bonds are expected to be applied as follows:

	<u>2024 Bonds</u>
Estimated Sources of Funds	
Par Amount of Bonds	\$33,745,000.00
Net Original Issue Premium	3,089,219.80
Total Sources	<u>\$36,834,219.80</u>
Estimated Uses of Funds	
Deposit to Project Fund for 2024 Project	\$32,857,846.26
Capitalized Interest	3,133,506.39
Costs of Issuance (including Underwriters’ Discount)	842,867.15
Total Uses	<u>\$36,834,219.80</u>

Debt Service Requirements

The following table shows for each bond year, which is any 12 month period ending June 1, amounts required for payment of principal (either at maturity or upon mandatory sinking fund redemption) of and interest on the 2024 Bonds.

Bond Year	Principal	Interest	Total Debt Service on 2024 Bonds
2025	-	\$ 1,508,056.39	\$ 1,508,056.39
2026	-	1,625,450.00	1,625,450.00
2027	\$ 1,375,000	1,625,450.00	3,000,450.00
2028	1,435,000	1,556,700.00	2,991,700.00
2029	1,510,000	1,484,950.00	2,994,950.00
2030	1,585,000	1,409,450.00	2,994,450.00
2031	1,660,000	1,330,200.00	2,990,200.00
2032	1,745,000	1,247,200.00	2,992,200.00
2033	1,835,000	1,159,950.00	2,994,950.00
2034	1,925,000	1,068,200.00	2,993,200.00
2035	2,020,000	971,950.00	2,991,950.00
2036	2,115,000	870,950.00	2,985,950.00
2037	225,000	765,200.00	990,200.00
2038	270,000	753,950.00	1,023,950.00
2039	315,000	740,450.00	1,055,450.00
2040	360,000	724,700.00	1,084,700.00
2041	410,000	706,700.00	1,116,700.00
2042	465,000	686,200.00	1,151,200.00
2043	525,000	662,950.00	1,187,950.00
2044	585,000	636,700.00	1,221,700.00
2045	650,000	607,450.00	1,257,450.00
2046	720,000	574,950.00	1,294,950.00
2047	795,000	538,950.00	1,333,950.00
2048	875,000	499,200.00	1,374,200.00
2049	965,000	455,450.00	1,420,450.00
2050	1,055,000	407,200.00	1,462,200.00
2051	1,140,000	365,000.00	1,505,000.00
2052	1,230,000	319,400.00	1,549,400.00
2053	1,325,000	270,200.00	1,595,200.00
2054	1,430,000	217,200.00	1,647,200.00
2055	1,535,000	160,000.00	1,695,000.00
2056	1,665,000	83,250.00	1,748,250.00
TOTAL	\$33,745,000	\$26,033,606.39	\$59,778,606.39

SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS

The following is a summary of the sources of security and sources of payment for the 2024 Bonds. The references to the 2024 Bonds, the Cooperation Agreement and the Project Fund are qualified in their entirety by reference to such documents and the provisions relating to the Project Fund contained in the Trust Agreement. See *Appendix B – “Summary of the Financing Documents.”*

Security for the 2024 Bonds

The 2024 Bonds are equally and ratably secured by (1) Debt Service Payments, which have been assigned by the Authority to the Trustee and will be applied to the payment of principal of and interest on the 2024 Bonds and any additional Bonds as set forth in the Trust Agreement, without preference, priority or distinction of any Bond over

any other Bond, and (2) certain funds established under the Trust Agreement and the amounts on deposit therein and investment income therefrom. The 2024 Bonds are equally and ratably secured under the Trust Agreement with any additional Bonds that may hereafter be issued under the Trust Agreement, provided that (a) any series of Bonds may have other security pledged to its payment, (b) moneys in any account or subaccount of the Bond Fund relating to a particular series of Bonds will secure only such Bonds, (c) moneys in any account or subaccount of the Project Fund relating to a particular series of Bonds will secure only such Bonds and (d) moneys in any account or subaccount of the Debt Service Reserve Fund relating to one or more series of Bonds will secure only such Bonds and any additional Bonds issued to refund such Bonds if and as provided in the respective Supplemental Trust Agreement(s).

The 2024 Bonds and the interest thereon are limited obligations of the Authority payable solely from certain revenues and receipts derived by the Authority under the Cooperation Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Trust Agreement and the investment income therefrom. The undertaking by the City to make payments under the Cooperation Agreement is subject to appropriation from time to time by the City Council of sufficient amounts for such purpose. The City Council has no legal obligation to make any such appropriations. See “SECTION THREE: MISCELLANEOUS – BONDHOLDERS’ RISKS.”

The 2024 Bonds and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, is obligated to pay the principal of or interest on the 2024 Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the City, have been pledged to the payment of the principal of or interest on the 2024 Bonds or other costs incident thereto. The Authority has no taxing power.

As described in “Cooperation Agreement” below, the Authority and the City are entering into a contractual arrangement pursuant to which the Authority is agreeing to apply the Rent Payments received pursuant to the Stadium Lease to pay debt service on the 2024 Bonds and any other Bonds and for no other purpose. However, the Rent Payments have not been pledged as security for any Bonds, including the 2024 Bonds, and neither the Bondholders nor the Trustee have any rights or interest in the Rent Payments or to compel the Authority to apply any Rent Payments to pay debt service on any Bonds, including the 2024 Bonds. Any Rent Payments will only become part of the trust estate for the Bonds, including the 2024 Bonds, if and after the Authority transfers such amounts, if any, to the Trustee for deposit to the Bond Fund. Furthermore, there can be no guarantee that the Authority will realize any Rent Payments pursuant to the Stadium Lease or that any Rent Payments received will be sufficient to pay the debt service on the 2024 Bonds and any other Bonds.

Cooperation Agreement

The Authority is issuing the 2024 Bonds for the purpose of financing the 2024 Project, which the City has agreed to facilitate by undertaking to make available certain funds to the Authority pursuant to the terms of the Cooperation Agreement. The Cooperation Agreement provides for the City to make Debt Service Payments to the Authority or its assignee in amounts sufficient to pay the principal of and interest on the outstanding Bonds as the same shall become due in accordance with their terms and provisions and the terms of the Trust Agreement. Debt Service Payments will be due no later than 10 days prior to the respective principal or interest payment date on the 2024 Bonds and any additional Bonds.

The Cooperation Agreement also provides for the City to pay certain Bond Cost Payments, including, but not limited to, amounts necessary to (a) restore the balance in any Series Debt Service Reserve Account to the Series Debt Service Reserve Requirement, (b) pay the Trustee its reasonable fees and expenses in connection with the performance of its duties as bond trustee and any other costs or expenses necessary to cancel and discharge the Trust Agreement and (c) pay any arbitrage rebate liability with respect to the Bonds.

The undertaking by the City to make such Debt Service Payments and Bond Cost Payments under the Cooperation Agreement constitutes neither a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the City beyond any Fiscal Year for which the City Council has appropriated moneys to make such payments. Neither the Trustee nor the Authority shall have

any obligation or liability to the holders of the 2024 Bonds with respect to the City's undertaking to make payments under the Cooperation Agreement or with respect to the performance by the City of any other covenant contained therein.

Pursuant to the Cooperation Agreement, the Authority is agreeing to apply the Rent Payments received pursuant to the Stadium Lease to pay debt service on the 2024 Bonds and any other Bonds issued to fund Public Infrastructure and for no other purpose. For so long as any such Bonds remain outstanding, the Authority will transfer each quarterly Rent Payment to the Trustee to satisfy the Debt Service Requirements with respect to such Bonds. Any Rent Payments applied in satisfaction of the Debt Service Requirement for a principal or interest payment date will be credited against the City's undertaking to make the corresponding Debt Service Payment pursuant to the Cooperation Agreement, and, subject to appropriation by City Council of sufficient amounts for such purpose, the City will only make a Debt Service Payment equal to the amount by which the Debt Service Requirement for such principal or interest payment date exceeds such Rent Payments and any other funds available under the Trust Agreement to make such debt service payment as described in the Cooperation Agreement. *For additional discussion regarding the availability of such Rent Payments to pay debt service on the 2024 Bonds, see "Security for the 2024 Bonds" above.*

Other provisions of the Cooperation Agreement are summarized in Appendix B - "Summary of the Financing Documents."

No Series Debt Service Reserve Account Established for the 2024 Bonds

No Series Debt Service Reserve Account has been established for the 2024 Bonds. No monies on deposit in the Debt Service Reserve Fund, which has been established but has not been funded, will secure the 2024 Bonds.

Bond Fund

Under the Trust Agreement, the Authority will pledge to the Trustee all right, title and interest of the Authority in and to (a) receive Debt Service Payments under the Cooperation Agreement, (b) receive Bond Cost Payments under the Cooperation Agreement, but only to the extent such Bond Cost Payments relate the replenishment of any Series Debt Service Reserve Account and (c) seek performance by the City of its undertakings to consider such appropriations in accordance with the requirements of the Cooperation Agreement. Such payments under the Cooperation Agreement, along with funds on deposit in the Bond Fund, are pledged to the payment of principal of and interest on the Bonds.

The Trustee will deposit in the Bond Fund all Debt Service Payments received by the Trustee from the City, together with (x) any Rent Payments transferred to the Trustee by the Authority pursuant to the provisions of the Cooperation Agreement and (y) any other amounts transferred from the Project Fund, the Debt Service Reserve Fund or any other fund or account pursuant to the provisions of the Master Trust Agreement or any Supplemental Trust Agreement or any other payments transferred to the Authority or its assignee as directed by the Authority. From such amounts received by the Trustee from the City or the Authority, the Trustee will deposit in the subaccount of the Interest Account an amount equal to the interest due and payable on the next interest payment date for the 2024 Bonds and will deposit in the subaccount established for the 2024 Bonds in the Principal Account an amount equal to the principal due and payable on the next principal payment date for the 2024 Bonds. If a redemption premium is payable on the 2024 Bonds, the Trustee will deposit in the subaccount of the Premium Account of the Bond Fund that portion of a Bond Cost Payment representing the amount of the redemption premium due. *For additional information concerning the Bond Fund, see Appendix B - "Summary of the Financing Documents – THE TRUST AGREEMENT."*

Project Fund

The Trust Agreement establishes a Series 2024 Project Account (the "2024 Project Account") and a Series 2024 Capitalized Interest Account (the "2024 Capitalized Interest Account") within the Project Fund into which the Trustee will deposit portions of the proceeds of the 2024 Bonds. The Trustee will use money in the 2024 Project Account solely (a) to finance the 2024 Project and (b) to pay costs of issuing the 2024 Bonds. The Trustee will make payments from the 2024 Project Account upon receipt of requisitions signed on behalf of the Authority or the City providing required information with respect to the use of the amounts being requisitioned. Money in the 2024 Capitalized Interest Account will be applied to fund certain capitalized interest on the 2024 Bonds in accordance with

the provisions of the Trust Agreement. *For additional information concerning the Project Fund, see Appendix B - “Summary of the Financing Documents – THE TRUST AGREEMENT.”*

Additional Bonds

The Authority may issue from time to time additional Bonds secured on an equal and ratable basis with the 2024 Bonds (a) to finance or refinance the Cost of a Project, (b) to refund any Bonds previously issued or (c) for a combination of such purposes. Any such additional Bonds will be issued under a Supplemental Trust Agreement and, if applicable, an amendment to the Cooperation Agreement.

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SECTION THREE: MISCELLANEOUS

THE CITY

The City is a municipal corporation of the Commonwealth and is the capital of the Commonwealth. As a full service independent city, Richmond is autonomous of any county or other political subdivision. Its citizens are not subject to taxation by any county or independent school district for any purpose. The City occupies 62.5 square miles and serves a population of 229,247 as of the U.S. Census Bureau 2022 population estimate. The City is governed by a Mayor (the “Mayor”) and a City Council. The Mayor is elected every four years by a majority vote of voters in at least five of the City’s nine council districts. The Mayor is the chief executive officer of the City with responsibilities that include recommending the annual budget to the Council, selecting a Chief Administrative Officer with the advice and consent of the City Council, issuing regulations as necessary to implement the duties and powers of the Mayor and making recommendations on revenue and funding transfer matters. The City Charter (the “Charter”) grants the Mayor the power to veto any ordinance or any item in any City budget ordinance, which veto may be overridden only by an affirmative vote of six or more City Council members.

The City Council establishes the policies for the administration of the City. The City Council is comprised of nine members, each elected in a single district. City Council members are elected for a four-year term and their current terms expire on December 31, 2024. The City Council elects a President of the City Council, who serves a two-year term and presides at meetings of the City Council. If a vacancy occurs in the office of the Mayor, the President of the City Council becomes acting Mayor until residents of the City elect a successor to fill the remainder of the Mayor’s term.

The Chief Administrative Officer reports to and serves at the pleasure of the Mayor, with the approval of the City Council, and is responsible for the day-to-day operations of the City. The Chief Administrative Officer has the power of appointment and removal of the heads of the administrative departments of the City.

Appendix C contains additional financial and demographic information concerning the City. The City’s audited financial statements for the Fiscal Year ended June 30, 2023, are contained in Appendix D. The City’s outside auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report or the financial information contained in this Official Statement.

BONDHOLDERS’ RISKS

The purchase of the 2024 Bonds involves a degree of risk; therefore, prospective purchasers of the 2024 Bonds should review this Official Statement in its entirety in order to identify risk factors and make an informed investment decision. A number of factors, including those set forth below, may affect the City’s ability or willingness to make timely payments sufficient for the Trustee to pay debt service on the 2024 Bonds:

(1) Source of Payments. The 2024 Bonds are not general obligations of the Authority or the City but are payable only from revenues received by the Trustee on behalf of the Authority from certain payments made by the City under the Cooperation Agreement and other moneys held by the Trustee and pledged to the payment of the 2024 Bonds. The ability of the Authority to make timely payments of principal and interest on the 2024 Bonds depends solely on the ability of the City to make timely payments under the Cooperation Agreement. **No other collateral security has been established for the 2024 Bonds.** The undertaking by the City to make payments under the Cooperation Agreement is subject to and dependent upon amounts being lawfully appropriated from time to time by the City Council for such purpose. The undertaking by the City to make payments under the Cooperation Agreement is neither a debt of the City within the meaning of any constitutional or statutory limitation nor a pledge of the faith and credit or the taxing power of the City. **The City Council is not legally obligated to appropriate the funds necessary to meet the City’s financial undertaking pursuant to the Cooperation Agreement.**

As described in “SECTION TWO: THE SERIES 2024 BONDS – SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Cooperation Agreement,” the Authority is agreeing to apply the Rent Payments received pursuant to the Stadium Lease to pay debt service on the 2024 Bonds and any other Bonds and for no other purpose, and the City will receive a corresponding credit against its undertaking to make Debt Service Payments under the Cooperation Agreement. However, the Rent Payments will not be pledged as security for any

Bonds, including the 2024 Bonds, and neither the Bondholders nor the Trustee will have any rights or interest in the Rent Payments or to compel the Authority to apply any Rent Payments to pay debt service on any Bonds, including the 2024 Bonds. Any Rent Payments will only become part of the trust estate for the Bonds, including the 2024 Bonds, if and after the Authority transfers such amounts, if any, to the Trustee for deposit to the Bond Fund. Furthermore, there can be no guarantee that the Authority will realize any Rent Payments pursuant to the Stadium Lease or that any Rent Payments received will be sufficient to pay the debt service on the 2024 Bonds and any other Bonds.

(2) Non-Appropriation and Limited Remedies. The City's undertakings to make Debt Service Payments and Bond Cost Payments under the Cooperation Agreement is subject to and dependent upon appropriations being made from time to time by the City Council for such purposes; provided, however, that, during the term of the Cooperation Agreement, the Chief Administrative Officer (or other officer charged with the responsibility for preparing the City's Annual Budget) will request that the Mayor include in the Mayor's proposed current expense budget for the general operation of the City government (the "Annual Budget") to be submitted to the City Council for each Fiscal Year a recommendation to appropriate an amount equal to the scheduled Debt Service Requirements and any estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year. If the Mayor does not include such recommendation in the Mayor's proposed Annual Budget, the Chief Administrative Officer or other appropriate City officer will give notice thereof to the Authority and the Trustee as soon as possible after the Mayor has submitted such proposed budget to the City Council.

Throughout the term of the Cooperation Agreement, the Chief Administrative Officer or other appropriate City officer will deliver to the Authority and the Trustee within 15 days after the adoption of the Annual Budget for each Fiscal Year, a certificate stating whether an amount equal to the scheduled Debt Service Requirements and estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year has been appropriated by the City Council in such Annual Budget.

If any adopted Annual Budget does not include an approval of funds sufficient to pay the scheduled Debt Service Requirements and estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year, the City Council will take a roll call vote immediately after adoption of such Annual Budget acknowledging the impact of its failure to approve such funds. In addition, the Chief Administrative Officer or other appropriate City officer will deliver to the Authority and the Trustee within 15 days after the beginning of each Fiscal Year, a certificate stating whether an amount equal to the scheduled Debt Service Requirements and estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year has been appropriated by the City Council. If, by 15 days after the beginning of the Fiscal Year, the City Council has not appropriated funds for the payment of the scheduled Debt Service Payments and estimated Contract Performance Payments and Bond Cost Payments for such Fiscal Year, the Chief Administrative Officer (or other officer charged with the responsibility for preparing the City's Annual Budget) will (1) give written notice to the City Council of the consequences of such failure to appropriate, including the possible effects upon the ability of the Authority to pay debt service on the Bonds and perform its obligations under the Master Development Agreement, and (2) request the Mayor to submit to the City Council, as promptly as practicable, a request for an amendment to the Annual Budget of the then-current Fiscal Year to include an additional appropriation that will provide sufficient moneys for such purposes.

If, during any Fiscal Year, the City determines that the actual Debt Service Requirements, Contract Performance Costs and Bond-Related Costs payable in such Fiscal Year will exceed the amount appropriated by the City Council, the Chief Administrative Officer or other appropriate City officer charged with the responsibility for preparing the City's Annual Budget (1) within 15 days of making such determination, will notify the Authority and the Trustee of such deficiency and (2) within 45 days of making such determination, request the Mayor to submit to the City Council, as promptly as practicable, a request for an amendment to the Annual Budget of the then-current Fiscal Year to include an additional appropriation in an amount sufficient to satisfy such additional Annual Debt Funding Requirements, Contract Performance Costs and Bond-Related Costs. If the City Council fails to make a supplemental appropriation of a sufficient amount within 75 days of such determination by the Chief Administrative Officer or other appropriate City officer, the City Council will take a roll call vote immediately after such failure acknowledging the impact of its failure to approve such funds. In addition, the Chief Administrative Officer or other appropriate City officer will deliver to the Authority and the Trustee no later than 15 days after such action by the City Council, a certificate stating whether an amount sufficient to satisfy such additional Debt Service Requirements, Contract Performance Costs and Bond-Related Costs has been appropriated by the City Council.

In the event of non-appropriation of funds by the City Council, neither the City nor the Authority may be held liable for the principal of and interest payments on the 2024 Bonds following the last Fiscal Year in which funds to make payment under the Cooperation Agreement were appropriated by the City Council. In the event of non-appropriation, moneys already on deposit in the Bond Fund will be used for the payment of principal of and interest payments on all Bonds then Outstanding, but such moneys may not be sufficient to pay the 2024 Bonds in full.

Upon an event of default under the Trust Agreement, the Trustee has no right to accelerate the payment of the 2024 Bonds by declaring the entire principal of and interest on the 2024 Bonds to be due and payable. Similarly, if the City defaults in the performance of its undertakings pursuant to the Cooperation Agreement, the Authority has right to accelerate the payment of Debt Service Payments by declaring the Debt Service Payments to be due and payable.

(3) Political Risk. The current City Council has evidenced in the ordinance authorizing the Cooperation Agreement a present intent to make future appropriations of such funds as may be necessary to make payments due under the Cooperation Agreement as and when such payments become due. There can be no guarantee, however, that the City Council will retain its current constituency in the future, and there can be no guarantee that a future City Council will continue the current City Council's policy with respect to the 2024 Bonds.

(4) Limitation on Enforceability of Remedies. The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Trust Agreement and the Cooperation Agreement. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under current law, certain of the legal and equitable remedies specified in the Trust Agreement and the Cooperation Agreement may not be readily available or may not be enforced to the extent such remedy may contravene public policy.

(5) Project Cost Overruns. As a result of any change orders with respect to design and material costs of the 2024 Project, the total expenditures actually incurred by the Authority may be in excess of the amount of available 2024 Bond proceeds. Any such additional costs of the 2024 Project are not expected to materially impact the Authority's ability to complete the 2024 Project.

(6) Taxation of Interest on the 2024 Bonds. The opinion of Bond Counsel as described in the section "TAX EXEMPTION" below will state that, under the conditions set forth therein, interest on the 2024 Bonds is not included in gross income for federal income tax purposes. Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is neither a guarantee of a result nor binding on the Internal Revenue Service (the "IRS") or the courts.

RATINGS

Fitch Ratings ("Fitch") has assigned a rating of "AA+" (Stable Outlook) to the 2024 Bonds; Moody's Investors Service, Inc. ("Moody's"), has assigned a rating of "Aa2" (Stable Outlook) to the 2024 Bonds; and S&P Global Ratings, a division of the McGraw-Hill Companies, Inc. ("S&P"), has assigned a rating of "AA" (Positive Outlook) to the 2024 Bonds. Such ratings reflect only the respective views of such rating agencies.

The Authority and the City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the Authority and the City. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. There is no assurance that a rating will continue for any given period of time or that such rating will not be revised, suspended or withdrawn if, in the judgment of the applicable rating agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the 2024 Bonds.

BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS

The Act provides that bonds issued pursuant thereto shall be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees and guardians and for all public funds of the Commonwealth or other political corporations or subdivisions of the Commonwealth. No representation is made as to the eligibility of the 2024 Bonds for investment or any other purchase under any law of any other state. The Act also provides that bonds, such as the 2024 Bonds, issued pursuant thereto may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

LITIGATION

To the best information, knowledge and belief of the Authority and the City, there is no litigation of any kind now pending or threatened to restrain or enjoin the issuance or delivery of the 2024 Bonds, in any manner questioning the proceedings and authority under which the 2024 Bonds are being issued, or affecting the power and authority of the Authority, the City or the City Council to execute or perform their obligations under the Cooperation Agreement or the Trust Agreement or to make payments due under the Cooperation Agreement.

In addition, to the best information, knowledge and belief of the City, there is no litigation presently pending or threatened against the City that, in the event of an unfavorable decision, would have a material adverse effect upon the financial condition of the City.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the 2024 Bonds will be subject to the approving opinion of Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, in substantially the form set forth as Appendix E (the “Bond Opinion”), which will be furnished at the expense of the Authority upon delivery of the 2024 Bonds. The Bond Opinion will be limited to matters relating to the authorization and validity of the 2024 Bonds and to the tax-exempt status of interest thereon as described in the section “TAX EXEMPTION” above. Bond Counsel has not been engaged to investigate the financial resources of the City or the Authority or their ability to provide for payment of the 2024 Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds.

Certain legal matters will be passed upon for the Authority by its counsel, Bonnie M. Ashley, Esquire, Deputy City Attorney, for the City by Laura K. Drewry, Esquire, City Attorney, and for the Underwriters by Squire Patton Boggs (US) LLP, Washington, D.C.

TAX EXEMPTION

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law and in accordance with customary opinion practice, interest, including any accrued original issue discount (“OID”), on the 2024 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the “Code”)) for the alternative minimum tax imposed on such corporations, and (d) is exempt from income taxation by the Commonwealth. Except as discussed below regarding OID, no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the 2024 Bonds. Further, no opinion will be expressed by Bond Counsel as to the treatment for federal income tax purposes of any interest paid on the 2024 Bonds in the event of non-appropriation or default by the City.

The Bond Opinion is given in reliance upon certifications by representatives of the Authority and the City as to certain facts relevant to both the opinion and requirements of the Code, and is subject to the condition that there is compliance subsequent to the issuance of the 2024 Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The Authority and the City have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the 2024 Bonds and the timely payment to the United States of

any arbitrage rebate amounts with respect to the 2024 Bonds. Failure by the Authority or the City to comply with such covenants, among other things, could cause interest, including any accrued OID, on the 2024 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The Authority and the City may in their sole discretion, but have not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that the interest on the 2024 Bonds remains excludable from gross income for federal income tax purposes.

The Bond Opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is neither a guarantee of a result nor binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Customary practice in the giving of legal opinions includes not detailing in the opinion all of the assumptions, conditions, limitations and exclusions that are a part of the conclusions therein. See *"Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions,"* 63 Bus. Law. 1277 (2008), and *"Legal Opinion Principles,"* 53 Bus. Law. 831 (May 1998), updated by *"Statement of Opinion Practices,"* 74 Bus. Law. 801, 807 (2019). Purchasers of the 2024 Bonds should seek the advice of counsel concerning such matters as they deem prudent in connection with their purchase of 2024 Bonds.

Alternative Minimum Tax

Individuals – The Bond Opinion states that under current law interest on the 2024 Bonds is not an item of preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – The Bond Opinion also states that under current law interest on the 2024 Bonds is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a three-taxable-year period ending after December 31, 2021, that exceeds \$1 billion.

Original Issue Discount. The initial public offering prices of each maturity of the 2024 Bonds maturing in 2054 (the "OID Bonds") will be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of such 2024 Bonds is sold will constitute OID. The offering prices set forth on the inside cover of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of such 2024 Bonds will be sold.

Under the Code, for purposes of determining a holder's adjusted basis in an OID Bond, OID treated as having accrued while the holder holds such OID Bond will be added to the holder's basis. OID will accrue on a constant yield-to-maturity method. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the calculation of accrued OID and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium. 2024 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a 2024 Bond must be reduced by the amount of premium that accrues while such 2024 Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the 2024 Bonds while so held. Purchasers of such 2024 Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such 2024 Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the 2024 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2024 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

The IRS has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the 2024 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer, and the owners of the 2024 Bonds will have only limited rights, if any, to participate.

From time to time, proposed legislation is considered by the United States Congress that, if enacted, would affect the tax consequences of owning tax-exempt obligations such as the 2024 Bonds. Consequently, prospective purchasers should be aware that future legislation may have an adverse effect on the tax consequences of owning the 2024 Bonds.

Prospective purchasers of the 2024 Bonds should consult their own tax advisors as to the status of interest on the 2024 Bonds under the tax laws of any state other than the Commonwealth.

There are many events that could affect the value, liquidity and/or marketability of the 2024 Bonds after their issuance, including but not limited to public knowledge of an audit of the 2024 Bonds by the IRS, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of current law. In addition, certain tax considerations relevant to owners of 2024 Bonds who purchase 2024 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the Bond Opinion nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the 2024 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of 2024 Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC, Richmond, Virginia, serves as financial advisor to the City and has no underwriting responsibility to the Authority or the City with respect to this transaction. As financial advisor, Davenport & Company LLC has advised the City in matters relating to the planning, structuring and issuance of the 2024 Bonds, assisted the City with the preparation of this Official Statement and provided to the City other advice with respect to the issuance and sale of the 2024 Bonds. The financial advisor's fee will be paid from legally available funds of the Authority or the City. Although the Financial Advisor has assisted in the preparation of the Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The 2024 Bonds are being purchased by Loop Capital Markets LLC and J.P. Morgan Securities LLC (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the 2024 Bonds from the Authority at a price of \$36,741,352.65, which includes net original issue premium of \$3,089,219.80 and is net of an Underwriters' discount of \$92,867.15 (approximately 0.275203% of the principal amount of the 2024 Bonds). The Underwriters' obligation is subject to certain conditions precedent to closing, and the Underwriters will be obligated to purchase all of the 2024 Bonds if any 2024 Bonds are purchased. The 2024 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2024 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2024 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”), and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2024 Bonds that such firm sells.

RELATIONSHIP OF THE PARTIES

Hunton Andrews Kurth LLP is serving as Bond Counsel in connection with the issuance of the 2024 Bonds and represents or has represented the Underwriters and the Trustee in unrelated matters. Squire Patton Boggs (US) LLP is serving as counsel to the Underwriters in connection with the issuance of the 2024 Bonds and represents or has represented the Trustee in unrelated matters. Haneberg Hurlbert PLC is serving as counsel to the Trustee in connection with the issuance of the 2024 Bonds and represents or has represented each of the Underwriters in unrelated matters.

CONTINUING DISCLOSURE

To permit compliance by the Underwriters with the continuing disclosure requirements of the Rule, the City will execute a Continuing Disclosure Agreement (the “CDA”) at closing agreeing to provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.msrb.org. As described in Appendix F, the CDA requires the City to provide only limited information at specific times, and the information provided may not be all the information necessary to value the 2024 Bonds at any particular time. The City may from time to time disclose certain information and data in addition to that required by the CDA. If the City chooses to provide any additional information, the City will have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the City to comply with the CDA is not an event of default under the 2024 Bonds, the Trust Agreement or the Cooperation Agreement. The sole remedy for a default under the CDA is to bring an action for specific performance of the City’s covenants thereunder, and no assurance can be provided as to the outcome of any such proceeding.

The City believes that it has complied in all material respects with previous undertakings with respect to the Rule during the last five years.

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MISCELLANEOUS

All summaries in this Official Statement of provisions of the Constitution of the Commonwealth, the statutes of the Commonwealth, the Trust Agreement, the Cooperation Agreement, the ordinances and resolutions of the City and the Authority, the 2024 Bonds, the CDA and other documents and instruments are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not representations of fact. No representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the 2024 Bonds.

The attached Appendices are an integral part of this Official Statement and must be read together with the balance of this Official Statement.

The execution of this Official Statement has been duly authorized by the Authority and the City. The Authority and the Director of Finance, on behalf of the City, have deemed this Official Statement “final” as of its date within the meaning of the Rule.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

By /s/ John Molster
John Molster, Chair

Approved:

CITY OF RICHMOND, VIRGINIA

By: /s/ Sheila D. White
Sheila D. White, Director of Finance

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

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DEFINITIONS OF CERTAIN TERMS

“2024 Bonds” means the Authority’s \$33,745,000 Revenue Bonds (Diamond District Project), Series 2024.

“Account” means any of the various accounts created within a Fund under the Trust Agreement.

“Annual Budget” means the current expense budget for the general operation of the City government.

“Authorized Authority Representative” means any officer of the Authority.

“Authorized City Representative” means the Chief Administrative Officer, the Deputy Chief Administrative Officer for Finance and Administration, the Director of Finance and such other person or persons as may be designated to act on behalf of the City by a certificate executed by the Chief Administrative Officer, the Deputy Chief Administrative Officer for Finance and Administration or the Director of Finance and on file with the Trustee.

“Bond” or “Bonds” means, collectively, the 2024 Bonds and any additional bonds, notes or other obligations, including any notes or other obligations issued in anticipation of bonds, notes, or other obligations as the same shall be issued from time to time pursuant to the Master Trust Agreement.

“Bond Counsel” means an attorney or a firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Trustee.

“Bond Cost Payments” means the payments payable by the City to the Authority or the Trustee pursuant to the Cooperation Agreement in amounts sufficient to satisfy the Bond-Related Costs.

“Bond Fund” means the Bond Fund established in the Master Trust Agreement.

“Bond Payment Date” means the date on which any payment of principal of (whether at maturity or pursuant to mandatory sinking fund redemption) or interest on any Bond is due.

“Bond-Related Costs” means any amounts (other than Debt Service Requirements) payable by the Authority in connection with the Bonds pursuant to the terms of the Trust Agreement, including, but not limited to, amounts necessary to (a) replenish any Series Debt Service Reserve Account to the Series Debt Service Reserve Requirement, (b) pay the Trustee its reasonable fees and expenses in connection with the performance of its duties as bond trustee and any other costs or expenses necessary to cancel and discharge the Trust Agreement and (c) pay any arbitrage rebate liability with respect to the Bonds.

“Business Day” means a day on which banking business is transacted, but not including Saturday, Sunday or legal holiday, or any day which banking institutions are authorized by law to close in the city in which the Trustee has its designated corporate trust office.

“City” means the City of Richmond, a municipal corporation duly created by the General Assembly of Virginia.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated or applicable thereunder.

“Contract Performance Costs” means the Authority’s reasonable costs incurred in the satisfaction of its undertakings pursuant to the Master Development Agreement and any other related agreements necessary to effect the transactions contemplated by the Master Development Agreement.

“Contract Performance Payments” means the payments payable by the City pursuant to the Cooperation Agreement in amounts sufficient to enable the Authority to pay, or reimburse the Authority for prior payment of, Contract Performance Costs incurred by the Authority.

“Debt Service Payments” means the payments payable by the City to the Authority or the Authority’s assignee pursuant to the Cooperation Agreement in amounts sufficient to satisfy the Debt Service Requirements on the Bonds.

“Debt Service Requirements” means the payments of principal and interest due on the Bonds on each Bond Payment Date.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund established in the Master Trust Agreement.

“Fiscal Year” means the twelve-month period beginning on July 1 of one year end and ending on June 30 of the following year, or such other twelve-month period as the City may select as its fiscal year.

“Fund” means the Bond Fund, the Debt Service Reserve Fund, the Project Fund or any other fund established under the Trust Agreement.

“Government Certificates” means certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or trust company organized under the laws of the United States of America or any of its states in the capacity of custodian of such certificates.

“Government Obligations” means (a) bonds, notes and other direct obligations of the United States of America, (b) securities unconditionally guaranteed as to the timely payment of principal, if applicable, and interest by the United States of America or (c) bonds, notes and other obligations issued or guaranteed as to the timely payment of principal and interest by the Rural Utilities Service (certificates of beneficial ownership), Federal Housing Administration (debentures), General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), U.S. Department of Housing and Urban Development (project notes and local authority bonds), provided such obligations are backed by the full faith and credit of the United States of America. Stripped securities are permitted only if stripped by the agency itself. Government Obligations may be held directly by the Trustee or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to Government Obligations.

“IDA Act” means the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended.

“Interest Account” means the Interest Account in the Bond Fund established in the Master Trust Agreement.

“Opinion of Counsel” means an opinion, or, if the subject matter being addressed is not of a nature as to which counsel may opine under applicable legal opinion standards, an advisory letter, of any attorney or firm of attorneys reasonably acceptable to the Trustee, who may be counsel for the Authority, the City or the Trustee but who shall not be a full-time employee of the Authority, the City or the Trustee.

“Outstanding” means, when used as descriptive of Bonds, that such Bonds (a) have been authorized, issued, authenticated and delivered under the Master Trust Agreement and (b) have not (i) been canceled or surrendered to the Trustee for cancellation, (ii) been deemed to have been paid as provided in Master Trust Agreement, (iii) had other Bonds issued in exchange therefor or (iv) had their principal become due and moneys sufficient for their payment deposited with the Trustee as provided in the Master Trust Agreement.

In determining whether holders of a requisite aggregate principal amount of the Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the Master Trust Agreement, words referring to or connoting “principal of” or “principal amount of” Outstanding Bonds shall be deemed also to be references to, to connote and to include the accreted value of Bonds of any Series as of the immediately preceding interest compounding date for such Bonds. Bonds that are owned by the Authority or the City shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

“Premium Account” means the Premium Account in the Bond Fund established in the Master Trust Agreement.

“Principal Account” means the Principal Account in the Bond Fund established in the Master Trust Agreement.

“Project” or “Projects” means the design, construction and equipping of Public Infrastructure (including, without limitation, all site preparation work and such other work as may be necessary or incidental to the acquisition, development and construction of such Public Infrastructure). The 2024 Project is a Project to be financed with proceeds of the 2024 Bonds.

“Project Fund” means the Project Fund established in the Master Trust Agreement.

“Public Infrastructure” means the public infrastructure to be undertaken as part of the redevelopment of the area in the City known as the “Diamond District.” Such public infrastructure will serve the Diamond District and the surrounding area and include some or all of the following: (a) park and public space improvements, (b) parking facilities, (c) cultural facilities, (d) water, sewer, storm water, gas and electric utility improvements, (e) utility installations, relocations and abandonments, (f) road, alley and sidewalk improvements and (g) streetlight, traffic signal, traffic control, street signage, curb, gutter, streetscape and landscaping improvements.

“Rent Payments” means all payments of annual rent due under the Stadium Lease.

“Reserve Determination Date” means (a) each interest payment date for the Bonds or (b) any other date established in writing by an Authorized Authority Representative or an Authorized City Representative for the valuation of obligations on deposit in a Series Debt Service Reserve Account.

“Series” or “Series of Bonds” means a separate series of Bonds issued under the Master Trust Agreement and a Supplemental Trust Agreement. The **“2024 Bonds”** is the first Series of Bonds issued under the Master Trust Agreement.

“Series Debt Service Reserve Account” means any of the Series Debt Service Reserve Accounts in the Debt Service Reserve Fund established in the Master Trust Agreement. No Series Debt Service Reserve Account will be established for the 2024 Bonds.

“Series Debt Service Reserve Requirement” for any Series of Bonds shall have the meaning set forth in the Supplemental Trust Agreement authorizing such Series of Bonds. There is no Series Debt Service Reserve Requirement for the 2024 Bonds.

“Subaccount” means any of the various subaccounts created within an Account under the Trust Agreement.

“Supplemental Cooperation Agreement” means any Supplemental Cooperation Agreement supplementing, amending or modifying the provisions of the Cooperation Agreement entered into by the Authority and the City pursuant to the provisions of the Master Trust Agreement.

“Supplemental Trust Agreement” means any Supplemental Trust Agreement supplementing, amending or modifying the provisions of the Master Trust Agreement entered into by the Authority and the Trustee pursuant to the provisions of the Master Trust Agreement, including, but not limited to, the First Supplemental Trust Agreement.

“Term Bonds” means any Bonds stated to mature on a specified date and required to be redeemed in part prior to maturity according to a sinking fund schedule.

“Virginia Code” means the Code of Virginia of 1950, as amended.

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APPENDIX B

SUMMARY OF THE FINANCING DOCUMENTS

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SUMMARY OF THE FINANCING DOCUMENTS

Brief summaries of the Trust Agreement and the Cooperation Agreement are included in this Appendix B. The summaries do not purport to be comprehensive or definitive and are qualified by references to such documents in their entirety. All capitalized terms used in this summary have the meanings set forth in the Official Statement and in Appendix A, unless otherwise indicated.

THE TRUST AGREEMENT

Establishment of Funds and Accounts. The following Funds and Accounts are established and utilized under the Trust Agreement:

- (1) Project Fund, in which there is established the Series 2024 Project Account and the Series 2024 Capitalized Interest Account;
- (2) Bond Fund, in which there are established a separate Interest Account, Principal Account and Premium Account and a separate Subaccount in each such Account with respect to each Series of Bonds; and
- (3) Debt Service Reserve Fund, in which there may be established a Series Debt Service Reserve Account for a particular Series. No such Series Account will be established for the 2024 Bonds.

The Trust Agreement provides that separate Accounts and Subaccounts will be established for each applicable Series of Bonds issued under the Trust Agreement.

Series 2024 Project Account. The Trustee will use money in the Series 2024 Project Account to finance the 2024 Project and to pay the related costs of issuing the 2024 Bonds. The Trustee will make payments from the Series 2024 Project Account upon receipt of requisitions signed by an Authorized Authority Representative or an Authorized City Representative providing required information with respect to the use of the amounts being requisitioned. Any balance remaining in the Series 2024 Project Account after payment of the costs of the 2024 Project will be used to pay principal of and interest on the 2024 Bonds, to purchase 2024 Bonds in the open market or to pay all or any portion of the costs of any other Project. The Series 2024 Project Account will be held solely for the benefit of the holders of the Series 2024 Bonds.

Series 2024 Capitalized Interest Account. On each Bond Payment Date, commencing December 1, 2024, the Trustee will apply the funds in the Series 2024 Capitalized Interest Account for payment of interest due on the 2024 Bonds on such Bond Payment Date. On June 1, 2026, the Trustee will transfer the balance of any funds remaining in the Series 2024 Capitalized Interest Account to the Subaccount for the 2024 Bonds in the Interest Account to be applied to pay interest on the 2024 Bonds on December 1, 2026. The Series 2024 Capitalized Interest Account will be held solely for the benefit of the holders of the 2024 Bonds.

Bond Fund. The Trustee will deposit in the Bond Fund installments of all Debt Service Payments received by the Trustee from the City, together with (a) any Rent Payments transferred to the Trustee by the Authority pursuant to the provisions of the Cooperation Agreement and (b) any other amounts transferred from the Project Fund, the Debt Service Reserve Fund (if funded) or any other Fund or Account pursuant to the provisions of the Trust Agreement or any other payments transferred to the Authority or its assignee as directed by the Authority. The Trustee will deposit each installment and amount (1) to the applicable Subaccount established in the Interest Account an amount equal to the interest due and payable on the next Bond Payment Date for the applicable Series of Bonds and (2) to the applicable Subaccount established in the Principal Account an amount equal to the principal due and payable on the next Bond Payment Date for the applicable Series of Bonds, whether at maturity or pursuant to mandatory sinking fund redemption. The Trustee will deposit to the applicable Subaccount established in the Premium Account any moneys received from the Authority or the City to pay any premium due in connection with redeeming such Bonds pursuant to any optional redemption exercised by the Authority.

At any time the Trustee is required to make transfers pursuant to subsections (1) and (2) in the preceding paragraph, and there are insufficient moneys to make all required transfers pursuant to such subsections, the Trustee will make the transfers ratably from the moneys available.

The Trustee will withdraw from the respective Subaccounts within the Interest Account and the Principal Account, on each Bond Payment Date, amounts equal to the amounts of interest and principal, if any, due with respect to the Bonds on such Bond Payment Date, and will cause the same to be applied to the payment of interest and principal, respectively, if any, due on such Bond Payment Date.

In the event there are insufficient moneys in the Interest Account or the Principal Account on any Bond Payment Date to pay interest and principal due on such Bond Payment Date, the Trustee will transfer any excess amounts on deposit in the Interest Account or the Principal Account, as applicable, to the other Account in which there are insufficient moneys, being mindful of the provisos in the section ***“Parity of Bonds”*** below, and then if a deficiency remains, transfer moneys on such Bond Payment Date in the amount of such remaining deficiency from the respective Series Debt Service Reserve Account, if any, first to the applicable Subaccount(s) within the Interest Account and then to the applicable Subaccount(s) within the Principal Account, and will cause the same to be applied to the payment of interest and principal, if any, due on such Bond Payment Date. The Trustee will pay from the Bond Fund when due the principal of and premium, if any, and interest on the Bonds then Outstanding and will redeem or purchase Bonds in accordance with the redemption provisions of the Bonds and the Trust Agreement.

The Trustee will provide for redemption of any Term Bonds from amounts upon deposit in the Bond Fund in accordance with the schedule(s) set forth in the Supplemental Trust Agreement for such Bonds; provided, however, that on or before the 45th day next preceding any such sinking fund payment date, the Authority may:

(x) deliver to the Trustee for cancellation Term Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(y) instruct the Trustee to apply a credit against the Authority’s next sinking fund redemption obligation for any such Term Bonds that previously have been redeemed (other than through the operation of sinking fund payments) and canceled but not theretofore applied as a credit against any sinking fund redemption obligation.

Upon the occurrence of any of the events described in subsections (x) or (y) above, the Trustee will credit against the Authority’s sinking fund redemption obligation on the next sinking fund payment date the amount of such Term Bonds so delivered or previously redeemed. Any principal amount of such Term Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date will be similarly credited in such order as may be determined by the Authority against future payments to the Principal Account and will similarly reduce the principal amount of the Term Bonds of the applicable Series to be redeemed on the applicable sinking fund payment date.

Debt Service Reserve Fund. The Master Trust Agreement provides for the establishment of a Debt Service Reserve Fund and, if funded, a separate Series Debt Service Reserve Account for one or more Series of Bonds. No Series Debt Service Reserve Account will be established for the 2024 Bonds.

Pledge of Payments and Funds. Moneys in the Bond Fund, the Project Fund and the Debt Service Reserve Fund, if funded, will be trust funds and are pledged equally and ratably to the payment of the principal of and interest on all Bonds (except as provided in the next sentence hereof), subject only to the right of the Authority to make application thereof, or to direct the Trustee to make application thereof, to other purposes as provided in the Trust Agreement. The lien and trust created by the Trust Agreement are for the benefit of the Bondholders and for their additional security until all the Bonds have been paid; provided, however, that (a) the moneys in each Series Debt Service Reserve Account will secure only the applicable Series of Bonds (which may include one or more Series of Bonds) specified by one or more Supplemental Trust Agreements and any additional Series of Bonds issued to refund such original Series of Bonds if and as provided in the respective Supplemental Trust Agreement(s); (b) moneys in any Account or Subaccount of the Bond Fund relating to a particular Series of Bonds will secure only such Bonds; and (c) moneys in any Account or Subaccount of the Project Fund relating to a particular Series of Bonds will secure only such Bonds.

Parity of Bonds. Each Series of Bonds will be issued pursuant to a Supplemental Trust Agreement and will be equally and ratably secured under the Trust Agreement, without preference, priority or distinction; *provided*, however, that (a) any Series of Bonds may have other security pledged to its payment, (b) moneys in any Account or Subaccount of the Bond Fund relating to a particular Series of Bonds will secure only such Bonds, (c) moneys in any Account or Subaccount of the Project Fund relating to a particular Series of Bonds will secure only such Bonds and (d) moneys in any Series Debt Service Reserve Account relating to one or more Series of Bonds will secure only such Bonds and any additional Series issued to refund such Series of Bonds if and as provided in the respective Supplemental Trust Agreement. Nothing in the Trust Agreement will be construed, however, as (x) requiring that any Bonds bear interest at the same rate or in the same manner as any other Bonds, have the same, or an earlier or later, maturity, or be subject to mandatory sinking fund, optional or extraordinary redemption prior to maturity on the same basis as any other Bonds, (y) prohibiting the Authority from entering into financial arrangements designed to assure that moneys will be available for the payment of certain Bonds at their maturity or (z) prohibiting the Authority from pledging moneys or assets of the Authority other than those pledged herein for the benefit of certain Bonds.

Investments; Valuation. Any money held under the Trust Agreement may be invested, as directed in writing by an Authorized Authority Representative or an Authorized City Representative, in obligations or securities that are permitted for the investment of public funds under the Investment of Public Funds Act (Chapter 45, Title 2.2 of the Virginia Code), the Government Non-Arbitrage Investment Act (Chapter 47, Title 2.2 of the Virginia Code), or any successor provisions of law applicable to such investments.

Unless otherwise expressly provided in the Trust Agreement, earnings on such investments will accrue to, and losses on such investments will be charged to, the Fund, Account or Subaccount in which such investments are on deposit, or, at the written direction of an Authorized Authority Representative or an Authorized City Representative, any such earnings will be transferred to and deposited in the Project Fund.

In computing the amount in any Fund, Account or Subaccount created by the Trust Agreement, except for any Series Debt Service Reserve Account, obligations purchased as an investment of moneys therein will be valued at cost plus accrued interest. Investments in any Series Debt Service Reserve Account will be valued at least semiannually at cost plus accrued interest. Except as otherwise set forth in a Supplemental Trust Agreement or the Cooperation Agreement, such valuations for each such Fund, Account or Subaccount, other than any Series Debt Service Reserve Account, will be made by the party holding each such Fund, Account or Subaccount at least annually not later than the end of each Fiscal Year and at such other times as an Authorized Authority Representative or an Authorized City Representative may direct.

Events of Default. Each of the following is an Event of Default under the Trust Agreement: (a) default in the due and punctual payment of the principal of or premium, if any, on any Bond (whether at maturity, call for redemption or otherwise), (b) default in the due and punctual payment of the interest on any Bond, (c) subject to the appropriation of sufficient amounts for such purpose by the City Council, failure of the City to pay when due any Debt Service Payment or any Bond Cost Payment for the purpose of restoring a Series Debt Service Reserve Account to the applicable Series Debt Service Reserve Requirement under the Cooperation Agreement and continuation of such failure for a period of five Business Days, (d) failure of the City to pay when due any other Bond Cost Payment due under the Cooperation Agreement (except for payments of any redemption premium due on Bonds) or to observe and perform any covenant, condition or agreement on its part to be observed or performed, subject to certain rights of the City to notice and an opportunity to cure, and (e) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Trust Agreement or the Bonds, subject to certain rights of the Authority to notice and an opportunity to cure.

Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default and if requested by the holders of not less than 25% in aggregate principal amount of Bonds Outstanding and indemnified in accordance with prevailing industry standards, the Trustee will proceed to protect and enforce the rights of the holders of the Bonds by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any covenant or agreement contained in the Trust Agreement; *provided*, that the Trustee will have no right or authority to declare the entire unpaid principal of and interest on the Bonds due and payable. No remedy conferred by the Trust Agreement upon or reserved to the Trustee or Bondholders is intended to be exclusive of any other remedy, but each such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or Bondholders thereunder or existing at law, in equity or by statute.

Other than the remedies described above, no holder of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Trust Agreement, the execution of any of its trusts or any other remedy under it, unless (a) an Event of Default (as defined in the Trust Agreement) has occurred and is continuing and the Trustee has notice of it, (b) the holders of 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceeding in its own name, (c) such requesting Bondholders have offered to the Trustee indemnity as provided in the Trust Agreement, (d) the Trustee has failed or refused within a reasonable time to comply with such request, (e) no direction inconsistent with such request has been given to the Trustee by the holders of a majority in principal amount of Outstanding Bonds; and (f) notice of such action, suit or proceeding is given to the Trustee. Notwithstanding any other provision to the contrary, the holders of a majority in aggregate principal amount of Bonds Outstanding, upon compliance with the Trust Agreement's requirements as to indemnification of the Trustee, will have the right to direct all proceedings to be taken by the Trustee.

The Trustee will waive or rescind any Event of Default under items (a) and (b) of the section "***Events of Default***" above or any action taken pursuant to any Event of Default under items (a) and (b) of the section "***Events of Default***" above either (x) on request of the holders of all Bonds then Outstanding or (y) on the request of the holders of a majority in aggregate principal amount of Bonds then Outstanding in respect of which a default in the payment of principal and/or, premium, if any, or interest exists, provided that prior to such waiver or rescission there will have been paid or provided for all arrears of interest with interest, to the extent permitted by law, at the rate borne by the applicable Bonds on overdue installments of interest, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default.

The Trustee will waive or rescind any Event of Default other than under items (a) and (b) of the section "***Events of Default***" above or any action taken pursuant to any Event of Default other than under items (a) and (b) of the section "***Events of Default***" above on the request of the holders of a majority in aggregate principal amount of Bonds then Outstanding.

In case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the Authority, the Trustee and the Bondholders will be restored to their former respective positions and rights under the Trust Agreement.

No such waiver or rescission granted pursuant to items (a) and (b) of the section "***Events of Default***" above will extend to any subsequent or other default or impair any right consequent thereon.

Discharge of Trust Agreement. A Bond will be deemed no longer Outstanding (a) when any such Bond has been cancelled or surrendered for cancellation or purchased by the Authority from moneys in the Bond Fund or an escrow account held by the Trustee or another escrow agent or (b) as to any Bond not so cancelled or purchased when payment of the principal of and the applicable premium, if any, plus accrued interest on such Bond to the date fixed for payment thereof (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided by irrevocably depositing with the Trustee (or another escrow agent) (A) moneys sufficient to make such payment, (B) noncallable Government Obligations maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment or (C) a combination of both such moneys and noncallable Government Obligations and (iii) payment of all necessary and proper fees, costs and expenses of the Trustee shall have been made. Notwithstanding the foregoing, the Bonds which are to be redeemed before their maturity will be deemed paid and no longer Outstanding only if such Bonds have been irrevocably called or designated for redemption.

Supplemental Trust Agreements. Any provision of the Trust Agreement may be modified or altered by the Authority and the Trustee, by a Supplemental Trust Agreement, upon consent of the holders of a majority in aggregate principal amount of Bonds then Outstanding at the time such consent is given (or, in the event that less than all of the Bonds then Outstanding will be affected by the proposed modification or amendment, the holders of at least a majority in aggregate principal amount of the Bonds so affected and then Outstanding at the time such consent is given); *provided* that if such proposed modification or amendment will not, by its terms, take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds. Notwithstanding the foregoing,

certain amendments relating to the payment of the Bonds may be made only with the consent without the consent of each Bondholder whose rights will be affected.

In addition, the Authority and the Trustee may enter into supplemental agreements of trust without the consent of holders of the Bonds (a) to cure any ambiguity, formal defect or omission in the Trust Agreement; (b) to correct or supplement any provision that may be inconsistent with any other provision or to insert such provisions clarifying matters or questions arising under the Trust Agreement as are necessary or desirable and are not contrary to or inconsistent with the Trust Agreement as theretofore in effect; (c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders; (d) to modify, amend or supplement the Trust Agreement in such manner as required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities or "Blue Sky" law, and, if they so determine, to add to the Trust Agreement such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law; (e) to modify, amend or supplement the Trust Agreement in such manner as required to reflect any change in applicable law, provided that such modification, amendment or supplement does not, in the opinion of the Trustee (which opinion may be based upon an Opinion of Counsel), materially adversely affect the holders of all Bonds then Outstanding; (f) to add to the conditions, limitations, restrictions, covenants and agreements of the Authority in the Trust Agreement other conditions, limitations, restrictions, covenants and agreements to be observed by the Authority; (g) to modify, amend or supplement the Trust Agreement in such manner as required to permit the Authority to comply with the provisions of the Code relating to the rebate to the United States of America of earnings derived from the investment of the proceeds of Bonds, provided that such modification, amendment or supplement does not, in the opinion of the Trustee (which opinion may be based upon an Opinion of Counsel), materially adversely affect the holders of all Bonds then Outstanding; (h) to modify, amend or supplement the Trust Agreement in such manner as may be required by a rating agency to maintain its rating on the Bonds, provided that such modification, amendment or supplement does not, in the opinion of the Trustee (which opinion may be based upon an Opinion of Counsel), materially adversely affect the holders of all Bonds then Outstanding; (i) to authorize the issuance of and to secure one or more Series of Bonds; and (j) to modify, amend or supplement the Trust Agreement in any manner that the Trustee concludes (which conclusion may be based upon an Opinion of Counsel) is not materially adverse to the holders of all Bonds then Outstanding. If such a Supplemental Trust Agreement will affect only one Series of Bonds, it may be necessary to seek only the consent of the holders of a majority in aggregate principal amount of that Series of Bonds.

THE COOPERATION AGREEMENT

Financing of Public Infrastructure. Pursuant to the terms of the Master Development Agreement, the Authority will finance the costs of the Public Infrastructure through the issuance of the Bonds in accordance with the provisions of the IDA Act.

City Support for Authority Undertakings. Subject to the provisions of the section "***Appropriation of Funds***" below, the City has agreed to provide financial support to the Authority as follows:

(a) The City will make Contract Performance Payments to the Authority from time to time in amounts sufficient to enable the Authority to pay, or to reimburse the Authority for any prior payment of, Contract Performance Costs incurred by the Authority.

(b) No later than 10 days prior to each principal or interest payment date on the Bonds, the City will pay to the Authority or its assignee a Debt Service Payment in an amount sufficient to satisfy the Debt Service Requirements on the Bonds on such principal or interest payment date. The City will receive a credit against its undertaking to make each Debt Service Payment due under the Cooperation Agreement in an amount equal to (i) any amounts on deposit with the Trustee under the Trust Agreement available to make the corresponding principal and interest payment on the Bonds and not previously applied as a credit with respect to any Debt Service Payment payable pursuant thereto and (ii) any Rent Payments received by the Authority and not previously applied by the Authority to pay debt service on the Bonds in accordance with the provisions of the section "***Application of Rent Payments***" below.

(c) No later than the date on which any Bond-Related Cost is required to be paid or funded by the Authority pursuant to the terms of the Trust Agreement, the City will pay to the Authority or the Trustee, as applicable, Bond Cost Payment in an amount sufficient to satisfy such payment or funding obligation.

Appropriation of Funds. Notwithstanding anything in the Cooperation Agreement to the contrary, the City's undertakings to make Contract Performance Payments, Debt Service Payments and Bond Cost Payments is subject to and dependent upon appropriations being made from time to time by the Council for such purposes; provided, however, that, during the term of the Cooperation Agreement, the Chief Administrative Officer (or other officer charged with the responsibility for preparing the City's Annual Budget) will request that the Mayor include in the Mayor's proposed Annual Budget to be submitted to the City Council for each Fiscal Year a recommendation to appropriate an amount equal to the scheduled Debt Service Requirements and any estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year. If the Mayor does not include such recommendation in the Mayor's proposed Annual Budget, the Chief Administrative Officer or other appropriate City officer will give notice thereof to the Authority and the bond trustee as soon as possible after the Mayor has submitted such proposed budget to the City Council.

Throughout the term of the Cooperation Agreement, the Chief Administrative Officer or other appropriate City officer will deliver to the Authority and the Trustee within 15 days after the adoption of the Annual Budget for each Fiscal Year, a certificate stating whether an amount equal to the scheduled Debt Service Requirements and estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year has been appropriated by the Council in such Annual Budget.

If any adopted Annual Budget does not include an approval of funds sufficient to pay the scheduled Debt Service Requirements and estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year, the Council will take a roll call vote immediately after adoption of such Annual Budget acknowledging the impact of its failure to approve such funds. In addition, the Chief Administrative Officer or other appropriate City officer will deliver to the Authority and the Trustee within 15 days after the beginning of each Fiscal Year, a certificate stating whether an amount equal to the scheduled Debt Service Requirements and estimated Contract Performance Costs and Bond-Related Costs for such Fiscal Year has been appropriated by the City Council. If, by 15 days after the beginning of the Fiscal Year, the City Council has not appropriated funds for the payment of the scheduled Debt Service Payments and estimated Contract Performance Payments and Bond Cost Payments for such Fiscal Year, the Chief Administrative Officer (or other officer charged with the responsibility for preparing the City's Annual Budget) will (1) give written notice to the City Council of the consequences of such failure to appropriate, including the possible effects upon the ability of the EDA to pay debt service on the Bonds and perform its obligations under the Master Development Agreement, and (2) request the Mayor to submit to the City Council, as promptly as practicable, a request for an amendment to the Annual Budget of the then-current Fiscal Year to include an additional appropriation that will provide sufficient moneys for such purposes.

If, during any Fiscal Year, the City determines that the actual Debt Service Requirements, Contract Performance Costs and Bond-Related Costs payable in such Fiscal Year will exceed the amount appropriated by the Council, the Chief Administrative Officer or other appropriate City officer charged with the responsibility for preparing the City's Annual Budget (1) within 15 days of making such determination, will notify the Authority and the Trustee of such deficiency and (2) within 45 days of making such determination, request the Mayor to submit to the City Council, as promptly as practicable, a request for an amendment to the Annual Budget of the then-current Fiscal Year to include an additional appropriation in an amount sufficient to satisfy such additional Annual Debt Funding Requirements, Contract Performance Costs and Bond-Related Costs. If the City Council fails to make a supplemental appropriation of a sufficient amount within 75 days of such determination by the Chief Administrative Officer or other appropriate City officer, the City Council will take a roll call vote immediately after such failure acknowledging the impact of its failure to approve such funds. In addition, the Chief Administrative Officer or other appropriate City officer will deliver to the Authority and the bond trustee no later than 15 days after such action by the City Council, a certificate stating whether an amount sufficient to satisfy such additional Debt Service Requirements, Contract Performance Costs and Bond-Related Costs has been appropriated by the City Council.

For the avoidance of doubt, in no event will the failure to appropriate funds hereunder for any reason constitute a default or an event of default by the City under the Cooperation Agreement.

Application of Rent Payments. The Team will make quarterly Rent Payments to the Authority for the term set forth in and in accordance with the provisions of the Stadium Lease. Although the Rent Payments will not be pledged as security for the payment of the Bonds, the Authority and the City have agreed that the Authority will apply the Rent Payments as described herein to pay debt service on the Bonds and for no other purpose. For so long as any Bonds remain outstanding, the Authority will transfer each quarterly Rent Payment to the Trustee to satisfy the Debt Service Requirements. Any Rent Payments applied in satisfaction of the Debt Service Requirement for a principal or interest payment date shall be credited against the City's undertaking to make the corresponding Debt Service Payment pursuant to clause (b) of the section "***City Support for Authority Undertakings***" above, and, subject to the provisions of the section "***Appropriation of Funds***" below, the City will only make a Debt Service Payment equal to the amount by which the Debt Service Requirement for such principal or interest payment date exceeds such Rent Payments and any other funds available under the Trust Agreement to make such principal and interest payment as described in clause (b) of the section "***City Support for Authority Undertakings***" above.

Assignment of Certain Authority Rights, Title and Interest. Pursuant to the Cooperation Agreement, the Authority has assigned its rights, title and interest to (a) receive Debt Service Payments, (b) receive Bond Cost Payments, but only to the extent such Bond Cost Payments relate the replenishment of any debt service reserve fund established in connection with the Bonds and (c) seek performance by the City of its undertakings pursuant to the section "***Appropriation of Funds***" above to the Trustee as security for the payment in full of the Bonds. By its execution and delivery of the Cooperation Agreement, the City has evidenced its consent to such assignment. Notwithstanding any provision of the Cooperation Agreement or the Trust Agreement to the contrary, neither the Trustee nor the Bondholders will have any rights, title or interest with respect to the application of Rent Payments pursuant to the section "***Application of Rent Payments***" above.

Amendments. The Cooperation Agreement may only be supplemented, amended or modified in writing signed by each of the parties thereto or their successors and assigns. So long as any Bonds remain outstanding, any supplement, amendment or modification to the Cooperation Agreement will be subject to such additional conditions or limitations, if any, as are set forth in the Trust Agreement (which provides that, except as expressly provided in the succeeding sentence, the Cooperation Agreement may be supplemented, amended or modified prior to the payment of all outstanding Bonds, only with the consent of the Trustee, given in accordance with the Master Trust Agreement). Notwithstanding any provision of the Cooperation Agreement or the Trust Agreement to the contrary, neither the Trustee nor the Bondholders will have any right to consent to any supplements, modifications or amendments to the provisions of the Cooperation Agreement described in the section "***Application of Rent Payments***" above.

Term of Cooperation Agreement. The Cooperation Agreement will remain in full force and effect from its dated date until the later of (a) the date on which the term of the Master Development Agreement expires and (b) the date on which all Bonds have been paid in full or otherwise deemed no longer outstanding.

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APPENDIX C

INFORMATION REGARDING THE CITY OF RICHMOND, VIRGINIA

THE INCLUSION OF THIS INFORMATION DOES NOT IMPLY THAT THE CITY OF RICHMOND, VIRGINIA, IS LEGALLY OBLIGATED TO MAKE PAYMENTS ON ANY BONDS OUTSTANDING UNDER THE TRUST AGREEMENT, INCLUDING 2024 BONDS.

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CITY GOVERNMENT AND ADMINISTRATION

Overview

The City of Richmond (the “City” or “Richmond”) is a municipal corporation of the Commonwealth of Virginia (the “Commonwealth” or “Virginia”) and is the capital of the Commonwealth. As a full service independent city, Richmond is autonomous of any county or other political subdivision. Its citizens are not subject to taxation by any county or independent school district for any purpose. The City occupies 62.5 square miles and serves a population of 229,247 as of the U.S. Census Bureau 2022 population estimate. As of January 1, 2024, the assessed taxable real property base valuation in the City was \$38,669,564,000.

General Government

The City is governed by a Mayor (the “Mayor”) and a City Council (the “Council”). The Mayor is elected every four years by a majority vote of voters in at least five of the City’s nine council districts. The Mayor is the chief executive officer of the City with responsibilities that include recommending the annual budget to the Council, selecting a Chief Administrative Officer with the advice and consent of the Council, issuing regulations as necessary to implement the duties and powers of the Mayor and making recommendations on revenue and funding transfer matters. The City Charter (the “Charter”) grants the Mayor the power to veto any ordinance or any item in any City budget ordinance, which veto may be overridden only by an affirmative vote of six or more Council members.

The Council establishes the policies for the administration of the City. The Council is comprised of nine members, each elected in a single district. Council members are elected for a four-year term and their current terms expire on December 31, 2024. The Council elects a President of the Council, who serves a two-year term and presides at meetings of the Council. If a vacancy occurs in the office of the Mayor, the President of the Council becomes acting Mayor until residents of the City elect a successor to fill the remainder of the Mayor’s term.

The Chief Administrative Officer reports to and serves at the pleasure of the Mayor, with the approval of the Council, and is responsible for the day-to-day operations of the City. The Chief Administrative Officer has the power of appointment and removal of the heads of the administrative departments of the City.

Overview of the Organization

Office of the Mayor

Mayor. Levar M. Stoney was sworn in as Richmond’s 80th Mayor on December 31, 2016. He is the youngest Mayor elected to serve the City. The Mayor was re-elected in November of 2020 to serve his second 4-year term. Prior to his mayoral election, Mayor Stoney was a Fellow in then-Governor Mark Warner’s office and later became the first African-American Secretary of the Commonwealth. As the Secretary of the Commonwealth, he led the largest, oldest, and one of the most public-facing office of the Governor’s cabinet and was the driving force behind transforming the process that restores civil and voting rights to the citizens of the Commonwealth. Previously, he served as Deputy Campaign Manager for Governor Terry McAuliffe’s successful gubernatorial campaign in 2013, and as the Executive Director of the Democratic Party of Virginia. Mayor Stoney received a bachelor’s degree from James Madison University and is a graduate of the Minority Political Leadership Institute at Virginia Commonwealth University. Mayor Stoney serves on a number of civic and community boards, including the VCU Massey Cancer Center Advisory Board; GRASP, a college-access organization; the Jamestown Yorktown Foundation 2019 Commemoration; and the Ujima Legacy Fund. He is also a proud member of Richmond Crusade for Voters and the NAACP.

Council

President of Council and Fourth District Representative. Kristen Nye was first elected to the Council in November 2016 and was elected Council President in December 2023. Ms. Nye serves as a member of the Public Safety Committee. Ms. Nye is employed as a freelance writer and previously served as an elected member of the Richmond Public School Board. Ms. Nye received a Bachelor of Arts degree in Communications from Syracuse University.

Vice President of Council and Third District Representative. Ann-Frances Lambert was elected to the Council in November 2020 and was elected Council Vice President in December 2023. Ms. Lambert serves as Vice Chair of the Governmental Operations Committee and as a member of the Land Use, Housing and Transportation Committee. Ms. Lambert began her public policy career in Richmond in 2000, as City Council Liaison to Del. Delores McQuinn, and later became the Senior Policy Analyst for the City of Richmond's Intergovernmental Relations Department. Ms. Lambert is a local business owner and has held additional roles in government at the state and federal levels. She earned a Bachelor of Arts in Communications with a minor in Education from Howard University.

First District Representative. Andreas D. Addison was first elected to the Council in November 2016. Mr. Addison serves as Chair of the Land Use, Housing and Transportation Committee. Mr. Addison is currently employed by Dominion Payroll as the Director of Strategy and Engagement. He received a Bachelor of Arts degree in Political Science from Virginia Tech and a Master of Business Administration from the University of Richmond.

Second District Representative. Katherine Jordan was elected to the Council in November 2020. Ms. Jordan serves as Chair of the Governmental Operations Committee and as a member of the Finance and Economic Development Committee. She received a Bachelor of Arts degree and Master of Arts degree in Urban & Environmental Planning from the University of Virginia.

Fifth District Representative. Stephanie A. Lynch was first elected to Council in November 2019. Ms. Lynch serves as Chair of the Education and Human Services Committee and as a member of the Governmental Operations Committee. She is employed as the Director of Government Affairs, Strategy, and Development at Good Neighbor, a firm providing psychiatric, therapy, and in-home counseling services. Ms. Lynch received a Bachelor's of Science degree, a Bachelor of Arts degree and a Master's degree from Virginia Commonwealth University.

Sixth District Representative. Ellen F. Robertson was first elected to Council in 2003. Ms. Robertson serves as Vice Chair of the Finance and Economic Development Committee and as Vice Chair of the Land Use, Housing and Transportation Committee. Ms. Robertson is a retired community and housing developer. Ms. Robertson received an Associate's degree from J. Sargeant Reynolds Community College and a Bachelor of Science degree from Virginia Commonwealth University.

Seventh District Representative. Cynthia I. Newbille was first elected to Council in 2009. Dr. Newbille serves as Chair of the Finance and Economic Development Committee and as Vice Chair of the Education and Human Services Committee. Prior to being elected to the Council, she served from 2002 to 2004 as Chief of Staff to the City of Richmond's City Manager. Dr. Newbille received a Bachelor of Arts degree and a Master of Arts degree in psychology from S.U.N.Y at Stony Brook and a Doctorate of Philosophy in Public Policy and Administration from Virginia Commonwealth University.

Eighth District Representative. Reva M. Trammell was re-elected to Council in 2006, having previously served on the Council from 1998 to 2002. Ms. Trammell serves as Chair of the Public Safety Committee. Ms. Trammell is a self-employed businesswoman.

Interim Ninth District Representative. Nicole Jones was appointed by Council on December 11, 2023. Ms. Jones replaced Councilman Michael Jones who resigned following his election to the 77th District of the Virginia House of Delegates. Ms. Jones was sworn and began service in January 2024 and will serve until the close of the 2021-2024 Council term in December 2024. Ms. Jones has served on the Richmond City Public School Board as the 9th District Representative from January 2021 until her appointment to Council. Ms. Jones received a Bachelor of Arts degree in Business Administration & Management from Strayer University.

Administration

Chief Administrative Officer. Lincoln Saunders was appointed as Chief Administrative Officer on October 1, 2021. Prior to his appointment, Mr. Saunders served as Acting Chief Administrative Officer and as Acting Chief of Staff to the Mayor of the City of Richmond. Additionally, he previously served as a Policy Advisor to Virginia Governor Terry McAuliffe and as Chief of Staff to Virginia First Lady Dorothy McAuliffe. Mr. Saunders graduated with a Bachelor of Arts degree from the College of William and Mary and a Master's degree in public affairs from Indiana University. He also has graduated from the Virginia Executive Institute and the Bloomberg Harvard City Leadership Initiative and is currently serving on the Board of Visitors of his alma mater, the College of William and Mary.

Deputy Chief Administrative Officer – Finance and Administration. Sabrina Joy-Hogg was appointed Deputy Chief Administrative Officer – Finance and Administration in January 2022. Ms. Joy-Hogg has a total of three decades of experience in public service. She previously served as the Chief Deputy City Manager of Charlotte, North Carolina, and has also served as Chief Deputy City Manager for the City of Norfolk, Virginia. Before accepting this role, she served as a residential technician advisor to the Ministry of Finance, Planning and Economic Development of Uganda through the United States Treasury. She holds both a Bachelor of Arts and a Master's degree from Stony Brook University and held the credential of a registered and licensed architect while working in New York City.

Deputy Chief Administrative Officer – Economic and Community Development. Sharon Ebert was appointed Deputy Chief Administrative Officer – Economic and Community Development in March 2019. She previously held planning, economic and real estate development positions in New York City, Yonkers, New York, Philadelphia, Pennsylvania, and Bridgeport, Connecticut. Most recently, Ms. Ebert served as Director of Community Development in the City of Johns Creek, Georgia, where she oversaw planning, zoning, land development, building permitting, and code enforcement activities. She holds a Bachelor of Arts degree from Rensselaer Polytechnic Institute and held the credential of a registered and licensed architect while working in New York City.

City Attorney. Laura K. Drewry was appointed as City Attorney on April 10, 2023. Ms. Drewry has served the City since 2006, when she served as Deputy City Attorney in the Division of Civil Litigation. She primarily worked in worker's compensation and employment litigation and served as the primary legal representative for Fire and Emergency Services, GRTC Transit System, Human Resources, Richmond Library Board, Richmond Personnel Board, and the Richmond Retirement Board. Ms. Drewry received a Juris Doctorate from George Mason University.

Director of Finance. Sheila D. White was appointed Director of Finance in February 2021. Prior to her appointment, Ms. White served as Senior Deputy Director of Finance for the City. Additionally, Ms. White is a certified Public Accountant with more than 20 years of experience in both accounting and operational roles. She holds a Bachelor's degree from North Carolina Agricultural and Technical State University, and a M.B.A. from the University of North Carolina at Greensboro.

Deputy Director of Finance, Chief Investment & Debt Portfolio Officer. Michael Nguyen joined the City's Finance Department in April 2023. Prior to joining the City, Mr. Nguyen was the head of investments at the Virginia College Savings Plan, where he was responsible for managing multi-asset portfolios in public and private markets. Mr. Nguyen previously held investments and public advisory roles with RBC Global Asset Management and Wells Capital Management. He holds a Bachelor of Arts in Political Science from the University of California at Irvine, and a Master's in Public Policy from the Humphrey School at the University of Minnesota.

Investment & Debt Portfolio Manager. Meiling Qu joined the City's Finance Department in March 2023. Prior to joining the City, Ms. Qu was Assistant Finance Director at New Kent County, where she was responsible for the county's daily financial operations, including issuing municipal bonds for capital improvement projects for both the county and its public utility department. Ms. Qu received a Bachelor of Science Degree in Business and Management and a Master's Degree in Accounting from Western Carolina University.

Director of Budget & Strategic Planning. Meghan Brown has served the City of Richmond for more than 15 years. In that time, she served the Department of Finance, then the Council Chief of Staff Office before joining the Department of Budget and Strategic Planning in 2021 as a Senior Manager. Ms. Brown became the Acting Director of Budget & Strategic Planning in November 2023 and then the full-time Director of Budget & Strategic Planning in

May 2024. Prior to joining the City, she worked for a regional audit, tax, and consulting firm. Ms. Brown holds a Bachelor of Science degree in Business from Virginia Polytechnic Institute and State University.

FINANCIAL INFORMATION

Financial Management

During the past three fiscal years, the Administration and Council have worked closely together to establish clear goals and actions designed to promote the City as being a well-managed organization based on strong financial management and accountability principles.

For fiscal years 2021 – 2025, the City highlights the following:

- As of June 30, 2021, due to strong investment performance, the Richmond Retirement System's ("RRS") Net Fiduciary Net Position was 71.8%, compared to 59.9% in the previous fiscal year. At such time, the funded status was at its highest level in 19 years.
- For fiscal year 2022, the General Fund reported an ending Fund Balance of \$206.2 million, representing an increase of \$44.1 million, or 27.2%, compared to the prior year. The Unassigned Fund Balance equaled \$107.9 million, representing 13.9% of actual Expenditures and Transfers out of \$776.4 million.
- For fiscal year 2022, the City's Net Position for Governmental Activities increased \$150.6 million, or 52.8%, compared to the prior year. Additionally, the City's Business Type Activities Net Position increased by \$47.0 million, or 5.4%.
- In May 2024, Fitch Ratings upgraded its rating of the City's General Obligation Bonds from AA+ to AAA. Moody's and Standard and Poor's reaffirmed their respective ratings of Aa1 (stable outlook) and AA+ (positive outlook) at the same time.
- The City's total taxable assessed value for Real and Personal Property including Machinery and Tools increased by \$4.6 billion or 13.3% for fiscal year 2023.
- For fiscal year 2023, the City's Net Position for Governmental Activities increased \$158.8 million, or 36.5%, compared to the prior year. Additionally, the City's Business Type Activities Net Position increased by \$56.9 million or 6.2%.
- For fiscal year 2023, the General Fund reported an ending Fund Balance of \$262.5 million representing an increase of \$56.3 million, or 27.3%, compared to the prior year. The Unassigned Fund Balance equaled \$139.9 million, representing 16.2% of actual Expenditures and Transfers out of \$866.2 million.
- Overall revenue and expenditures through March 2024 continue to trend comparably to the same period of the prior fiscal year (FY 2023). The City anticipates ending fiscal year 2024 with a positive surplus should this trend continue through the last quarter. Actual results may vary, and such variances may be material. No assurance can be given that actual results will not be materially different from historical results or current projections.
- The Fiscal Year 2025 General Fund budget indicates total General Fund Revenues of \$1.0 billion, which reflects increased revenue of \$49.9 million (+5.3%). The increase in General Fund revenue is driven largely by increased assessed values for real estate and personal property.

Financial Policies

In addition to the fiscal policy and procedures that are in place to foster adequate internal controls and financial controls, the City has enacted financial policies to assist with its financial management.

Strategic Deployment of CARES Act Funding

The City was allocated from the State of Virginia approximately \$40.2 million of federal grant assistance under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), approved by the United States Congress and signed by President Trump on March 27, 2020. The City received the funding in two equal allocations. The first allotment of \$20.1 million was received in June 2020 and the second allotment in August 2020. The funds could only be used for COVID-19 related expenses, and the City expended the funds to procure goods and services, such as emergency childcare services, personal protective equipment (PPE), citizen and small business assistance, housing support, COVID-19 testing and contact tracing, and improvements in telework capabilities. All of the CARES Act funds received by the City have been expended.

The American Rescue Plan Funding (ARPA)

The American Rescue Plan Act of 2021 (“ARPA”), which was approved by the United States Congress and signed into law by President Biden on March 11, 2021, provided the City with an aggregate \$155.9 million of additional federal grant assistance. The City received the \$155.9 million in ARPA funds from the federal government in two annual installments received on June 16, 2021, and on June 21, 2022. Primary expenditure categories that have been approved by Council include contributions to an affordable housing trust, economic development grants to small business for workforce development, setting up reserves to address health, family crisis, healthy homes, gun violence prevention and first responder hazard pay. Funds have also been appropriated to various capital projects to address low-income housing, parks and recreation projects and community centers. A portion of the funds will also be used for Water Utility and Stormwater Utility capital projects. As of March 31, 2024, the City has spent \$28.8 million of total ARPA funds received.

Restatement of 2021 Audited Financial Statement

From fiscal years ended June 30, 2018, through June 30, 2020, the City’s Concentration Account carried an unreconciled balance on the City’s financial statements in the amount of \$12,114,049. Additionally, for certain capital projects placed into service from fiscal years ended June 30, 2016, through June 30, 2019, the entry to record the transfer of related expenditures from the Capital Projects Fund to the Parking Enterprise Fund was not captured, resulting in an unreconciled balance on the City’s financial statements in the amount of \$2,906,491. As a result, the City restated its net position and general fund balances to account for the cumulative effect of the error on prior reporting periods in its audited financial statements for the fiscal year ended June 30, 2021 (the “Restatement”). Additional information relating to the Restatement is available in Note 18 to the City’s audited financial statements for the fiscal year ended June 30, 2021, which are available on the Electronic Municipal Market Access website administered by the Municipal Securities Rulemaking Board. The City received an inquiry relating to the Restatement from the United States Securities and Exchange Commission (“SEC”) and has cooperated with the SEC in all respects relating thereto. Since the Restatement, the City has implemented new policies and training to prevent similar occurrences.

Rainy Day Fund

In December 2017, the Council amended the Code of the City of Richmond (2015) (the “City Code”) to establish the financial policies of the City regarding the General Fund Balance (the “Revised Fund Balance Policy”). The Revised Fund Balance Policy, among other things, established a “rainy day” fund (the “Rainy Day Fund”) for the City, consisting of the Unassigned Fund Balance and the Budget and Revenue Stabilization Contingency Reserve. The goal of the City is for the Rainy Day Fund to be equivalent to 16.67% of budgeted General Fund operating expenses for the latest fiscal year for which Council has adopted a General Fund Budget. As of June 30, 2023, the Unassigned Fund Balance was \$139.9 million and the Budget and Revenue Stabilization Contingency Reserve was \$29.6 million, providing for a combined balance of \$169.5 million, or 17.8%, of budgeted fiscal year 2024 General

Fund operating expenses in the Rainy Day Fund. According to the Revised Fund Balance Policy, 50% of any calculated General Fund surplus should be allocated to the Rainy Day Fund, with the exact allocations between the Unassigned Funded Balance and the Budget and Revenue Stabilization Contingency Reserve determined by the Mayor. The City considers the Rainy Day Fund to be comprised of funds that have no limitations, restrictions or planned use.

Unassigned Fund Balance Policy

Since 1988, the Council has had a fund balance policy regarding the required level of the Unassigned Fund Balance, which has been amended from time to time, including as recently as December 2017. Currently, the policy on the Unassigned Fund Balance provides as follows:

- (1) It is the goal of the City that the Unassigned Fund Balance be equal to at least 13.67% of budgeted General Fund operating expenses for the latest fiscal year for which Council has adopted a General Fund Budget.
- (2) It is the policy of the City that appropriations from the Unassigned Fund Balance will be made (i) only in the event of unusual, unanticipated, and seemingly insurmountable hardship, and (ii) only after all other reserves or contingency funds have been exhausted.
- (3) To the extent that the Unassigned Fund Balance is ever drawn upon, the Mayor shall submit to Council, within 90 days after the date on which such funds were expended, a plan to restore the amount expended within three years.

As of June 30, 2023, the Unassigned Fund Balance was \$139.9 million, which represents 14.7% of budgeted fiscal year 2024 General Fund operating expenses.

Budget and Revenue Stabilization Contingency Reserve

In September 2010, the Council created a new reservation of fund balance called the Revenue Stabilization Fund for the purpose of helping the City manage through the immediate needs of economic factors including, but not limited to, revenue reductions and unanticipated cuts in state funding, and set aside \$2.0 million as a reservation of fund balance (the "Policy"). In April 2012, the Council amended the Policy by changing the name of the fund to the Revenue Stabilization and Contingency Fund and increasing the minimum target balance to \$10.0 million. In December 2017, Council further amended the Policy and changed the name of the fund to the Budget and Revenue Stabilization Contingency Reserve. Currently, the policy on the Budget and Revenue Stabilization Contingency Reserve provides, in part, as follows:

- (1) It is the goal of the City that the Budget and Revenue Stabilization Contingency Reserve be equal to at least 3.00% of budgeted General Fund operating expenses for the latest fiscal year for which Council has adopted a General Fund Budget.
- (2) To the extent that the Budget and Revenue Stabilization Contingency Reserve is ever drawn upon, the Mayor shall submit to Council, within 90 days after the date on which such funds were expended, a plan to restore the amount expended within three years.

As of June 30, 2023, the Budget and Revenue Stabilization Contingency Reserve was \$29.6 million, which represents 3.1% of budgeted fiscal year 2024 General Fund operating expenses.

Debt Management Policies

The City has a debt policy in place regarding limitations on General Fund supported debt. The debt policy has become an integral part of the City's financial management and capital budgeting process and the City has remained and is currently in compliance with the policy.

The policy states:

- (1) Total outstanding general obligation debt, moral obligation debt and subject to appropriation debt will not exceed 3.75% of total assessed taxable value (real estate, personal property and machinery & tools).
- (2) The amount of total debt service to be paid on general obligation debt, moral obligation debt and subject to appropriation debt will not exceed 10% of the sum of the General Fund budget, the Richmond Public Schools (“RPS”) budget, and the City funding from the State for Highway and Street Maintenance, less the transfer portion RPS receives from the City’s General Fund (to prevent double counting).
- (3) The ten-year payout ratio of tax supported general obligation debt, moral obligation debt and subject to appropriation debt shall not be less than 60%.
- (4) Tax supported general obligation debt, moral obligation debt and subject to appropriation debt will not exceed the useful life of the project to be funded, with a maximum maturity of 30 years.
- (5) The City will target to provide cash funding from the annual operating budget for a portion of its five-year Capital Improvement Plan (CIP) budget.

Budget Adoption Process

The Charter requires that the General Fund budget be prepared in accordance with the adoption process described below.

- (1) On a day fixed by Council (March 27 in the current year), which is no earlier than the second Monday in February or later than the 7th day of April each year, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget, including a transfer to the schools and other funds, contains proposed expenditures and the means of financing those expenditures.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) On or before May 31, the budget is legally enacted through passage of an ordinance by the Council. If the Council does not adopt a budget prior to or on May 31, the budget submitted by the Mayor shall be in full force and effect as if it had been adopted by the Council.
- (4) The Charter grants the Mayor power to veto any one or more items in any City budget ordinance or resolution by written notice of veto delivered to the City Clerk within 14 calendar days of the Council’s action. The Council may override the Mayor’s veto by vote of any six or more Council members at a meeting held within 14 days after the City Clerk’s receipt of the notice of veto.
- (5) Formal budgetary integration is employed as a management control device during the year for all funds.
- (6) Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are generally prepared on the modified accrual basis of accounting, except those encumbrances that do not lapse at the end of a fiscal year, which are included as budgetary expenditures.

Basis of Accounting

For a detailed discussion of the City’s basis of accounting, see Note 1.C in the audited financial statements for the City for the fiscal year ended June 30, 2023, which are set forth in **Appendix B** of this Official Statement.

Cash Management

The City pools its cash in order to maximize its investment opportunities, resulting in greater flexibility and a better investment return. Investments consist primarily of repurchase agreements, U.S. government obligations and U.S. government guaranteed investments. All repurchase agreements are collateralized by United States government securities. Interest earned on pooled cash is allocated to the various participating funds based upon their net annual equity in pooled cash.

Adopted Fiscal Year 2023 – 2025 General Fund Operating Budgets

Budgeted Revenues

	Fiscal Year 2023 Adopted	Fiscal Year 2024 Adopted	Fiscal Year 2025 Adopted
Revenues:			
General Property Taxes	\$472,373,303	\$534,452,865	\$563,124,794
Other Local Taxes	164,162,468	193,459,504	210,389,507
Permits, Fees, License & Fines	13,294,618	12,552,108	17,832,827
Charges For Services & Uses	29,798,171	34,439,127	45,997,407
State and Federal Revenue	120,464,471	116,546,490	124,482,285
Transfer from Utilities Funds	20,494,355	21,211,658	21,959,566
Miscellaneous & Other Transfers	18,128,442	39,262,037	18,102,283
Total General Fund Revenues	\$838,715,828	\$951,923,789	\$1,001,888,669

Source: FY 2025 Adopted Fiscal Plan

With the economy projected to grow at a slower pace, General Fund revenues are also anticipated to grow at a moderate pace in fiscal year 2025. Total General Fund Revenue for fiscal year 2025 is budgeted to be \$1.0 billion, an increase of \$49.9 million (5.2%) over the \$951.9 million for the fiscal year 2024 adopted budget. The moderate increase in total budgeted revenue is due primarily to increased assessments of real estate, where the City projects assessments to grow by 4.0% from the 2024 land book value. While the real estate tax rate remained the same at \$1.20 per \$100 of assessed value, the fiscal year 2025 real estate taxes are budgeted to grow by \$22.5 million (5.1%), from \$438.6 million to \$460.9 million. Another \$31.6 million of General Fund revenue growth will be generated from other key local revenue sources with projected year-over-year increases, including the following sources: Revenue from the Use of Money (\$12.0 million, 400.0%); Prepared Foods (Meals) Tax (\$8.1 million, 16.6%); Permits, Fees, and Other Regulatory Licenses (\$5.2 million, 42.0%); Local Sales & Use (\$4.9 million, 10.0%); and Transient Lodging Tax (\$1.3 million, 15.7%). The remaining General Fund budget categories for fiscal year 2025 revenues remain similar to prior year receipts.

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Budgeted Expenditures

	Fiscal Year 2023 Adopted	Fiscal Year 2024 Adopted	Fiscal Year 2025 Adopted
Expenditures:			
General Government	\$ 49,066,993	\$ 66,657,472	\$ 81,775,373
Judicial	13,413,252	14,427,749	16,440,438
Public Safety	222,754,398	237,037,381	247,065,210
Public Works	44,857,117	48,924,412	51,151,774
Health & Welfare	76,624,758	85,469,737	93,572,330
Education	200,307,625	221,460,106	239,280,793
Recreation & Culture	29,097,274	34,208,820	37,278,956
Economic & Community Development	19,226,530	23,036,914	23,562,764
Non-Departmental & Transfers	183,367,881	220,701,198	211,761,033
Total Expenditures:	\$838,715,828	\$951,923,789	\$1,001,888,669

Source: FY 2025 Adopted Fiscal Plan

Total fiscal year 2025 General Fund Expenditures are budgeted to increase 5.2% from the prior year, increasing from \$951.9 million to \$1.0 billion. The City's local contribution toward Education spending, a major priority of the Mayor and Council, is budgeted to increase by \$17.8 million (8.1%). Another core function of the City, Public Safety spending for Police and Fire personnel, is budgeted to increase in fiscal year 2025 by \$10.0 million (4.2%). Additionally, General Government operations is projected to increase by \$15.1 million (22.7%), helping the City remain competitive with the State and surrounding Counties.

The fiscal year 2025 budget includes significant additional funding in the Health & Welfare category, which is budgeted to increase expenditures by \$8.0 million (9.5%) to \$93.6 million. Additionally, the City will continue providing cash funding ("pay-as-you-go") for fleet maintenance and replacement with an allocation of \$10.0 million.

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General Fund Operations for the Fiscal Year Ended June 30, 2023

For the fiscal year ended June 30, 2023, the City reported total General Fund revenue of \$918.5 million plus Transfers-In of \$4.0 million, as compared to total Expenditures of \$750.1 million plus Transfers Out of \$116.1 million, resulting in a net increase in overall fund balances of \$56.3 million. The overall \$922.5 million of Revenue and Transfers-In during fiscal year 2023 was 12.4% higher than the prior year's total revenue. Increases to general property and other local tax collections contributed the most to the strong fund balance growth with current Real Estate tax collection increasing by \$41.1 million (or 11.1%), Personal Property tax revenue increasing by \$13.3 million (or 18.4%), Prepared Foods (Meals) tax revenue increasing by \$6.4 million (or 14.1%) and State Share Local Option Sales tax revenue increasing by \$6.2 million (or 13.8%). Overall tax collections of \$683.1 million were \$81.1 million (or 13.5%) higher than the \$602.1 million collected in fiscal year 2022. Other primary revenue categories also showed modest to strong improvement including significant growth in investment income of \$9.7 million over last year, Service Charges (\$2.9 million), and Miscellaneous Revenues (\$2.6 million).

Fiscal years 2022 - 2023 major tax revenue categories are itemized below:

Major Tax Revenue Categories	Fiscal Year 2022	Fiscal Year 2023	Percentage Change 2022-2023
Real Estate (includes delinquent)	\$370,157,105	\$411,223,723	11.1%
Personal Property (includes delinquent)	72,116,263	85,407,679	18.4
Machinery & Tools	14,313,100	16,240,341	13.5
State Shared Local Option Sales	44,689,387	50,865,941	13.8
Utility Sales and State Communication	29,635,563	31,860,128	7.5
Prepared Food (Meals)	45,762,510	52,216,109	14.1
Bank Stock	4,278,305	10,744,703	151.1
Lodging	8,130,205	9,123,199	12.2
All Other Tax Receipts	12,972,958	15,446,700	19.1
Total City Taxes	\$602,055,396	\$683,128,523	13.5%

Source: City of Richmond Annual Comprehensive Financial Reports of 2022 and 2023

As compared to the previous fiscal year, fiscal year 2023 General Fund expenditures and Transfers Out increased by \$89.9 million, or 11.6%, from \$776.4 million to \$866.2 million. The expenditure categories that experienced the highest growth included: Education, General Government, and Public Safety and Judiciary. The General Fund contributed \$200.3 million to fund fiscal year 2023 School Board operations, an increase of \$13.2 million (or 7.0%) from the prior year. Public Safety and Judiciary expenditures saw an increase of \$32.3 million (or 15.6%), and General Government expenditures increased by \$11.5 million (or 18.3%) for the year prior. General Government, Richmond Public Schools and Public Safety and Judiciary remained most of General Fund expenditures for fiscal year 2023. Overall fiscal year 2023 Revenue and Transfers-In of \$922.5 million exceeded total Expenditures and Transfers-Out of \$866.2 million by \$56.3 million.

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Below is a summary of financial results of the City's General Fund for the fiscal years ended June 30, 2022 and June 30, 2023.

Statement of General Fund Revenues, Expenditures, Other Financing Sources, and Uses
For the Fiscal Years ended June 30, 2022 and June 30, 2023
(in thousands)
(Audited)

	June 30, 2023	% of Total	June 30, 2022	\$ Increase (Decrease) from Prior Year	% Increase (Decrease) from Prior Year
Revenues:					
City Taxes	\$683,129	74.1%	\$602,055	\$81,073	13.5%
Licenses, Permits, and Privilege Fees	49,046	5.3	50,681	(1,636)	(3.2)
Intergovernmental Revenues	97,544	10.6	83,076	14,468	17.4
Service Charges	35,228	3.8	32,329	2,899	9.0
Fines and Forfeitures	7,629	0.8	8,252	(623)	(7.5)
Utility Payment	22,870	2.5	23,470	(600)	(2.6)
Investment Income	9,679	1.0	-	9,679	100.0
Miscellaneous Revenues	13,353	1.4	10,753	2,599	24.2
Operating Transfers In & Other					
Financing Sources	4,037	0.4	9,828	(5,791)	(58.9)
Total Revenues	\$922,513	100.0%	\$820,445	\$102,068	12.4%
Expenditures:					
General Government	\$ 74,226	8.6%	\$ 62,724	\$ 11,502	18.3%
Public Safety and Judiciary	239,551	27.7	207,237	32,315	15.6
Highways, Streets, Sanitation, and Refuse	41,277	4.8	39,233	2,045	5.2
Human Services	60,388	7.0	59,158	1,230	2.1
Culture and Recreation	31,988	3.7	27,683	4,305	15.5
Education	200,308	23.1	187,142	13,165	7.0
Non-departmental	102,407	11.8	88,151	14,256	16.2
Total Expenditures	\$750,146	86.6%	\$671,328	\$ 78,817	11.7%
Transfers Out to Debt Service Fund	\$88,962	10.3%	\$85,291	\$3,672	4.3%
Other Transfers Out	27,114	3.1	19,746	7,368	37.3
Total Transfers Out	\$116,077	13.4%	\$105,037	\$11,039	10.5%
Total Expenditures and Transfers	\$866,222	100.0%	\$776,365	\$ 89,857	11.6%

Source: City of Richmond Annual Comprehensive Financial Reports of 2022 and 2023

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Below is a comparative summary of General Fund revenues, expenditures and fund balances for fiscal years ended June 30, 2019 through June 30, 2023.

**Comparative Summary of
General Fund Revenues, Expenditures and Fund Balances
(in thousands)**

	2019	2020	2021	2022	2023
Revenues					
City Taxes	\$517,552	\$538,213	\$545,617	\$602,055	\$683,129
Licenses, Permits, and Privilege Fees	44,299	47,358	44,822	50,681	49,046
Intergovernmental	82,554	87,132	118,137	83,076	97,544
Service Charges	27,641	27,849	28,558	32,329	35,228
Fines and Forfeitures	6,841	7,520	8,983	8,252	7,629
Utility Payment in Lieu of Taxes	26,245	24,823	20,763	23,470	22,870
Investment Income	-	-	-	-	9,679
Miscellaneous	5,337	6,604	7,368	10,753	13,353
Sub-Total	\$710,469	\$739,500	\$774,248	\$810,616	\$918,476
Other Financing Sources:					
Transfers In-Other Funds	5,173	7,679	12,070	9,828	4,037
Total Revenues	\$715,642	\$747,178	\$786,319	\$820,444	\$922,513
Expenditures					
General Government	\$51,254	\$51,228	\$53,452	\$62,724	\$74,226
Public Safety and Judiciary	206,493	215,244	246,302	207,237	239,552
Highways, Streets, Sanitation, and Refuse	32,553	33,150	44,088	39,233	41,277
Human Services	58,201	58,328	57,582	59,158	60,388
Culture and Recreation	23,069	23,620	23,315	27,683	31,988
Education	156,721	176,033	187,522	187,142	200,308
Non-departmental	84,422	88,689	75,245	88,151	102,407
Sub-Total	\$612,713	\$646,292	\$687,506	\$671,328	\$750,146
Other Financing Uses:					
Transfers Out-Debt Service Fund	68,232	70,815	78,696	85,291	88,962
Transfers Out-Other Funds	18,926	15,456	12,385	19,746	27,114
Total Expenditures	\$699,871	\$732,563	\$778,587	\$776,365	\$866,222
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	\$ 15,771	\$ 14,615	\$ 7,732	\$ 44,079	\$ 56,291
Non-spendable	9	9	14	12	14
Restricted	--	--	--	--	--
Committed	14,069	20,091	23,969	25,329	29,795
Assigned	26,278	33,685	37,464	73,046	92,828
Unassigned Fund Balance	111,580	112,768	100,723	107,862	139,903
Total Fund Balance	\$151,937	\$166,552	\$162,170	\$206,249	\$262,540
Unassigned Fund Balance as a % of General Fund Expenditures	15.9%	15.4%	14.7%	13.89%	16.15%
Debt Service as a % of General Fund Expenditures	9.7%	9.7%	10.1%	10.99%	10.27%

Source: Department of Finance

Note: Totals may not foot due to rounding.

Revenues of the City

Assessment Based Taxes

Real Estate Tax. Real estate taxes are the largest source of City revenues. The City Assessor assesses real property annually on January 1 at 100% of fair market value. The tax rate for real estate is \$1.20 per \$100 assessed value for tax year 2024 and has been at that rate since 2008. Real estate taxes are billed on a semi-annual basis, with the payments due on January 14 and June 14. Taxes not paid by the due date incur a 10% penalty and interest accrues at a rate of 10% per annum.

Personal Property Tax. Taxes are levied on all tangible personal property, including automobiles, mobile homes, business equipment and pleasure boats. The tax is due and must be paid annually by June 5. Taxes not paid by June 5 incur a 10% penalty and interest accrues at a rate of 10% per annum. Tangible personal property is taxed at a rate of \$3.70 per \$100 of assessed value.

Machinery and Tools Tax. Taxes are levied on all machinery used in the manufacturing process. The tax is due and must be paid annually by May 1. Taxes not paid by June 5 incur a 10% penalty and interest accrues at a rate of 10% per annum. Machinery and tools are taxed at a rate of \$2.30 per \$100 of assessed value.

Sales Taxes

State Shared Sales Tax. Of the Commonwealth's 5.0% sales and use tax, a portion is distributed to localities based on school age population. The school age population is updated each July 1 and used for the distribution of sales tax revenue to local school divisions. 2010 amendments to the Code of Virginia replaced the triennial census conducted by school divisions with an annual estimate of the school-age (5 to 19 year olds) population from the Weldon Cooper Center for Public Research (University of Virginia). The most recent estimate was completed in the fiscal year beginning July 1, 2023, with a total school-age population of 29,173.

Beginning in Fiscal Year 2020, the Commonwealth's sales and use tax increased by 0.7 percent to help fund the then newly-created Central Virginia Transportation Authority (the "CVTA"). The CVTA, composed of counties and cities located in Planning District 15 (Hanover, Ashland, Goochland, Powhatan, Richmond, New Kent, Chesterfield, Henrico, and Charles City), provides funding opportunities for priority transportation investments across the region. The CVTA administers transportation funding generated through the imposition of the additional regional sales and use tax and an additional fuels tax. Through the use of these funding sources from the CVTA, the City will fund a portion of its transportation infrastructure capital improvements and operating expenditures related to the Greater Richmond Transit Company.

Local Sales Tax. The City imposes an additional 1% sales tax. The Commonwealth receives the tax from merchants and remits the City's portion at the end of each month.

Other Taxes

Prepared Food (Meals) Taxes. Effective July 1, 2018, the City increased the tax levied on prepared foods (meals) from 6.00% to 7.50%. The new tax revenue generated from the rate increase is being earmarked to support the financing of construction costs for new school facilities in the City. Over the five past fiscal years (beginning in fiscal year 2019), actual tax revenues have been in line with the anticipated revenue earmarked for the funding of new school facilities.

Utility Taxes. The City levies a tax upon each purchaser of gas service, metered electric service and local telephone service. Taxes collected by the utility are remitted to the City by the 15th of the second calendar month after collection. The United States government, the Commonwealth and its political subdivisions, boards, commissions and authorities are exempt from this tax.

Additional Taxes. The City also imposes various taxes on lodging, bank stock values and admission fees to entertainment and sporting events.

Other Revenues

Locally Generated Non-Tax Revenues. These include fees on licenses of businesses and professionals (the largest component), service charges, fines and forfeitures.

Revenue from Other Governments. Approximately 13% of the City's revenues historically have been derived from federal and state governments. These funds support such operations as social services, public health and the City jail.

Property Tax Levies

Approximately 75% of General Fund revenue is derived from general taxes, with the largest components being real estate and personal property taxes. The following tables show historical levies and collections as well as assessed value for these major tax sources.

Real Estate Tax Levies and Collections for Fiscal Years 2014 – 2023

Tax Year	Tax Rate	Total Tax Levy⁽¹⁾	Current Tax Collections⁽²⁾	Percent of Current Taxes Collected⁽²⁾	Delinquent Tax Collections⁽³⁾	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2014	1.200	\$217,520,214	\$202,460,782	93.1%	\$ 6,568,610	\$209,029,392	96.1%
2015	1.200	225,916,636	210,327,124	93.1	9,155,708	219,482,832	97.2
2016	1.200	233,675,912	220,474,082	94.4	9,702,731	230,176,813	98.5
2017	1.200	246,301,342	234,294,879	95.1	8,937,806	243,232,685	98.8
2018	1.200	255,951,747	245,246,847	95.8	14,295,349	259,542,196	101.4
2019	1.200	276,074,812	268,901,538	97.4	12,889,862	281,791,400	102.1
2020	1.200	324,751,725	300,312,274	92.5	9,300,420	309,612,694	95.3
2021	1.200	336,209,976	314,554,821	93.6	12,902,394	327,457,215	97.4
2022	1.200	372,078,029	364,442,735	97.9	5,714,370	370,157,105	99.5
2023	1.200	414,255,842	400,399,011	96.7	10,824,712	411,223,723	99.3

Source: Department of Finance

⁽¹⁾ Tax Levy: This column includes only the original levy; adjustments to this levy are not reflected. It also includes personal property and vehicle licenses.

⁽²⁾ Current Tax Collections: These columns represent the amount and percentage on the tax levy with the respective tax year reporting period.

⁽³⁾ Delinquent Tax Collections: This column represents delinquent taxes collected within the respective reporting period.

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**Personal Property Tax Levies and Collections
for Fiscal Years 2014 – 2023**

Tax Year	Tax Rate	Total Tax Levy⁽¹⁾	Current Tax Collections⁽²⁾	Percent of Current Taxes Collected⁽²⁾	Delinquent Tax Collections⁽³⁾	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2014	3.700	\$60,309,698	\$50,764,046	84.2%	\$ 5,614,439	\$56,378,485	93.5%
2015	3.700	61,537,220	54,479,640	88.5	8,867,316	63,346,956	102.9
2016	3.700	66,205,914	57,262,094	86.5	6,378,170	63,640,264	96.1
2017	3.700	67,884,998	57,603,912	84.9	9,836,983	67,440,895	99.3
2018	3.700	70,750,402	59,861,884	84.6	9,542,459	69,404,343	98.1
2019	3.700	72,238,643	61,366,394	84.9	6,513,005	67,879,399	94.0
2020	3.700	73,823,208	65,221,194	88.3	8,715,610	73,936,804	100.2
2021	3.700	74,726,366	67,189,886	89.9	6,074,682	73,264,568	98.0
2022	3.700	80,808,148	64,524,543	79.8	7,591,720	72,116,263	89.2
2023	3.700	79,249,981	66,758,816	84.2	18,648,863	85,407,679	107.8

Source: Department of Finance

⁽¹⁾ Tax Levy: This column includes only the original levy; adjustments to this levy are not reflected. It also includes personal property and vehicle licenses.

⁽²⁾ Current Tax Collections: These columns represent the amount and percentage on the tax levy with the respective tax year reporting period. These amounts are adjusted to reflect the state's personal property relief payments in the proper period.

⁽³⁾ Delinquent Tax Collections: This column represents delinquent taxes collected within the respective reporting period.

**Assessed Valuations of Property Located in the City
for Calendar Years 2014 – 2023**

Calendar Year	Real	Personal⁽¹⁾	Machinery	Total
2014	\$19,588,259,000	\$1,385,403,241	\$594,339,539	\$21,568,001,780
2015	20,031,295,000	1,629,774,285	588,032,927	22,249,102,212
2016	20,881,840,000	1,955,517,305	577,169,740	23,414,527,045
2017	21,595,770,000	2,391,005,104	599,972,231	24,586,747,335
2018	22,710,883,000	1,628,651,058	613,217,909	24,952,751,967
2019	24,723,042,000	1,663,501,784	730,399,166	27,116,942,950
2020	27,062,644,000	1,690,546,253	647,154,332	29,400,344,585
2021	28,017,498,000	1,838,971,775	636,822,212	30,493,291,987
2022	32,032,800,027	2,192,733,292	615,324,140	34,840,857,459
2023	36,227,233,773	2,576,774,949	656,115,902	39,460,124,624

Source: City Assessor for Real Estate and Department of Finance

⁽¹⁾ Taxable personal property is predominately automobiles, trucks, boats and business furniture and fixtures.

Pension Funds

Historically, only the Constitutional offices of the Sheriff, Circuit Court Clerk, Commonwealth's Attorney and City Treasurer as well as the office of the City Registrar have been eligible for participation in the Virginia Retirement System pension plan. All other City employees have been participants in the Richmond Retirement System ("RRS").

On September 25, 2023, City Council determined that the City should join the Virginia Retirement System ("VRS"), subject to the approval of the VRS Board of Trustees (which occurred on October 3, 2023), and to cease to enroll new employees in the Richmond Retirement System ("RRS"). In order to make the transition to VRS and pursuant to the terms of Ordinance No. 2023-312 adopted by City Council on November 13, 2023, the City intends to address the unfunded status of the RSS, in part, through the issuance of its General Obligation Bonds, Series 2024B

(Federally Taxable) (the “2024B GO Bonds”). Proceeds of the 2024B GO Bonds will be used to (a) finance the funding of a portion of the City’s unfunded actuarial liability to the RRS with respect to the City’s defined benefit retirement plan for City employees (the “Plan”), and (b) pay the costs of issuance of the 2024B GO Bonds and certain other requirements related to the 2024B GO Bonds.

The City is issuing the 2024B GO Bonds to accelerate the actuarial funded status of RRS to 80% in connection with the transition to VRS. According to RRS’ fiscal year 2023 valuation report, its actuarial value of assets to actuarial liability was 67.9% and its ratio of fiduciary net position to total pension liability was 65.0%. For fiscal year 2022, RRS’ funded status was 67.7% and its ratio of fiduciary net position to total pension liability was 64.5%. Upon the issuance of the 2024B GO Bonds, the City intends to deposit approximately \$120,000,000 of the 2024B GO Bond proceeds with RRS, which deposit will enable the City to achieve a funded status (i.e., the actuarial value of assets as a percentage of actuarial liability) of approximately 80.0%. For additional detail regarding the City’s pension funding obligations and transition to VRS, see the “Virginia Retirement System Plan” below. Further information is available in the City’s Annual Comprehensive Financial Report (“ACFR”) under Note 11 “Retirement Plans.”

The City will continue to amortize its remaining unfunded actuarial liability with respect to the Plan. It is possible that RRS will determine at a future date that the funded ratio may decline, and additional unfunded actuarial liability may result. The City may choose to pay the remaining outstanding unfunded actuarial liability or any additional unfunded actuarial liability consistent with its current policies or through the issuance of additional bonds at some point in the future.

The City plans to establish the RRS Pension Obligation Reserve Trust (“PORT”) Fund as a part of the City’s effort to ensure RRS maintains a minimum funded status of 80% after the catchup deposit described above and plans to issue an additional series of general obligation bonds in an estimated principal amount of \$30,000,000 at a future date to fund the initial deposit to the PORT Fund. The City will manage the PORT Fund and make transfers to RRS from time to time to maintain RRS’s funded status at or above 80.0%. The PORT Fund will be considered an offset to the City’s unfunded accrued liability and represents a step to reaching a funding ratio of 100.0%. Accumulations in the PORT Fund are expected to be exempt from federal income taxation under Section 115 of the Code and state and local taxation. A trustee will be appointed at the time of funding. The PORT Fund will be set aside solely for RRS as beneficiary, will not be considered a part of the City’s assets and will not be available to reimburse the City for previous contributions to RRS. The PORT Fund will not be pledged to the payment of the 2024B GO Bonds and will not be available to any other creditors of the City.

In addition to its commitment to fund the actuarial determined contribution and maintain a minimum actuarial funded status of 80%, with a long-term goal to reach 100%, the City has established policies to restrict future RRS benefit increases. The City will only consider changes to benefits if the funding ratio is at or above 85%. Prior to the approval of any benefits, the City will conduct a fiscal impact analysis of these potential changes. Any changes to benefits will be paid for upfront rather than spreading out the additional cost so as not to impact the actuarial funded status.

Virginia Retirement System Plan

Prior to January 1, 2024, eligible employees of the Constitutional offices of the Sheriff, Circuit Court Clerk, Commonwealth’s Attorney and City Treasurer as well as the office of the City Registrar were members of VRS. All other employees of the City were part of RRS. The City elected to join VRS beginning in January 1, 2024, with membership now including full-time permanent public safety and general city employees. As of January 1, 2024, RRS was closed to all new City of Richmond employees. Employees hired prior to January 1, 2024, were given the option to join VRS, or remain within RRS, with a final binding decision by December 31, 2024. As of April 2024, of the 3,400 City employees eligible to transition to VRS, 24% (816 employees) have made the election to join VRS.

Plan Description

The City contributes to VRS Plan, a cost-sharing and agent multiple-employer defined benefit pension plan administered by the VRS. Eligible City of Richmond VRS members include full-time, permanent public safety and general city employees and employees of the Constitutional offices of the Sheriff, Circuit Court Clerk, Commonwealth's Attorney and City Treasurer as well as the office of the City Registrar. Benefits vest after five years of service credit in the system. Members earn one month of service credit for each month they are employed, and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. There are three defined benefit plans for local government employees – Plan 1, Plan 2, and the Hybrid Plan. Eligible public safety employees go into Plan 1 or Plan 2 with Hazardous Duty benefits. In addition to the defined benefit component, the Hybrid Plan includes a defined contribution 401(a) plan component and voluntary 457(b) plan.

Plan 1. Members hired before July 1, 2010, and who were vested as of January 1, 2013, are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

Plan 2. Members hired or rehired on or after July 1, 2010, and who were not vested on January 1, 2013, are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Hybrid Plan. Non-hazardous duty employees hired on or after January 1, 2014, are covered under the Hybrid Plan. The VRS Hybrid Retirement Plan combines features of a defined benefit and a defined contribution plan. Employees covered under the VRS Hybrid Plan are eligible for an unreduced benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1% of their Average Final Salary for each year of credited service. Hybrid members make mandatory contributions to the defined contribution component of the plan and may make additional voluntary contributions to the plan, which the employer is required to match. Employees vest in the matching employer contributions based upon a tiered schedule. Employees are 100% vested in all matching employer contributions upon reaching 4 years of creditable service.

The system issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS web site located at <https://www.varetire.org/publications/index.html> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Contribution Policy

Plan members are required by Section 51.1-144 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate through December 31, 2023, was 13.45% of the annual covered employee compensation. The contribution rate became 15.08% effective with the City's VRS join date of January 1, 2024, and will remain in effect until June 30, 2024. VRS is implementing a Hybrid rate separation for its employer contribution starting July 1, 2024. For additional detail regarding the VRS Hybrid rate separation, see <https://employers.varetire.org/hybrid-rate-separation>. The City's contribution rate for fiscal years 2025 and 2026 will be 12.88% for the VRS defined benefit plans.

Annual Pension Cost

For the fiscal year ended June 30, 2023, the City's annual pension contribution to the VRS was \$4,488,171. The required contribution was determined as of June 30, 2021, using updated actuarial assumptions, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The actuarial assumptions for general employees on June 30, 2023, included:

- An investment rate of return (net of pension plan investment expense, including inflation) of 6.75%;
- Projected salary increases of 3.50% to 5.35% per year; and
- Plan 1 included an inflation component of 2.50% and Plan 2 included an inflation component of 2.50%.

The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Net Pension Liability

A detailed schedule of changes in the net pension liability is presented in the City's 2023 Annual Comprehensive Financial Report. The net pension liability of the City at June 30, 2023, for the VRS was as follows:

Total Pension Liability (TPL)	\$ 151,624,612
VRS Fiduciary Net Position	(148,295,748)
Net Pension Liability (NPL)	\$ 3,328,864
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.8%
Covered Employee Payroll	\$ 24,376,351
City's Net Pension Liability as a percentage of Covered Employee Payroll	13.7%

Richmond Retirement System Plan

The City maintains a Defined Benefit Retirement Plan and a Defined Contribution Retirement Plan (401a) for City employees. For the Defined Benefit Retirement Plan of the RRS, the City contributes an amount each year equal to the sum of the current liability and a portion of the unfunded liability. RRS is financed through contributions made by the City as well as earned income from RRS investments. The City's Pension Trust Funds' investment portfolio includes corporate bonds and notes, common stocks, international bonds, notes and stocks. As noted earlier, effective January 1, 2024, participation in the RRS will be closed to new employees and eligible new hires after this date will become part of VRS.

Defined Benefit Plan

Plan Description

The RRS was established by action of the Council on February 1, 1945. The Council appoints five members and the Mayor appoints two members of the Board of Trustees to administer the RRS. However, Council retains the authority to establish or amend benefit provisions. The RRS is currently not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The RRS is a single-employer Defined Benefit Plan, which has one participating employer, the City, including its component unit, the Richmond Behavioral Health Authority ("RBHA"). The Plan covers all full-time, permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial

Retirement System and the Virginia Retirement System. A majority of the employees of the School Board participate in the VRS, which offers both agent and cost sharing multiple-employer retirement plan options to Virginia localities and acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth. Members are vested after five years of creditable service or at their normal retirement age (age 65 for general employees; age 60 for public safety employees). The plan is contributory for employees.

Contribution Policy

The City Code requires the City to contribute to the RRS, annually, in an amount as determined by the actuary, expressed as a percentage of payroll, equal to the sum of the “normal contribution” and the “actuarial determined contribution.” During fiscal year 2023, the City contributed \$1.2 million in addition to funding the Actuarially Determined Contribution. The Actuarial Determined Contribution is the amount necessary to amortize the unfunded actuarial liability and any increase or decrease in the unfunded actuarial liability in future years due to changes in actuarial assumptions, changes in RRS provisions, including the granting of COLA increases, or actuarial gains or losses amortized over a closed period not to exceed 30 years, with payments increasing up to 4% per year.

The following is a schedule of the City’s contributions to the RRS, exclusive of City employee contributions, for fiscal years ended June 30, 2014 through 2023:

Fiscal Year	Actuarially Determined Contributions⁽¹⁾	Employer Contributions⁽¹⁾	Percentage Contributed
2014	\$42,342,620	\$42,342,620	100.00%
2015	46,684,500	46,684,500	100.00
2016	44,926,043	44,926,043	100.00
2017	42,911,076	42,911,076	100.00
2018	46,548,902	46,548,902	100.00
2019	46,539,647	48,539,647	104.30
2020	48,276,781	55,240,421	114.42
2021	55,649,723	55,649,723	100.00
2022	54,012,445	54,012,445	100.00
2023	53,387,868	53,387,868	100.00

Source: Richmond Retirement System-Annual Comprehensive Financial Report – FY2023

⁽¹⁾ The figures above include contributions made by RBHA on behalf of its employees who participated in RRS.

Plan Membership

The number of active, retired and terminated vested City employees participating in the RRS defined benefit plan for fiscal years 2014 to 2023 is as follows:

Fiscal Year	Classification	Active Members⁽¹⁾	Retired Members	Terminated Vested⁽²⁾	Total
2014	Municipal Employees	2,065	4,312	1,662	8,039
2015	Municipal Employees	2,019	4,314	1,620	7,953
2016	Municipal Employees	1,911	4,322	1,618	7,851
2017	Municipal Employees	1,858	4,297	1,616	7,771
2018	Municipal Employees	1,781	4,318	1,603	7,702
2019	Municipal Employees	1,731	4,300	1,567	7,598
2020	Municipal Employees	1,587	4,327	1,545	7,459
2021	Municipal Employees	1,463	4,276	1,544	7,283
2022	Municipal Employees	1,379	4,214	1,541	7,134
2023	Municipal Employees	1,381	4,158	1,534	7,073

Source: Richmond Retirement System-Annual Comprehensive Financial Report – Fiscal Years 2014-2023.

⁽¹⁾ Does not include participants in the Defined Contribution 401(a) Plan.

⁽²⁾ As defined in Section 22-143(2) of the Code of the City of Richmond, Virginia.

Net Pension Liability

The following table sets forth net pension liability for fiscal years 2014 to 2023.

Fiscal Year	Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Fiduciary Net Position as a % of Total Pension Liability
2014	\$544,904,299	\$854,284,141	\$309,379,842	63.8%
2015	540,060,865	850,911,445	310,850,580	63.5
2016	515,253,793	854,875,197	339,621,404	60.3
2017	552,712,561	863,992,966	311,280,405	64.0
2018	569,085,310	874,789,363	305,704,053	65.1
2019	572,635,105	938,077,477	365,442,372	61.0
2020	565,456,261	954,585,395	389,129,134	59.2
2021	685,425,764	954,775,368	269,349,604	71.8
2022	665,259,853	926,684,922	261,425,069	71.8
2023	601,699,695	932,341,679	330,641,984	64.5

Source: Richmond Retirement System-Annual Comprehensive Financial Report – FY2023

In fiscal year 2023, the RRS funded status fell from 71.8% in the prior year (fiscal year 2022) to 64.5%. Factors which contributed to the decrease in fiscal year 2023 funded status relate to investment performance that fell short of assumed rates of return and benefit changes, namely compensation adjustment, which increased future liability. An experience study is planned to be conducted in fall 2024, consistent with a five year cycle, to further refine actuarial assumptions.

Defined Contribution Plan

401(a) Plan Description

The RRS also offers a Defined Contribution 401(a) Plan as another retirement option to the City and RBHA. This plan is mandatory for general employees hired on/or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the administrator for this plan and has contracted with an independent, not-for-profit financial services organization to be the record keeper of the plan. The City contributes a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This plan is non-contributory for employees. As of June 30, 2023, the Defined Contribution 401(a) Plan had 2,518 plan members.

The Defined Contribution Plan is a 401(a) account which grows through contributions from the participating employers and investment earnings. Participating employers contribute a percentage of the member's salary to an account each pay period in accordance with a schedule based on years of creditable service. Prior to January 1, 2024, participating employees did not contribute to the 401(a) plan, and the employer's contribution schedule was as follows:

- Less than 5 years of service 5%
- 5 – 10 years of service 6%
- 10 – 15 years of service 8%
- 15 or more years of service 10%

As of January 1, 2024, participating employees contribute a mandatory 5% to the 401(a) plan, and the employer's contribution schedule is as follows:

- Less than 10 years of service 1%
- 10 – 15 years of service 3%
- 15 or more years of service 5%

The Richmond Retirement System's Annual Comprehensive Financial Statement for the fiscal year ended June 30, 2023, is available on the City's website at www.rva.gov/retirement-system/annual-reports.

Insurance and Risk Management

The City has an active risk management program including safety and loss control, claims administration, risk management financing and consulting services to all City agencies that is accounted for as an Internal Service Fund. The City manages risk through a combination of commercial insurance, self-insurance and association programs. The program continues to provide worker's compensation and third-party liability coverage. The City purchases excess liability coverage of \$10,000,000 in excess of \$1,500,000 Self-Insured Retention ("SIR") and excess workers' compensation in statutory limits over a \$1,250,000 SIR. Claims under the SIR are paid by the Risk Management Internal Service Fund. The City also has Cyber Liability Coverage of \$5,000,000 in excess of a \$100,000 SIR.

The City-owned Utilities (Gas, Water, Wastewater, Stormwater and Electric Utility Proprietary Funds) are members of the Associated Electric Gas and Insurance Services Ltd, a member owned insurance company. In exchange for annual premiums paid, the City's utilities are provided insurance coverage to a limit of \$35.0 million per occurrence for excess liability with self-insured retention of \$1.0 million for General and Employee Liability, and \$1.0 million per occurrence for Pollution Liability. Claims under \$1.0 million are self-insured. The Utilities are also a member of Energy Insurance Mutual Ltd, which provides excess liability coverage with limits to \$100.0 million in excess of the \$35.0 million of underlying coverage.

Changes in the self-insurance reserves for the fiscal years 2014 through 2023 are set forth in the chart below:

Fiscal Year	Beginning of Fiscal Year Liability Balance	Current Year Claims and Changes in Estimates	Claims and Premium Payments	Fiscal Year-End Reserved Liability Balance
2014	\$38,846,882	\$ 2,584,653	\$ 5,165,237	\$36,266,298
2015	36,266,298	5,943,430	6,648,556	35,561,172
2016	35,561,172	6,179,001	7,327,968	34,412,205
2017	34,412,205	2,411,238	5,320,965	31,502,478
2018	31,502,478	3,255,876	1,637,823	33,120,531
2019	33,120,531	10,969,924	8,282,134	35,808,321
2020	35,808,321	11,884,878	9,465,044	38,228,155
2021	38,228,155	15,704,183	12,195,116	41,107,222
2022	41,107,222	9,229,181	7,781,634	42,554,769
2023	42,554,769	9,137,709	10,132,341	41,560,137

Source: City Department of Finance - Bureau of Risk Management

Other Post-Employment Benefits

Plan Description

The City provides continuous medical insurance coverage for some full-time employees who retire directly from the City, have continuously been enrolled in the health plans for five years prior to retirement, and are eligible to receive an early or regular retirement benefit from the City. The plan was amended in 2007 to only include participants who were currently retired or were active full-time employees that were hired prior to January 1, 1997. General employees hired after this date are assumed to pay the full cost of the program with no implicit rate subsidy, and therefore, have no related liability. Sworn Police, Sworn Fire and Executives are eligible to participate in the post-retirement medical coverage even if they were hired after January 1, 1997. Retirees that become Medicare eligible are no longer eligible for the City retiree medical plan.

Funding Policy

The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. In February 2019, the City began participating in the Virginia Pooled OPEB Trust Fund, an irrevocable trust. Starting in fiscal year 2019, the City began making contributions to the trust for investment purposes. Those contributions to the pooled investment trust have been restricted to provide for other post-retirement benefits in the future. As of June 30, 2023, the market value of the City's assets in the trust were \$10.3 million.

Net OPEB Obligation

The City's OPEB cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of City's annual OPEB cost for the year, annually required contribution to the plan, and changes in the City's net OPEB obligation:

Changes in the Net OPEB Liability – Fiscal Years 2022 and 2023

	2022	2023⁽¹⁾
Total OPEB Liability – Beginning of Fiscal Year	\$118,039,413	\$30,920,235
Changes for the Year		
Service cost	5,854,572	2,653,431
Interest on Total OPEB Liability	3,188,970	1,315,796
Change of Benefit Terms	(53,566,193)	--
Experience Losses (Gains)	(28,201,247)	(11,425,054)
Change in Assumptions	(10,387,390)	(14,564,193)
Benefits Paid	(4,007,890)	(1,402,608)
Net Change in Total OPEB Liability	(87,119,178)	(23,422,628)
Total OPEB Liability	30,920,235	7,497,608
Plan Fiduciary Net Position	(8,234,777)	(10,300,662)
Net OPEB Liability – End of Fiscal Year	\$ 22,685,458	\$ (2,803,054)

Source: City of Richmond Annual Comprehensive Financial Report for Fiscal Year 2023

⁽¹⁾ Changes to the OPEB liability during fiscal year 2023 resulted from using a higher assumed rate of return consistent with the OPEB trust asset allocation which is 6.75% vs. 4.66% in the prior year. Furthermore, the assumed participation rate of eligible retirees was lowered to 10% reflecting historical experience.

DEBT MANAGEMENT

No Overlapping Debt

The City is a separate and distinct political unit and is autonomous and independent of any county or any other political subdivision of the Commonwealth. The City is not coterminous with or subject to, any county or school district taxation and is not liable for any indebtedness other than its own.

Legal Debt Margin

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten (10) percent of the last preceding assessment for real estate taxes.

The City's legal debt margin as of June 30, 2023, was computed as follows:

10% of Assessed Value of Taxable Real Estate as of January 1, 2023 ⁽¹⁾	\$3,622,723,377
Less: Bonds and Notes Payable as of June 30, 2023 ⁽²⁾	<u>844,917,015</u>
Legal Margin for Creating Additional Debt	<u>\$2,777,806,362</u>

⁽¹⁾ Source: City Assessor for Real Estate and Department of Finance

⁽²⁾ Balance does not include: (A) the City's Public Utility Revenue Bonds (of which \$776,022,944 principal amount was outstanding as of June 30, 2023), which by state law are not required to be included in calculations for legal margin for creation of additional debt, (B) the City's \$63,500,000 General Obligation Public Improvement Bonds, Series 2024A, issued in February 2024 to pay off the outstanding principal of the City's Series 2022A General Obligation Line of Credit Bond Anticipation Note (as described in "Short-Term Debt" below), (C) the City's \$250,000,000 Series 2023A General Obligation Line of Credit Bond Anticipation Note issued in December 2023, (D) the City's \$10,000,000 Series 2023B General Obligation Line of Credit Bond Anticipation Note issued in December 2023 or (E) the City's \$120,830,000 General Obligation Bonds, Series 2024B (Federally Taxable), issued in June 2024.

Short-Term Debt

On December 6, 2022, the City established its \$70.0 million Series 2022A General Obligation Line of Credit Bond Anticipation Note ("2022A BAN") with Wells Fargo Bank, N.A. The City drew \$70.0 million on the 2022A BAN to finance ongoing general governmental and stormwater utility capital projects. The City refinanced the outstanding principal of the 2022A BAN with a portion of the proceeds of its \$63,500,000 General Obligation Public Improvement Bonds, Series 2024A (the "2024A GO Bonds"), and closed the line of credit in February 2024.

In addition, on December 6, 2022, the City established a \$10.0 million Series 2022B General Obligation Line of Credit Bond Anticipation Note ("2022B BAN") with Wells Fargo Bank, N.A. Currently, the City has drawn \$2.6 million on the 2022B BAN to finance the planning and designing phases of future City capital projects. The City pays monthly variable interest on the 2022B BAN priced with a SOFR index. The 2022B BAN has a final maturity of December 1, 2025. The City anticipates refinancing this debt into a long-term general obligation bond in the future.

Long-Term Debt

Bonds of the City, including general obligation bonds, serial equipment notes and certain public utility bonds, and commercial paper notes are direct general obligation to the payment of which the full faith and credit of the City are irrevocably pledged. The Council is authorized and required, unless other funds are lawfully available and appropriated for timely payment, to levy and collect on annually an ad valorem tax on all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on such bonds and notes as the same shall become due and payable. The City has never defaulted in the payment of principal, premium, or interest on any debt.

Enterprise Funds and Internal Service Funds pay from user fees the principal of and interest on certain general obligations bonds, revenue bonds and serial equipment notes issued for the program purposes of each fund. All other monies for the principal of and interest on such debt are appropriated in the General Fund budget. No long-term bonds are sold to finance current operations.

Authorized but Unissued Bonds and Notes; Bond Issuances after June 30, 2023

As of June 30, 2023, the City had a total of \$828,858,005 in authorized, but unissued, general obligation bonds and revenue bonds, including \$468,250,676 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects, \$37,103,330 to be issued as general obligation bonds and notes for the stormwater utility, \$315,700,000 to be issued as General Fund supported general obligation bonds, and \$7,803,999 of general obligation five-and seven-year notes to finance the purchase of equipment and vehicles.

Since June 30, 2023, the City has used a portion of the above-described bond authorizations with the issuance of its (A) \$209,705,000 Public Utility Revenue Bonds, Series 2023B (the “2023B Utility Revenue Bonds”) in September 2023, (B) \$110,970,000 Public Utility Revenue Bonds, Series 2023C (the “2023C Utility Revenue Bonds”) in September 2023, and (C) \$63,500,000 General Obligation Public Improvement Bonds, Series 2024A, in February 2024. In December 2023, the City also established its \$250.0 million Series 2023A General Obligation Line of Credit Bond Anticipation Note (“2023A BAN”) and \$10.0 million Series 2023B General Obligation Line of Credit Bond Anticipation Note (“2023B BAN”) with J.P. Morgan Chase. As of May 23, 2024, the City has drawn \$33,000,000 on the 2023A BAN and \$0 on the 2023B BAN to finance the costs of certain ongoing capital projects of the City. The City pays monthly variable rate interest on the 2023A BAN and the 2023B BAN, each priced with a SOFR index. The 2023A BAN has a final maturity of December 18, 2026, and the 2023B BAN has a final maturity of December 20, 2028. The City anticipates refinancing each of the 2023A BAN and the 2023B BAN into long-term general obligation bonds in the future.

Since June 30, 2023, City Council has authorized additional borrowing for a range of purposes. In November 2023, City Council authorized the issuance of up to \$150,000,000 principal amount of general obligation bonds to fund a portion of the City’s unfunded actuarial accrued liability to RRS. The City offered approximately \$120,000,000 principal amount of such general obligation bonds for sale at competitive bidding on June 4, 2024, and issued such \$120,830,000 General Obligation Bonds, Series 2024B (Federally Taxable), on June 18, 2024. In May 2024, City Council authorized the issuance of up to \$170,000,000 principal amount of general obligation bonds to finance the design, acquisition, construction and equipping of a new baseball stadium (the “Stadium”) to be developed in connection with the redevelopment of the area known as the “Diamond District.” The City had planned to issue its General Obligation Public Improvement Bonds, Series 2024C (the “2024C GO Bonds”), in an aggregate principal amount of approximately \$135,000,000, in June 2024 to finance the costs of the Stadium project. However, in May 2024, a citizen filed a lawsuit in the Circuit Court of the City of Richmond contesting the proposed issuance of the bonds and seeking clarification of and relief from certain legal requirements to exercise the citizen’s right to circulate a petition calling for a referendum on the proposed bond issuance. The Circuit Court conducted a hearing on the citizen’s complaint on June 7, 2024, and issued a ruling from the bench dismissing each of the claims in the citizen’s complaint. The citizen has a right to appeal the ruling by filing a notice of appeal within 15 days of the Circuit Court’s order dismissing the complaint, which order was formally entered on June 14, 2024. No notice of appeal has been filed as of the date hereof. In the event that the Circuit Court decision of June 7, 2024, is appealed, the City will continue to defend the legality of City Council’s approval of the general obligations bonds it authorized to be issued for the Stadium project. Finally, in connection with the adoption of the Fiscal Year 2025-2029 Capital Improvement Plan (“CIP”), City Council authorized the City to issue \$193,412,758 general obligation bonds and revenue bonds, including \$73,804,186 to be issued as self-supporting revenue bonds to finance self supporting public utility projects, \$23,191,102 to be issued as general obligation bonds and notes for the stormwater utility, \$96,417,470 to be issued as General Fund supported general obligation bonds. The City has not issued any bonds or other obligations pursuant to the City Council authorizations approved as part of the FY2025 CIP.

In connection with the redevelopment of the Diamond District described above, in May 2024, the Economic Development Authority of the City of Richmond, Virginia (the “EDA”), authorized the issuance of one or more series of revenue bonds in an aggregate principal amount of up to \$40,000,000. As further described in the Official Statement, \$33,745,000 of such principal authorization is planned to be issued as the EDA’s Revenue Bonds (Diamond District Project), Series 2024 (the “2024 EDA Revenue Bonds”). The 2024 EDA Revenue Bonds will be secured by an assignment of certain payments to be made by the City pursuant to the Cooperation Agreement (as defined in the Official Statement), provided that the undertaking by the City to make payments under the Cooperation Agreement will be subject to appropriation by the Council from time to time of sufficient funds for such purpose. The 2024 EDA Revenue Bonds will be sized such that the debt service thereon will be equal to or less than the forecasted lease payments to be received by the EDA in connection with the lease of the Stadium to a minor league baseball team.

Pursuant to the terms of the Cooperation Agreement, the EDA will agree to apply such lease payments as a credit toward the City's undertaking, subject to annual appropriation by the Council of sufficient amounts for such purpose, to make payments in amounts sufficient to timely pay debt service on the 2024 EDA Revenue Bonds.

Debt Statement

The following tables provide summaries and comparative statements of general obligation debt of the City, excluding general obligation and self-supporting public utility and parking enterprise fund debt.

Percentage of Tax Supported Bonded Debt to Assessed Values of Real Estate and Tax Supported Bonded Debt Per Capita for Fiscal Years 2014 through 2023

Fiscal Year	Population*	Assessed Value of Taxable Real Estate	Tax Supported ⁽¹⁾ Bonded Debt	Debt As % of Assessed Value of Real Estate	Debt Per Capita
2014	217,853	\$19,588,259,000	\$731,176,631	3.73%	\$3,356
2015	220,289	20,031,295,000	719,746,896	3.59	3,267
2016	223,170	20,881,840,000	673,618,846	3.23	3,018
2017	227,030	21,595,770,000	726,745,597	3.37	3,201
2018	228,783	22,710,883,000	666,167,352	2.93	2,912
2019	230,436	24,723,042,000	715,248,432	2.89	3,104
2020	226,618	27,062,644,000	768,462,532	2.84	3,391
2021	227,008	28,017,498,000	834,756,980	2.98	3,677
2022	227,602	32,032,800,027	767,598,464	2.72	3,372
2023	N/A	36,227,233,773	742,945,000	2.05	N/A

Source: U.S. Department of Commerce: U.S. Census Bureau, U.S. Census of Population.

⁽¹⁾ Does not include self-supporting general obligation debt paid by public utility and parking enterprise revenues.

*All other population figures are estimates of the U. S. Census Bureau – Population Estimates

N/A: Information is not available from the U.S. Department of Commerce: U.S. Census Bureau

Comparative Statement of Debt* For Fiscal Years 2014 through 2023

Fiscal Year	Debt at Beginning of Fiscal Year	Debt Issued In Fiscal Year	Debt Retired In Fiscal Year	Debt at Fiscal Year End
2014	\$1,487,611,443	\$311,261,078	\$150,000,000	\$1,573,923,490
2015	1,573,923,490	177,889,835	217,836,391	1,533,976,934
2016	1,533,976,934	148,053,914	162,928,665	1,519,102,183
2017	1,519,102,183	594,983,209	504,881,549	1,609,203,843
2018	1,609,203,843	347,956,626	448,001,070	1,509,159,399
2019	1,509,159,399	100,027,013	90,635,307	1,518,551,105
2020	1,518,551,105	474,116,000	302,658,566	1,690,008,539
2021	1,690,008,539	210,978,066	182,327,154	1,718,659,451
2022	1,718,659,451	36,119,623	97,108,040	1,657,671,025
2023	1,657,671,025	124,100,938	160,832,001	1,620,939,962

Source: Department of Finance

*Includes General Fund supported general obligation debt, self-supporting general obligation debt paid by public utility and parking enterprise revenues and public utility revenue debt.

**Outstanding Bonds
as of June 30, 2023⁽¹⁾**

General Obligation Bonds & Notes (General Fund Supported)	\$ 769,739,030
General Obligation Bonds & Notes (Internal Service Funds)	9,852,000
Self-Supporting General Obligation Bonds (Parking Enterprise Fund)	36,801,299
Self-Supporting General Obligation Bonds (Utilities Enterprise Funds)	28,524,689
Public Utility Revenue Bonds	<u>776,022,944</u>
GROSS DIRECT BONDED DEBT	<u>\$1,620,939,962</u>
Less:	
Self-Supporting General Obligation Bonds	\$ 65,325,988
Public Utility Revenue Bonds*	<u>776,022,944</u>
NET DIRECT DEBT	<u>\$ 779,591,030</u>

Source: Department of Finance

(1) Since June 30, 2023, the City has issued or expects to issue its 2023B Public Utility Revenue Bonds, 2023C Public Utility Revenue Bonds, 2023A BAN, 2023B BAN, 2024A GO Bonds and 2024B GO Bonds as described in “Authorized but Unissued Bonds and Notes; Bond Issuances after June 30, 2023” above and paid off its 2022A BAN as described in “Short-Term Debt” above.

**Percentage of Debt Service to Total General Fund
Expenditures and Transfers for Fiscal Years 2014 through 2023**

Fiscal Year	General Fund Expenditures and Transfers	General Fund* Supported Debt Service (Includes Schools)	Percentage of General Fund Debt Service to Total Expenditures and Transfers*
2014	\$645,224,313	\$59,049,128	9.15%
2015	688,449,721	55,427,174	8.05
2016	694,420,389	57,982,573	8.35
2017	692,830,191	61,094,503	8.82
2018	674,890,577	59,414,793	8.80
2019	699,871,278	68,232,503	9.75
2020	732,563,427	70,814,523	9.67
2021	778,586,906	78,696,146	10.11
2022	776,365,713	85,290,688	10.97
2023	866,222,395	88,962,308	9.74

* Excludes self-supporting general obligation debt paid by public utility and parking enterprise revenues. Includes interest expense on short-term debt.

Greater Richmond Convention Center Authority

The City and the Counties of Chesterfield, Hanover and Henrico organized the Greater Richmond Convention Center Authority (the “Authority”) to facilitate the renovation and expansion of the Greater Richmond Convention Center (the “Convention Center”) and to provide for the operation and management of the expanded facility. The City and the counties agreed, subject to funds being appropriated for such purpose, to pay their lodging tax receipts to the Authority to support the payment of its operations and debt service on the Authority’s bonds issued to finance the Convention Center. The lodging tax is the tax paid by individuals who rent hotel or motel rooms. The Authority issued \$158,415,000 in revenue bonds in 2000 to fund construction of the Convention Center expansion (the “Authority Bonds”). The Authority refunded a portion of the Authority Bonds in 2015 with proceeds of its \$111,245,000 revenue refunding bonds and subsequently refunded a portion of the 2015 revenue refunding bonds in 2021 with proceeds of its \$60,000,000 revenue refunding bond. As of June 30, 2023, the aggregate remaining outstanding principal balance of all of the Authority’s bonds was \$76.8 million with a final maturity of June 15, 2032.

Central Virginia Transportation Authority

In 2020, the General Assembly created the Central Virginia Transportation Authority (“CVTA”), allowing the Richmond region to use specified tax revenues generated by the Commonwealth to fund transportation needs of the region. The participating localities that comprise the CVTA include the Town of Ashland, Charles City County, Chesterfield County, Goochland County, Hanover County, Henrico County, New Kent County, Powhatan County, and the City of Richmond.

The State tax funds being generated and sent to the CVTA are from the following sources:

- State sales and use tax of 0.7 percent (revenue collection began October 2020)
- State wholesale fuels tax of 7.6 cents per gallon of gasoline and 7.7 cents per gallon of diesel fuel (revenue collection began in July 2020), which fuels tax rates are indexed for inflation.

A portion of the state tax revenue received by the CVTA is forwarded back to the local municipal governments for transportation infrastructure improvements and a portion is retained by the CVTA to fund regional transportation projects. The tax generated funds are to be divided as follows:

- 15% to the Greater Richmond Transit Company (GRTC) to provide transit and mobility services for citizens;
- 35% to the CVTA for large regional transportation projects; and
- 50% distributed proportionally to each member locality for local projects which may include construction, maintenance, or expansion of roads, sidewalks, trails, mobility services, or transit located in the locality.

Leases

The City leases office space, business machines, and vehicles, primarily under operating lease agreements. Operating leases are generally for one-year terms and are subject to appropriation on an annual basis. Lease payments are expected to average \$1.39 million per year over the next five years.

Capital Improvement Plan

Concurrently with the adoption of the annual Operating Budget of the City, by May 31 of each year, the Council adopts a five-year Capital Improvement Plan (the “CIP”) for the following fiscal year. The CIP is adopted in accordance with a Master Plan and is updated annually. The first year of the CIP constitutes the adopted Capital Projects Budget for that fiscal year. The remaining four years of the CIP serve as a planning guide for improvements to public facilities of the City. The priorities for the City’s 2025 – 2029 CIP are the construction and repair of public school buildings, public infrastructure and safety projects, including affordable housing and transportation projects. Funding is also dedicated to improving neighborhoods and parks.

The annual Capital Projects Budget is adopted by an appropriation ordinance and contains a companion bond authorization ordinance. The bond authorization ordinance sets the amount of bonds to be issued to fund the cost of the Capital Projects Budget. The Council can amend the Capital Projects Budget throughout the budget year pursuant to a Mayor’s recommendation. The amount of general obligation or revenue bonds to be issued to fund the cost of the Capital Projects Budget set forth in the bond authorization ordinance may be subject to voter approval by referendum on the question of the validity of the bond authorization ordinance if petitions signed by 10% of the largest number of voters in any election in the past five years are filed within 30 days of publication of the notice of adoption of the bond authorization ordinance. Therefore, bonds are not issued and proceeds are not available for expenditures until the 31st day after publication of the notice of adoption of the bond authorization ordinance in a newspaper of general circulation in the City. The annual Capital Projects Budget of the City contains general purpose capital improvement projects, including school capital improvement building projects, and public utility capital improvement projects. General purpose capital improvement projects typically are funded with the proceeds of general obligation bonds.

Major General Fund supported capital projects in the City's Adopted Fiscal Year 2025 - 2029 Capital Improvement Plan (shown below) can be summarized as follows: \$436.6 million for transportation infrastructure projects; \$212.5 million for new school construction and annual existing school buildings maintenance; \$120.0 million for capital investment opportunities; \$73.1 million for capital maintenance projects; and \$61.8 million for maintenance and replacement of vehicles and equipment over the related five-year period. Transportation projects are funded with a combination of federal, regional and state funds totaling \$257.8 million as well as with City matching general obligation bond borrowings at \$180.7 million over the five years. The five-year plan includes cash "pay-as you go" General Fund transfers to fund vehicles and equipment replacement of \$10 million in fiscal year 2025 and a total of \$61.8 million over the five-year period. Specific details of each planned project may be found in the Adopted Capital Improvement Plan available on the City's Budget & Strategic Planning Department website at <https://www.rva.gov/budget-and-strategic-planning/budget-documents>.

In fiscal year 2022, City Administration committed to the Equitable Affordable Housing Plan to provide increased investment into the City's Affordable Housing Trust Fund ("AHTF") with a total appropriation of \$50.0 million over the five-year period. Through fiscal year 2024, the City has appropriated a total of \$20.0 million to the AHTF from a portion of the proceeds provided by the American Rescue Plan Act (ARPA). The Adopted FY 2025 – FY 2029 Capital Improvement Plan includes a historic commitment of another \$10 million for affordable housing projects in fiscal year 2025. The City has also received a matching grant from Local Initiatives Support Corporation (LISC) of \$50.0 million to support the AHTF. Additionally, the City will increase funding to the Department of Housing & Community Development for the City's Eviction Diversion Program with an investment of \$1.0 million and \$500,000 for preventive eviction services, for a total of \$1.5 million in funding as a part of the Adopted FY 2025 Capital Improvement Plan.

**Adopted Capital Improvement Plan (Excludes Public Utilities)
Fiscal Years 2025 through 2029**

CIP Categories	Planning Years					5-Year Total
	Adopted 2025	2026	2027	2028	2029	
Capital Investment Opportunities	\$58,773,694	\$34,275,437	\$11,875,868	\$10,250,000	\$4,857,270	\$120,032,269
Capital Maintenance Program	20,102,384	12,514,500	14,540,000	13,939,000	12,000,000	73,095,884
School Construction	2,500,000	2,500,000	2,500,000	2,500,000	202,500,000	212,500,000
Transportation Infrastructure	82,281,209	107,109,971	72,825,951	84,679,828	89,707,014	436,603,973
Vehicles and Equipment	10,000,000	15,627,533	12,586,976	10,566,024	13,000,000	61,780,533
Total	\$173,657,287	\$172,027,441	\$114,328,795	\$121,934,852	\$322,064,284	\$904,012,659
Funding Sources						
General Obligation Bonds & Notes	\$112,213,257	\$84,455,605	\$65,285,868	\$58,659,000	\$254,386,270	\$575,000,000
Pay-As-You-Go (Cash)	11,500,000	15,627,533	12,586,976	10,566,024	13,000,000	63,280,533
Prior Year Appropriations	7,904,212	-	-	-	-	7,904,212
Federal, State and Regional Transportation Funding	42,039,818	71,944,303	36,455,951	52,709,828	54,678,014	257,827,914
Total	\$173,657,287	\$172,027,441	\$114,328,795	\$121,934,852	\$322,064,284	\$904,012,659

Source: Adopted Fiscal Plan & Capital Improvement Plan – FY 2025 – 2029

LOCAL ECONOMY

Local Economy

Richmond is the capital of Virginia and is centrally located in the Commonwealth and the east coast. Strategically located at the intersection of I-95 and I-64, Richmond has many transportation advantages, including the Richmond Marine Terminal, Richmond International Airport (RIC), and passenger and freight rail service.

Richmond's desirable geographic location has positioned the City as a focal point of economic development along the east coast. Richmond has a diverse economic base that includes research and development, manufacturing, distribution, legal services, business and professional services, banking and financial services, retail, tourism, and state government, which contributes to a stable and favorable business environment. Richmond is home to the Fifth District Federal Reserve Bank, one of 12 Federal Reserve Banks, and the Fourth Circuit U.S. Court of Appeals, one of 13 in the United States. Adding to the City's competitive advantages, eleven Fortune 1000 companies are headquartered in the Richmond region, including eight Fortune 500 companies. Two of these Fortune 1000 companies, Dominion Energy and NewMarket Corp., have headquarters within City limits.

The City is home to several higher education institutions, including Virginia Union University, Union Presbyterian Seminary, the University of Richmond (which houses the University of Richmond School of Law), Reynolds Community College's Downtown Campus, and Virginia Commonwealth University ("VCU"), a top 50 research institution and the location of the VCU School of Medicine. As of fall 2023, more than 40,000 students were enrolled at these institutions.

This active educational environment supports the City's flourishing cultural community, numerous sports and entertainment attractions, and one of the nation's largest river park systems. The Virginia Museum of Fine Arts, located in the City's Museum District, is considered a world-class public museum. The Richmond Flying Squirrels, the Minor League AA affiliate of the San Francisco Giants Major League Baseball team, play at The Diamond in Richmond, and the United Soccer League's Richmond Kickers play in City Stadium.

Employment diversity is also seen in the City's tax base. The top 25 taxpayers are responsible for a little more than 8.7 percent of the City's total real estate tax revenues and are spread across various industries, including manufacturing, energy, health and life sciences, banking, and professional and business services.

After experiencing a period of population decline from the 1970s through the 1990s, the City's population has risen steadily during the last two decades, reaching 229,395 in 2022, according to estimates by the U.S. Census Bureau. According to the Bureau of Economic Analysis, Richmond's per capita income has grown steadily to \$71,174 in 2022, which is higher than the national average. During the last decade, the City's labor force has grown steadily, reaching 128,416 workers in July 2023, its highest level yet and 15% higher than a decade before. During the past five years, higher education institutions in Richmond awarded more than 9,500 degrees annually, creating a robust pipeline of qualified employees to grow Richmond's businesses. In the past ten years, Richmond's employers have added more than 12,755 jobs, an 8.6% increase, to reach 160,837 jobs in September 2023. In part, this growth in income and population can be attributed to the economic development underway in the City. During the last three calendar years, despite the impact of the COVID-19 pandemic and post-pandemic economic headwinds, the City has announced \$3.18 billion in capital investment associated with economic development projects.

Richmond's economic stability is also evident in the resiliency of Richmond's office market. As cities nationwide grapple with staggeringly high office vacancies, Richmond's vacancy rate for commercial office is only 7.0%, with just 0.4% representing subleased space, as of April 2024. In June 2023, CoStar reported that metro Richmond had the third lowest office vacancy in its analysis of the top 50 U.S. office markets by inventory size. The fact that CoStar, the world's leader in real estate data analytics, is building a new 750,000-square-foot research and technology office in Downtown Richmond and purchased another office building in the City further speaks to the strength of Richmond's commercial market. Adaptive reuse projects that have transformed aging office properties into in-demand hotel and multi-family uses have further helped the City navigate the changing demand for office space. Richmond ranked seventh nationwide for office-to-apartment conversions in 2022.

As a testament to the Richmond area's positive business climate and many assets, the following accolades have been received over the past few years:

- Top 10 Metro for Corporate Headquarters (Site Selection Magazine, 2024)
- #1 Most Climate-Resilient City (USA Today, 2024)
- #2 Fastest Growth in Black-Owned Businesses (Yelp, 2024)
- 9 Excellence in Economic Development Awards (International Economic Development Council, 2023)
- Top 7 Cities for New-Hire Salaries (Gusto, 2023)
- Perfect score (100) on the Municipal Equality Index (Human Rights Campaign, 2023)
- #49 Tech Talent Market in North America (CBRE, July 2023)
- #42 of 150 Best Places to Live in 2023-24 (U.S. News and World Report, 2023)
- One of 10 Affordable Places to Travel to This Summer (Go Banking Rates, 2023)
- #1 Fastest Growing City for Healthcare & Social Assistance Employment (Gusto, 2022)
- One of 12 Southern Trips We Can't Wait to Plan for Next Year (Southern Living, 2022)
- Top 10 Metro for First-Time Homebuyers (CNBC, 2022)
- #34 Best Cities to Start a Business (Real Estate Witch, 2022)
- #3 Best City for Urban Kayaking (USA Today, 2022)
- #3 Top 10 Cities that People are Moving to During the Pandemic (LinkedIn, 2021)
- One of the 50 Best Places to Travel in 2021 (Travel + Leisure, 2021)
- Top 10 Most Interesting Food Scenes Across the Country (USA Today, 2021)
- Best River Walk/Hike (James River) (River Travel Magazine, 2021)
- Top 8 Your Pick for America's Best River Towns (American Rivers, 2021)
- Named a top U.S. City of the Future for Foreign Direct Investment (fDi Magazine, July 2021)
- Richmond 300: A Guide for Growth Recipient of Daniel Burnham Award for a Comprehensive Plan (American Planning Association, 2021)

Major City Initiatives: A Tier One City

The City has identified seven characteristics of a Tier One city. These characteristics enable the City to provide enhanced service levels to citizens while continuing to make Richmond a great place to live and work. The foundation of these characteristics is a well-managed government. These seven focus areas include creating Unique, Healthy Neighborhoods; Jobs and Economic Development; Community Safety and Well Being; Transportation; Education and Workforce Development; Sustainability and the Natural Environment; and Well-Managed Government.

Richmond 300. In December 2020, after years of work by City staff, as well as thousands of residents, business owners, and other community members, the Council gave final approval to a new comprehensive master plan for the City, entitled *Richmond 300: A Guide for Growth* (the “Richmond 300 Plan”). The Richmond 300 Plan is a 256-page master plan that lays out future land use and other changes designed to guide the City’s growth until its 300th anniversary in 2037. The Richmond 300 Plan sets the overall vision for City leaders over the next 20 years and outlines specific recommendations across five topics: high-quality places, equitable transportation, a diverse economy, inclusive housing, and a thriving environment. Guided by these five topics, the Richmond 300 Plan provides 17 goals, 70 objectives, and more than 400 strategies to create a more equitable, sustainable, and beautiful Richmond by 2037. In addition, the Richmond 300 Plan encourages City officials to incentivize growth and new development in certain neighborhoods or “nodes.” These include Greater Scott’s Addition, Jackson Ward, Downtown and Shockoe Bottom north of the James River, and Southside Plaza and Manchester south of the river. Lastly, the Richmond 300 Plan outlines 6 Big Moves that the City plans to advance:

- Re-write the Zoning Ordinance
- Re-Imagining Priority Growth Nodes
- Expand Housing Opportunities
- Provide Greenways and Parks for All
- Reconnect the City
- Realign City Facilities

For additional information on the Richmond 300 Plan, see www.rva.gov/economic-development/richmond-300.

Strategic Plan for Equitable Economic Development (SPEED). In June 2022, the Council approved the Mayor’s *FY22-FY26 Economic Development Strategic Plan for the City of Richmond (Strategic Plan for Equitable Economic Development – SPEED* (“SPEED”). SPEED establishes the strategic framework for equitable economic development in the City while increasing opportunities for job creation, capital investment, and General Fund revenue generation in the City. SPEED has five (5) overarching goals to achieve by FY 2026:

1. \$3 billion of announced capital investment for economic development projects.
2. 3,000 announced new jobs with annual salaries at or above 110 percent of the City’s median household income.
3. Reduce the poverty rate by five percentage points.
4. Generate \$25 million in annual real estate tax revenue by the end of fiscal year 2026.
5. Award 2,500 postsecondary credentials to residents of the City.

Economic Development

The City's economic development efforts are designed to maximize the City's assets, support the diversity of Richmond's neighborhoods, encourage business investment, and foster viable mixed-income residential neighborhoods and public-private partnerships. Throughout the last several years, many new public and private construction projects have been completed in the City, and many more are underway. This economic growth is occurring throughout the City, as evidenced by the many neighborhoods and districts seeing new projects. Just a few of these projects include:

Central Business District (Downtown). Located in the heart of the City, revitalization continues in Richmond's downtown, with new development, adaptive reuse of historic buildings, a thriving life sciences cluster, and a planned major redevelopment project that will create a mixed-use innovation district.

- In January 2024, Richmond celebrated the official groundbreaking of the Richmond Amphitheater. The private development team, led by Red Light Ventures (one of the nation's largest music management companies and the developer and operator of popular outdoor venues in Charlottesville and Nashville) and Live Nation (the nation's largest promoter of live events), is investing \$30.5 million to build a 7,500-person capacity amphitheater located on the riverfront in downtown Richmond. With its prime spot overlooking the James River, the amphitheater will host 25-30 performances annually, serving as a quality-of-life asset for the region and attracting new tourism dollars from outside Richmond. The project's anticipated completion is in 2025.
- Construction continues on CoStar's \$460 million, 750,000-square-foot, LEED Platinum office expansion. CoStar, the leading provider of commercial real estate information and analytics, first established a presence in the City in 2016 and plans to add approximately 2,000 additional jobs on top of its current operation of 1,000 Richmond-based employees. The development is expected to be delivered in 2025 and will include a new 26-story tower, which at 425 feet tall will be the tallest building on Richmond's skyline.
- In 2022 and 2023, several notable projects were completed in the Central Business District. Shamin Hotels opened the Marriott-branded Moxy Hotel in November 2022. The adaptive reuse of a former office building has 100 boutique hotel rooms and a reported capital investment of \$15 million. In April 2023, the Wonder Tower at Children's Hospital of Richmond at VCU opened, completing an entire City block dedicated to children's health. A reported \$400 million was invested to create the new downtown facility, which connects to the existing outpatient Children's Pavilion and houses emergency, trauma, and inpatient care. In early 2023, Douglas Development completed Harper's Flat, a mixed-use residential and commercial building on East Broad Street in Jackson Ward. This building includes 11 residential units with more than 7,600 square feet of commercial space.
- VPM, Virginia's home for public media, announced in May 2023 that it would relocate from its longtime home in neighboring Chesterfield County to build a new, state-of-the-art headquarters on East Broad Street in Historic Monroe Ward in the heart of downtown Richmond. The five-story, 53,700-square-foot facility will feature multiple audio, television, and digital content production studios and a street-level community studio and event space.
- Richmond's life sciences sector is anchored by the 34-acre Virginia Bio+Tech Park located downtown. It is home to over 70 companies, research institutes, and state/federal laboratories and is operating at maximum capacity. Thermo Fisher, Aditxt, Phlow Corp., and U.S. Pharmacopeia have opened new lab spaces at the thriving biotech center in the past few years. This downtown life science cluster is the heart of the region's growing advanced pharmaceutical manufacturing industry that has emerged as a direct result of the COVID-19 pandemic. The Alliance for Building Better Medicine (the "Alliance") is a coalition of advanced pharmaceutical manufacturers, researchers, and government and nonprofit partners in the Richmond-Petersburg MSA working to fix the country's supply chain for its most vital medicines. In September 2022, the Alliance announced that over \$111 million had been invested by federal, state, local, and private supporters to accelerate efforts,

including \$52.9 million from the U.S. Economic Development Administration’s (the “U.S. EDA”) national Build Back Better Regional Challenge. In February 2023, Activation Capital, the organization that runs Bio+ Tech Park, received \$15 million from the Commonwealth of Virginia that will be used, in part, to support the creation of a new 102,000-square-foot Innovation Center to meet space demands. In October 2023, the Richmond-Petersburg MSA was designated a tech hub by the U.S. EDA. This designation will help accelerate the advanced pharmaceutical manufacturing and research and development cluster in the region.

- Looking to the future, the planned City Center Innovation District will transform the heart of downtown. In January 2022, the Council approved the City Center Innovation District Small Area Plan, which provides a framework plan for the redevelopment of City Center and the surrounding area. Building on the plan, the Economic Development Authority of the City of Richmond, Virginia, in collaboration with the Greater Richmond Convention Center Authority, issued a request for interest to solicit creative development proposals from financially capable and experienced development teams interested in redeveloping approximately 9.4 acres of under-utilized, EDA-owned property in Richmond’s City Center Innovation District. The vision for City Center is to redevelop the area to become a mixed-use, mixed-income urban innovation district to accelerate the City’s fast-growing life sciences cluster and innovation ecosystem. It will also include a new headquarters hotel supporting the Greater Richmond Convention Center. There are four development teams with proposals that are being considered for the project.

Manchester – South of the River. Located just across the river from the City’s downtown, major renovations and new developments are sprouting all over Manchester.

- Many of Manchester’s former industrial properties are being redeveloped for new uses, including as residences for the City’s growing workforce. Examples include:
 - Redevelopment of the former American Tobacco manufacturing complex completed its initial phase in 2019, with additional apartments and art studio space completed in 2022. In total, the project created 282 dedicated affordable housing units. Nearby, the long-dormant Model Tobacco building was redeveloped by C. A. Harrison & Co. in 2022, with 203 apartment units and amenities including a yoga studio, movie theater, gaming room, and an indoor half-court basketball court.
 - In 2022, Richmond-based WVS Companies completed a 212,000-square-foot 228-unit mixed-use development named “The Hydro” on a former industrial property south of the river. The building includes more than 4,600 square feet of retail space.
 - The Box, a new mixed-use, multi-family building with 118 housing units and 4,405 square feet of commercial space, opened on the site of a former box factory.
- The neighborhood has also seen new development on previously under-utilized properties like the Commodore, a new mixed-use 173-unit apartment building that is nearing completion on a former surface parking lot. In June 2023, the Council approved a special use permit for Avery Hall– a planned multi-phased project on under-utilized riverfront property that would bring an additional 553 residential units to the Manchester neighborhood.
- Commercial tenants are drawn to the vibrant commercial spaces in the revitalizing neighborhood. The CoStar Group purchased the 117,000-square-foot former SunTrust Mortgage building for \$20 million in 2022. Additionally, the Current, a \$68 million mixed-use development was completed in 2022 and is home to the growing fintech firm Koalifi.

Scott's Addition Area. *Scott's Addition is a historically industrial neighborhood that has been revitalized into a variety of uses, including residential complexes, corporate and retail businesses, maker and craft spaces, breweries, distilleries, and fitness studios. Recent trends show more demand for office space following the boom in residential demand, as companies express interest in relocating from surrounding counties to Scott's Addition.*

- The area is an in-demand residential area. Several multi-family apartments and condo projects have recently been completed or are underway in Scott's Addition. These include:
 - The Otis, a six-story, 350-apartment building with more than 13,500 square feet of ground-floor retail, recently opened. Current retail tenants include Grit Coffee, Cochiloco taqueria, and PlantHouse.
 - The first phase of the Mason Yards two-story condos came online in early 2023. Once complete, the development will have a total of 134 two-over-two condos.
 - Construction is complete on the 32 two-over-two condo units at the Outpost at Brewer's Row. The development will also feature 200 apartments and 20,000 square feet of commercial space.
 - Developer Capital Square broke ground on its site for three connected seven-story apartment buildings. One of the larger apartment projects in the neighborhood, it will have 352 units and approximately 5,300 square feet of commercial space.
 - Construction began in late 2022 on the Belleville, a \$28 million multi-family apartment building with 125 units designed specifically to meet the needs of individuals who work from home.
 - Construction continues on the Soda Flats development, bringing 89 new rental apartments and ground-floor commercial space to 2820 W. Broad St.
- Scott's Addition's unique office spaces near the neighborhood's growing craft beverage, restaurant, and residential spaces continue to appeal to commercial users. Insurance company Amwins recently leased a former Maaco auto shop on West Broad Street, which is being converted into office space. The company is relocating from its more suburban location in Henrico County, opting for the vibrant neighborhood to help attract top talent. Additionally, engineering firm Jacobs, architecture firm Hickok Cole, and staffing agency Magnify opened new spaces in the neighborhood in 2023.
- In July 2023, Sauer Properties unveiled its master plan for the next phase of Sauer Center, which includes over 2 million square feet of new mixed-use construction that will include retail, office, and hotel uses as well as parks, walkways, and public green spaces. The plan for the 37 acres of contiguous land follows the successful first phase of the Sauer Center, which is anchored by Whole Foods and CarMax's corporate office. Construction has already begun on the first part of the plan with a four-story office building on West Broad Street.

Diamond District / Boulevard. – *Located at the crossroads of I-64/I-95 and North Arthur Ashe Boulevard and adjacent to the rapidly developing Scott's Addition, the Diamond District is destined to be a mixed-use urban destination.*

- Adopted in December 2020, The Richmond 300 Plan paints a vivid picture of a connected development on the 67 acres of City-owned property along North Arthur Ashe Boulevard, a portion of which is currently home to an aging AA Minor League baseball stadium. Nearly three years later, the planned Diamond District redevelopment project is poised to transform this under-utilized City property into a vibrant mixed-use, mixed-income destination, and serve as a national model for urban regeneration. Anchored by a multipurpose stadium, the project is designed to be completed in multiple phases and include mixed-income housing, commercial office space, retail space, restaurants, and hotels along a revised street grid, incorporating engaging architecture and a walkable urban experience with access to adjacent neighborhoods.

- In May 2023, City Council unanimously approved the initial form of the Development Agreement providing for the redevelopment of the Diamond District and the financing of the new stadium and other public infrastructure. The City subsequently determined to restructure certain elements of the development and financing earlier this year. In May 2024, City Council and the EDA approved key legislative items for the development and financing of phase one of the Diamond District, and the City, the EDA and the master developer executed the Development Agreement for phase one of the project. The groundbreaking for the new, approximately 10,000-seat stadium is slated for early summer, with completion targeted to occur prior to the commencement of the 2026 MiLB season. Other phase one components include 1,693 units of mixed-income housing, a 180-key signature hotel, 156,000 square feet of commercial (office, R&D, and retail) space, new public green space, and new public infrastructure.
- Development plans around the Diamond District are continuing to take shape. The Virginia Commonwealth University Board of Visitors approved phase one of the university's 42-acre Athletic Village. With a planned cost of \$38 million, the new track and field facility will include a 400-meter outdoor track, a natural turf infield, seating for 2,000 spectators, a field facility, and two practice fields. Construction is nearing completion for the first retail spaces at Scott's Walk, directly adjacent to the Diamond District on North Arthur Ashe Blvd. The development has lease commitments from Starbucks, Raising Cane's, Marco's Pizza, Chipotle, and local restaurant Toast. The initial phase of the development opened in early 2024, and the remaining phases are expected to open later this year. Additionally, the Novel, the 275-unit apartment community through a joint venture between Crescent Communities, Park Property Capital, and Thalhimer Realty Partners, is under construction with a 2024 completion date.

Virginia Commonwealth University/ VCU Health Systems. Virginia Commonwealth University ("VCU") and VCU Health Systems have aided in the City's continued economic growth. A June 2022 report from VCU's Office of Institutional Equity, Effectiveness, and Success; Innovation Gateway; and the Center for Urban and Regional Analysis finds that VCU and VCU Health's economic impact within the Richmond City limits is approximately \$3.9 billion annually, with 33,000 jobs created or supported by the university.

- In 2024, VCU is expected to complete its new Technology Operations Center on West Broad Street. This site will serve as the primary network operations hub for both campuses of the university, with an estimated cost of more than \$31.38 million.
- In Fall 2023, VCU announced the opening of its new \$121 million, 169,000, six-floor building dedicated to Science, Technology, Engineering and Mathematics ("STEM"). The new STEM building will serve an estimated 10,000 students taking as many as 70 courses.
- Directly across the street from City Hall, VCU Health Systems completed its expansion of the Children's Hospital of Richmond at VCU in 2023. This 16-story, 500,000-square-foot facility includes operating rooms and emergency services and houses 86 beds with capacity to increase to 125 beds. It is an addition to the \$200 million pediatric outpatient facility that opened in 2016.
- Site work is anticipated to begin in spring 2024 on the \$253 million new CoStar Center for Arts and Innovation. The project will bring together the VCU School of the Arts and the university's innovation programs in one complex across Belvidere Street from the iconic Institute for Contemporary Art at VCU, creating a gateway and link to the Richmond Downtown Arts District. CoStar committed \$18 million in support of the project.
- In December 2021, VCU Health Systems opened the 19-story, 615,000-square-foot Adult Outpatient Pavilion, adding a \$383.9 million development to VCU's medical campus.

Shockoe Bottom Neighborhood. One of Richmond's oldest neighborhoods, Shockoe Bottom continues to see new commercial development and investments in its historical and natural assets.

- In February 2024, the City unveiled the Master Plan for The Shockoe Project, a groundbreaking initiative to commemorate pivotal sites and create multifaceted spaces for remembrance, reflection, research, connection, and reclaiming the historical and contemporary narratives of the Black experience. The 10-acre master plan identifies the major components of the campus as (1) the planned Shockoe Institute at Main Street Station, (2) the site of Lumpkin's Slave Jail, (3) the cultural landscape including memorials to The African Burial Ground and to the hundreds of thousands of enslaved people sold and traded through the area, (4) commercial development along Broad Street that serves the campus, (5) an iconic pedestrian bridge that is the gateway to the campus and (6) The National Slavery Museum. There have been \$49.2 million in funding commitments to the project from the Commonwealth (\$13.1 million), the City (\$25.1 million), and the Andrew M. Mellon Foundation (\$11.0 million).
- Construction is underway, and new projects have been delivered throughout the Shockoe Bottom area. Work continues on the Bakery Loft Apartments, a 212-unit apartment tower at the former Weiman's Bakery property. Leasing is underway for the new Flats at Canal Crossing, the two-story, \$7.7 million addition of 44 studio apartments above the existing Canal Crossing development. Further down Main Street in Rocketts Landing, the Waterford welcomed its first residents to the six-story, 204-apartment development in 2023. The development features 5,900 square feet of retail space and involved a reported capital investment of \$42 million.
- The residential development and business expansion in downtown Richmond have increased the importance of Main Street Station as an intermodal transportation hub providing critical connections to major cities along the East Coast. The redevelopment of Main Street Station has brought passenger rail back to downtown Richmond, and the renovated train shed is a favorite venue for meetings, wedding receptions, and other uses.
- Preserving the James River is critical from an ecological standpoint and is essential in Richmond's revered quality of life and tourism appeal. In 2023, the James River Association broke ground on the James A. Buzzard Education Center on Dock Street. The 8,900-square-foot center and planned 350-foot dock will focus on educating students and providing access to the river. In partnership with the Conservation Fund and the Capital Region Land Conservancy, the City also announced the purchase of the adjacent four acres to preserve this important piece of riverfront space.

Commerce Road / Richmond Marine Terminal ("RMT"). South of Richmond, along I-95 and the James River, RMT is central Virginia's domestic and international multimodal freight and distribution gateway on the James River, run by the Virginia Port Authority. Properties near RMT are ideally situated for manufacturing, logistics, and distribution.

- In April 2023, the Virginia Port Authority announced a \$3 million investment to improve the terminal's main gate and create a drop-lot for motor carriers. The work at the gate will allow faster processing of trucks leaving and entering the terminal and make way for installing two new scales.
- Two new spec industrial buildings (Buildings A and C) were delivered at the Deepwater Industrial Park in early 2023 – a 110-acre property strategically located close to RMT and Interstate 95. Building B, which was fully leased by Lowe's (1.2 million square feet) for a distribution center in late 2021, was sold for \$127.7 million in November 2022.

EDUCATION

Education & Workforce Development

The School Board of the City is elected by popular vote from nine districts having the same boundaries as the Council districts. School Board members serve four-year terms. The School Board has no taxing powers. Pursuant to Commonwealth statutes, all operations of the School Board are independent of the Council's oversight. The City provides funding support to Richmond Public Schools in the form of an annual appropriation, in-kind services and debt issued to support the School Board's capital expenditures.

Richmond Public Schools serves approximately 25,000 students, representing the region's diverse socioeconomic mix. Richmond Public Schools is comprised of five preschool centers; 29 elementary schools; one charter elementary school; nine middle schools; five comprehensive high schools; four specialty high schools (CodeRVA, Franklin Military, Open and Richmond Community); three exceptional needs programs (Amelia Street Special Education, REAL Special Education Center for middle and high school students, Thirteen Acres Special Education Center for elementary students); two career & technical education schools (the Richmond Technical Center, North & South); and two alternative education schools (Richmond Career Education and Employment Academy and the Richmond Alternative School). The School Board also participates with two regional Governor's School programs. Gifted and talented students are served by SPACE (Special Program for Academic and Creative Excellence) at the elementary and middle school levels, and by advanced placement and dual enrollment courses at the high school level. Academically advanced students may also earn the prestigious International Baccalaureate (IB) diploma at Thomas Jefferson High School.

The table below sets forth the school system fall enrollment for school years 2014 through 2024. The Virginia Department of Education collects statistics on the number of students enrolled in public school on September 30. This report, known as Fall Membership, is submitted by each school in Virginia that officially enrolls students.

School System Enrollment

School Year	Elementary	Middle	High	Total
2014-2015	13,755	4,520	5,682	23,957
2015-2016	13,906	4,397	5,684	23,987
2016-2017	14,352	4,895	5,621	24,868
2017-2018	14,115	5,074	5,826	25,015
2018-2019	13,776	5,207	5,780	24,763
2019-2020	13,753	5,581	5,878	25,212
2020-2021	14,871	6,716	6,639	28,225
2021-2022 ⁽¹⁾	11,068	4,554	5,555	21,179
2022-2023	11,633	4,361	5,712	21,706
2023-2024	11,245	4,411	5,603	21,259

Source: Virginia Department of Education – Fall Enrollments

⁽¹⁾ Public school enrollment in Virginia (including Richmond Public Schools) has not fully rebounded from pandemic-induced enrollment declines, while private school enrollment has increased.

Modernization of School Building Facilities

A key focus of the City's recently Adopted Fiscal Year 2025 – 2029 Capital Improvement Plan is to invest in building and renovating a number of aging Richmond Public School buildings. In 2017, Mayor Stoney created an Education Compact, in which members of the Council, the School Board, the Mayor, and key staff, have met regularly to discuss capital funding for the construction of new school facilities. On July 1, 2018, the City Charter was amended by legislation enacted by the Virginia General Assembly, requiring the Mayor to either propose a fully funded school facilities modernization plan to Council by January 1, 2019, without raising taxes, or inform the Council that such a plan is not feasible. In December 2018, the Mayor presented a general four phased plan to Council which would fund up to \$800 million of school capital funding over a twenty-year period.

Effective July 1, 2018, the City increased the tax levied on prepared foods (meals) from 6.00% to 7.50%. The new tax revenue generated from the rate increase is being earmarked to support the financing of construction costs for new school facilities in the City. Over the five past fiscal years (beginning in fiscal year 2019), actual tax revenues have been in line with the anticipated revenue earmarked for the funding of new school facilities.

On February 11, 2022, William Fox Elementary was severely damaged by a fire, and the 111-year old building required significant renovation and rehabilitation. The fiscal year 2024-2028 Capital Improvement Plan included an approximately \$15 million appropriation in fiscal year 2024 for the renovation, or replacement, of the school, which will address the funding gap between the estimated construction costs and expected reimbursement from non-City sources. The \$15 million of “Pay-as-you-Go” (cash) funding will be spread over planning and design, construction and equipment phases of the project. The project has been underway since November of 2023.

In September 2020, three new schools, River City Middle, Cardinal Elementary and Marsh Elementary, were completed by the City and turned over to Richmond Public Schools. As additional funds become available in the next several years, the City will begin design work on replacing George Wythe High School and several other schools. The fiscal year 2024 planned capital budget contains \$200 million in planned capital appropriations school construction, which will begin the second phase of new schools construction.

Higher Education

There are six institutions of higher learning in the City offering widely diversified courses in all fields of education. The largest institution is Virginia Commonwealth University and its medical sciences division, the Virginia Commonwealth University Health Systems. Private schools include the University of Richmond and Virginia Union University. Also, Union Presbyterian Seminary and the Presbyterian School of Christian Education provide graduate church-related programs.

J. Sargeant Reynolds Community College, which is part of the Commonwealth’s Community College System, has three campuses - one located in the City, the second in Henrico County and the third in Goochland County.

Other Activities and Governmental Organizations

For additional information on other activities of the City and for information on other governmental organizations and their relationship to the City, refer to the City’s annual financial statements.

ECONOMY AND DEMOGRAPHICS

Economic and Statistical Information

Richmond is one of the major financial centers of the United States. It is headquarters for the Fifth Federal Reserve District which comprises five states and the District of Columbia. The City also serves as the home to regional offices for a number of other banking institutions. Home to an array of industries and eight Fortune 500 headquarters, the Richmond region is a magnet for talent and ranks 3rd for the highest concentration of business and finance workers east of the Mississippi. The Richmond Metropolitan Statistical Area (“Richmond MSA”) has a diverse mix of government, manufacturing and service sector businesses.

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The following tables set forth a 2024 listing of the Fortune 500 companies located in the Richmond MSA, a listing of the 25 largest employers in the Richmond MSA and the assessed values for the 25 largest real property taxpayers in the City as of January 1, 2024.

**Richmond MSA
Industrial and Commercial Base
Fortune 500 Companies**

2024 Rank	Firm	Industry Group	2023 Revenues (\$Billions)
91	Performance Food Group	Food Wholesaler	\$47.1
124	CarMax	Retail Auto Sales	21.1
194	Altria Group	Tobacco Products	20.0
242	Dominion Energy	Electric and Gas Utilities	17.1
352	Markel	Insurance & Financial Services	11.6
390	Owens & Minor	Healthcare Services	9.9
460	Arko Corp.	Convenience Stores	9.4
486	Genworth Financial	Insurance	7.5

Source: Fortune Magazine, February 2024

**Richmond MSA
25 Largest Employers⁽¹⁾**

Rank	Company Name	Line of Business	Employees
1	VCU Health	Health care	13,500
2	Capital One Financial Corp.	Financial services, call center	13,000
3	HCA Virginia Health System	Health care	11,200
4	Bon Secours Richmond	Health care	8,516
5	Virginia Commonwealth University	Public four-year university	7,832
6	Dominion Energy	HQ; energy services	5,433
7	Amazon	Online retail	5,100
8	Truist	Banking	4,549
9	Altria Group	HQ; tobacco products, R&D	3,850
10	Federal Reserve Bank of Richmond	Federal reserve bank	2,700
11	Anthem Blue Cross Blue Shield	Health Insurance	2,655
12	Wells Fargo	Banking	2,582
13	CarMax	HQ, used auto sales	2,475
14	DuPont	Chemicals and fibers	2,436
15	United Parcel Service	Package distribution	2,250
16	Bank of America	Banking and data center	1,921
17	Markel	HQ; Specialty insurance	1,886
18	CoStar Group	Real estate information and analytics	1,800
19	Verizon Communications	Telecommunications	1,700
20	University of Richmond	Private four-year university	1,578
21	General Dynamics	Call center	1,450
22	Estes Express Lines	HQ; Trucking, air freight	1,345
23	T-Mobile USA	Telecommunications	1,316
		Biolab services; clinical research;	
24	Thermo Fisher Scientific	manufacturing	1,300
25	AdvanSix	Polymers	1,270

Source: Greater Richmond Partnership, Largest Employers

⁽¹⁾ As of September 15, 2023.

City of Richmond
Real Estate Assessed Values of Largest Taxpayers
as of January 1, 2024

Rank	Taxpayer⁽¹⁾	Assessment	% of Total
1	Philip Morris USA Inc.	\$ 371,028,000	0.96%
2	Dominion Energy	307,141,000	0.79
3	Philip Morris USA Inc.	304,265,000	0.79
4	Richmond Riverfront Plaza LP	187,589,000	0.49
5	CoStar Realty Information Inc.	164,938,000	0.43
6	RP James Center LLC	157,280,000	0.41
7	Chippenham Hospital Inc.	131,796,000	0.34
8	MDC Coastal 21 LLC	128,297,000	0.33
9	Gateway Plaza Realty LLC	123,557,000	0.32
10	Southwood Apartments LLC	99,013,000	0.26
11	Kireland South 10th Street LLC	91,842,000	0.24
12	SJW II LLC	90,144,000	0.23
13	Logistics Park 95 LLC	87,258,000	0.23
14	GS Roseneath LLC	85,725,000	0.22
15	Scotts View LLC	85,089,000	0.22
16	Federal Reserve Bank of Richmond	83,028,000	0.21
17	LS Bio-Tech Eight LLC	76,911,000	0.20
18	Canopy at Ginter Park Apartments DST	74,391,000	0.19
19	Stratford Hills Apartments DST	72,977,000	0.19
20	3200 Broad LLC	71,619,000	0.19
21	American Real Estate Partners LLC	71,233,000	0.18
22	Imperial Living PropCO LLC	71,101,000	0.18
23	Parma Richmond LLC	70,083,000	0.18
24	United Methodist Family Services of Virginia	64,423,000	0.17
25	AP Aden Park LLC	63,100,000	0.16
Subtotal		\$ 3,133,828,000	8.10%
All Other Properties		\$35,535,736,000	91.90%
Total Taxable Assessment		\$38,669,564,000	100.00%

Source: City Assessor's Office, 2024 Certified Land Book

⁽¹⁾ Taxpayers with the same identification are assessed separately from their affiliates.

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Annual Labor Force Statistics, Employment and Unemployment

Set forth below are the labor force statistics, including employment and unemployment numbers, for the City and the Richmond Metropolitan Statistical Area since 2014.

City of Richmond

Year	Labor Force (City)	Employment (City)	Unemployment (City)	Unemployment Rate (City) (%)	Unemployment Rate (US) (%)	Unemployment Rate (VA) (%)
2014	112,740	105,947	6,793	6.0%	6.2%	5.1%
2015	113,141	107,324	5,817	5.1	5.3	4.4
2016	114,798	109,549	5,249	4.6	4.9	4.0
2017	117,943	112,921	5,022	4.3	4.4	3.7
2018	118,035	113,838	4,197	3.6	3.9	3.0
2019	119,328	115,433	3,895	3.3	3.7	2.8
2020	119,939	109,002	10,877	9.1	8.1	6.4
2021	118,245	111,931	6,314	5.3	5.3	3.9
2022	120,998	116,881	4,117	3.4	3.6	2.8
2023	124,807	120,442	4,365	3.5	3.6	2.9

Source: Virginia Employment Commission

Richmond Metropolitan Statistical Area (MSA)⁽¹⁾

Year	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2014	657,278	621,804	35,474	5.4%
2015	659,030	628,844	30,186	4.6
2016	665,953	638,687	27,266	4.1
2017	679,368	653,224	26,144	3.8
2018	681,293	659,579	21,714	3.2
2019	689,939	669,823	20,116	2.9
2020	678,427	631,522	46,905	6.9
2021	675,572	647,554	28,018	4.1
2022	697,778	677,605	20,173	2.9
2023	721,015	699,057	21,958	3.0

Source: U.S. Bureau of Labor Statistics

⁽¹⁾ The Richmond MSA includes the cities of Richmond, Petersburg, Colonial Heights, and Hopewell and the counties of Henrico, Chesterfield, Amelia, Caroline, Charles City, Cumberland, Dinwiddie, Goochland, King and Queen, King William, Louisa, New Kent, Powhatan, Prince George, and Sussex.

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Income Indicators

Set forth below are the income indicators for the City and the Richmond MSA, including average weekly wage and the per capita personal income since 2013.

Average Weekly Wage						
Year	City of Richmond	% Change	Richmond MSA	% Change	Commonwealth of Virginia	% Change
2013	\$1,047	1.06%	\$ 921	0.99%	\$ 998	0.50%
2014	1,075	2.67	942	2.28	1,018	2.00
2015	1,121	4.20	964	2.34	1,044	2.55
2016	1,122	0.09	972	0.83	1,055	1.05
2017	1,158	3.21	1,004	3.29	1,087	3.03
2018	1,186	2.42	1,022	1.79	1,120	3.04
2019	1,231	3.79	1,056	3.33	1,158	3.39
2020	1,352	9.83	1,143	8.24	1,253	8.20
2021	1,408	3.70	1,195	4.46	1,307	4.31
2022 ⁽¹⁾	1,486	5.50	1,259	5.35	1,368	4.70

Source: U.S. Department of Labor – Bureau of Labor Statistics.

⁽¹⁾ Most recent data available.

Per Capita Personal Income						
Year	City of Richmond	% Change	Richmond MSA	% Change	Commonwealth of Virginia	% Change
2013	\$45,308	(5.89)%	\$46,709	(0.79)%	\$48,198	(1.74)%
2014	47,096	3.95	48,392	3.60	\$49,764	3.25
2015	49,380	4.85	50,627	4.62	51,620	3.73
2016	49,948	1.15	51,617	1.96	52,659	2.01
2017	52,355	4.82	53,636	3.91	54,380	3.27
2018	53,061	1.35	54,922	2.40	56,133	3.22
2019	56,661	6.78	57,772	5.19	58,368	3.98
2020	62,602	10.49	61,305	6.12	61,474	5.32
2021	68,799	9.90	65,915	7.52	66,838	8.73
2022 ⁽¹⁾	71,174	3.45	68,205	3.47	68,985	3.21

Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA figures include employment and wages not covered by state and federal unemployment compensation.

⁽¹⁾ Most recent data available.

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Population Statistics

Set forth below are the population estimates for the City for calendar years 2002 through 2023.*

Year	Population
2002	198,480
2003	198,098
2004	197,432
2005	197,915
2006	198,992
2007	200,655
2008	202,867
2009	204,451
2010	204,214
2011	205,533
2012	210,309
2013	214,114
2014	217,853
2015	220,289
2016	223,170
2017	227,032
2018	228,783
2019	230,436
2020	229,233
2021	226,604
2022	229,395
2023	229,247

Source: U.S. Department of Commerce: U.S. Census Bureau, U.S. Census of Population

* Population data is based on estimates as of January 1 of each year, adjusted for Census updates and as presented in the City's Annual Comprehensive Financial Report. Released in March 2024.

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UTILITY SYSTEM

The Department of Public Utilities

The Natural Gas Utility, Water Utility and Wastewater Utility are natural gas, water and wastewater utilities owned by the City and operated by the City's Department of Public Utilities (the "Department"). Each utility is operated on an enterprise basis and follows the policies and directives of the City as provided in the Charter. The Department operates a system consisting of natural gas, water treatment and distribution, wastewater collection and treatment (including floodwall and levee operations), stormwater collection and treatment (including canals) and streetlights (collectively, the "System"), which serves the City and neighboring localities. The Natural Gas Utility serves the City, Henrico County, the northern part of Chesterfield County and portions of Hanover County. The Water Utility provides retail service to the City and to small portions of Chesterfield and Henrico Counties. The Water Utility also provides wholesale water service to Chesterfield, Hanover and Henrico Counties and water indirectly to Goochland County. The Wastewater Utility serves the City and small portions of Chesterfield and Henrico Counties that lie on the city/county line. In addition, the Wastewater Utility has a contract with Goochland County to treat five million gallons a day ("MGD") of its wastewater.

Operational Summary and Asset Evaluation Natural Gas, Water & Wastewater System

	2019	2020	2021	2022	2023
<u>Natural Gas</u>					
Peak Day Sendout (MCF)	165,557	155,768	153,988	178,963	180,532
Annual Sendout (MCF)	17,649,213	23,810,540	20,844,134	24,307,518	23,913,688
# of Gate Stations	8	8	8	8	8
Miles of Main	1,926	1,936	1,945	1,956	1,974
Avg Number of Meters	117,027	118,347	120,435	121,632	122,508
Total Value of Plant in Service	\$690,336,920	\$710,647,077	\$731,415,359	\$757,263,002	\$778,921,681
<u>Water</u>					
Peak Sendout (MGD)	80.1	97.6	94.7	83.0	85.8
Avg Day Sendout (MGD)	57.2	59.9	63.2	62.0	64.1
Millions of Gallons of Water in Storage	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Water Pumping Stations	12	12	12	12	12
Miles of Water Lines	976	976	976	976	976
Avg Number of Meters	64,831	65,459	66,597	67,340	67,664
Total Value of Plant in Service	\$606,329,529	\$617,262,807	\$635,030,927	\$672,466,956	\$700,087,187
<u>Wastewater</u>					
Peak Day Treated (MGD)	80.4	80.4	82.9	130.0	96.0
Avg Day Treated (MGD)	54.4	55.5	65.0	58.8	57.3
Sewer Pumping Stations	5	5	5	5	5
Miles of Sewer Lines	960	960	960	960	960
Miles of Interceptors	41	41	41	41	41
Avg Number of Meters	61,489	62,050	63,143	63,846	64,196
Total Value of Plant in Service	\$796,684,821	\$833,282,122	\$855,203,323	\$883,760,116	\$914,461,594

Source: City of Richmond, Department of Public Utilities

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The Natural Gas Utility

The Natural Gas Utility is owned by the City and serves not only City residents but also residents of Henrico, Chesterfield and Hanover Counties under various contracts that are in place through 2040. The Natural Gas Utility serves approximately 123,000 residential, commercial and industrial customers through 1,973 miles of intermediate and low pressure mains. The utility received 23,913,688 Dths (dekatherms), of natural gas for fiscal year 2023, with peak day receipts of 180,532 Dths.

The Natural Gas Utility has continued to see growth over the past three years due, in part, to increases in the number of new single family homes constructed in the western portion of Henrico County. Abundant supply and low cost of shale gas have contributed to an overall volume increase across the Richmond market as businesses and residences transition from higher cost energy sources to natural gas. The Natural Gas Utility is expanding in both the western and eastern portions of the City in order to meet growing demands for natural gas service.

The utility receives natural gas from eight gate stations, of which three stations have been in operation since 1986. A significant number of high pressure upgrades have been made to the distribution system since 1992. The upgrades were required to support an average of 1,506 new customers being added annually in each of the last four years and have greatly improved the reliability of service. The City anticipates that each of these stations will require only routine maintenance in the foreseeable future.

Natural Gas Utility Statistical Summary

	Fiscal Years ended June 30				
	2019	2020	2021	2022	2023
Total Annual Sales (MCF)	16,186,090	19,263,149	21,750,961	21,144,391	19,997,155
Revenue	\$159,450,739	\$150,461,746	\$163,066,209	\$218,147,016	\$218,098,658
Residential (MCF)	6,533,829	5,944,613	6,872,202	6,091,066	5,745,190
Revenue	\$84,010,865	\$79,444,054	\$85,139,655	\$90,667,092	\$94,358,797
Commercial (MCF)	3,308,842	2,982,115	3,285,297	3,165,553	3,100,201
Revenue	\$33,824,310	\$31,013,089	\$32,019,935	\$37,371,680	\$40,824,139
Industrial Firm (MCF)	5,981,419	10,000,013	11,263,284	11,592,118	10,873,317
Revenue	\$33,642,794	\$39,300,699	\$47,206,479	\$72,996,568	\$78,973,369
Interruptible (MCF)	112,809	116,865	127,162	103,183	64,449
Revenue	\$834,999	\$841,579	\$829,445	\$873,623	\$996,238
Municipal (MCF)	208,211	181,058	179,536	166,776	174,860
Revenue	\$1,944,975	\$1,700,597	\$1,580,597	\$1,805,585	\$2,087,493
Miscellaneous (MCF)	40,980	38,486	23,480	25,695	39,138
Revenue ⁽¹⁾	\$5,192,796	(\$1,838,272)	\$(3,709,902)	\$14,432,468	\$858,622
Avg # of Meters in Service	117,027	118,347	120,435	121,632	122,508
Degree Days	3,492	3,282	3,635	3,215	3,089
% of Normal Heating Degree Days	93%	87%	96%	91%	88%

Source: City of Richmond Department of Public Utilities

⁽¹⁾ Miscellaneous Revenue includes a purchased gas cost adjustment. The Department of Public Utilities is required to pass the cost of gas, dollar for dollar, to customers. Since it is not practical to change our billing rate for gas as frequently as the actual cost of gas changes, at the end of the fiscal year the Department compares gas expense to the amount billed for the gas commodity and accrues the difference as Miscellaneous Revenues.

Water Utility

The Water Utility serves 67,600 customers in the City and also provides wholesale water service under contracts with Hanover, Henrico, and Chesterfield Counties. The Water Utility also serves Goochland County indirectly through Henrico County.

The City provides Henrico County with water under a 45 year contract that expires on July 1, 2040. The contract will continue in force after July 1, 2040, unless it is replaced by a new contract or is canceled by either party. Under the contract, the City provides Henrico County with up to 35 MGD peak day draw. The City provides Chesterfield County with water under a 50-year contract that expires on July 1, 2045. The contract will continue in force after July 1, 2045, unless it is replaced by a new contract or is canceled by either party. Under the contract, the City provides Chesterfield County with up to 27 MGD peak day draw. In 1994, the City entered into a 40-year water contract with Hanover County, which gave Hanover the right to receive 5 MGD at signing and to receive an additional 5 MGD each in 1999, 2004 and 2009 for a total of 20 MGD peak day draw.

Water Utility Statistical Summary

	Fiscal Years Ended June 30				
	2019	2020	2021	2022	2023
Total Annual Sales (MCF)	2,424,379	2,418,061	2,476,764	2,446,344	2,383,751
Total Revenue	\$74,574,616	\$77,076,714	\$73,269,515	\$75,385,511	\$81,767,748
Residential (MCF)	354,008	380,428	375,352	379,980	379,980
Residential Revenue	\$23,154,238	\$25,782,931	\$25,483,023	\$26,404,349	\$27,109,863
Commercial (MCF)	444,865	450,010	441,625	478,102	498,421
Commercial Revenue	\$24,360,013	\$25,907,125	\$25,156,490	\$27,629,263	\$29,159,945
State & Federal (MCF)	148,630	143,117	128,406	131,128	130,703
State & Federal Revenue	\$7,055,623	\$7,074,771	\$6,413,177	\$6,696,244	\$6,872,084
Industrial (MCF)	86,255	59,903	62,050	60,217	16,708
Industrial Revenue	\$3,917,797	\$2,882,574	\$2,968,274	\$2,957,898	\$909,763
Municipal (MCF)	32,351	29,348	23,126	25,883	28,981
Municipal Revenue	\$1,792,689	\$1,726,311	\$1,440,647	\$1,611,310	\$1,838,372
<u>Wholesale Service:</u>					
Henrico (MCF)	631,867	580,513	694,065	544,589	648,925
Henrico Revenue	\$5,054,933	\$4,644,103	\$5,476,643	\$4,258,942	\$4,932,537
Chesterfield (MCF)	425,757	467,120	472,885	458,904	432,028
Chesterfield Revenue	\$3,532,392	\$4,171,222	\$4,539,697	\$4,038,353	\$3,801,849
Hanover (MCF)	300,646	307,624	279,255	367,540	251,900
Hanover Revenue	\$2,166,675	\$2,592,384	\$2,654,953	\$2,524,281	\$2,761,980
Miscellaneous Revenue	\$3,540,256	\$2,295,293	\$(863,389)	\$(735,129)	\$4,381,355
Avg # of Meters in Service	64,831	65,459	66,597	67,340	67,664

Source: City of Richmond, Department of Public Utilities.

Wastewater Utility

The Wastewater Utility serves 64,200 customers and also provides a small amount of wastewater treatment for Goochland, Henrico and Chesterfield Counties by contract. The wastewater system consists of a main treatment plant that provides tertiary treatment and its ancillary pumping station, five satellite pumping stations, a network of over 41 miles of intercepting sewer lines and 960 miles of sewer lines. The main treatment plant was built in 1958 as a primary treatment facility with a rated capacity of 45 MGD. In 1973, the plant was upgraded to secondary treatment. In 1990, final filter facilities were added, giving the plant advanced treatment capability. In 2015, upgrades to the plant advanced treatment capacity were completed, which provided for improved removal of nitrogen and phosphorus. The plant is in good repair and consistently produces one of the highest quality effluents in the country based on industry standards.

Wastewater Utility Statistical Summary

	Fiscal Years ended June 30				
	2019	2020	2021	2022	2023
Total Annual Sales (MCF)	901,303	951,993	935,466	1,110,857	1,145,583
Total Revenue	\$85,644,469	\$86,821,333	\$84,026,579	\$93,819,301	\$102,062,493
Residential (MCF)	278,927	284,521	289,462	291,161	287,654
Residential Revenue	\$30,764,412	\$32,610,435	\$33,230,627	\$34,720,802	\$36,329,541
Commercial (MCF)	414,472	413,534	411,702	442,893	467,162
Commercial Revenue	\$33,053,238	\$34,955,680	\$34,439,646	\$38,626,085	\$41,687,888
State & Federal (MCF)	144,399	138,680	125,344	130,198	126,774
State & Federal Revenue	\$10,778,716	\$10,802,420	\$9,815,767	\$10,440,660	\$10,836,263
Industrial (MCF)	62,236	47,067	26,144	28,367	34,099
Industrial Revenue	\$4,521,922	\$3,068,955	\$2,073,173	\$2,409,575	\$2,880,312
Municipal (MCF)	30,803	28,170	22,133	24,556	27,994
Municipal Revenue	\$2,529,376	\$2,424,899	\$1,993,186	\$2,287,522	\$2,674,449
Henrico (MCF)	17,607	8,257	3,455	19,341	21,077
Henrico Revenue	\$884,126	\$772,320	\$323,166	\$992,193	\$1,081,239
Chesterfield (MCF)	82,548	21,914	38,002	110,162	111,086
Chesterfield Revenue	\$1,088,730	\$874,918	\$1,517,223	\$1,343,863	\$1,355,139
Goochland (MCF)	14,710	9,850	19,224	64,179	69,738
Goochland Revenue	\$228,686	\$153,131	\$298,856	\$997,976	\$1,084,413
Miscellaneous Revenue	\$1,795,263	\$1,158,574	\$334,935	\$2,000,625	\$4,133,249
Avg # of Meters in Service	61,489	62,050	63,143	63,846	64,196

Source: City of Richmond, Department of Public Utilities.

Electric Utility

The Electric Utility purchases electricity from Dominion Virginia Power and distributes it to over 37,000 streetlights in the municipal street lighting system. The Electric Utility operates the street lighting system north of the James River and pays Dominion Virginia Power to operate the system in the southwest area of the City. The City's General Fund supports the entire annual cost of operating the Electric Utility.

Stormwater Utility

During fiscal year 2009, the Administration proposed and Council adopted an ordinance to create a Stormwater Utility within the Department of Public Utilities. The Stormwater Utility became effective on July 1, 2009 and provides stormwater management to City residents and business owners. Stormwater fees are used to implement a comprehensive stormwater quality management plan as required by the U.S. Environmental Protection Agency and the Virginia Department of Conservation and Recreation. These agencies mandate stormwater practices, but do not fund stormwater management. The City is responsible for collecting the stormwater utility fees to provide this service.

Utility System Accounting and Budgeting

Financial Management

The Department maintains separate books of account for each utility using the accrual basis of accounting and following generally accepted accounting principles. The Department uses a uniform system of accounts to categorize expenses at the activity and service level. Revenues are recognized when earned, and expenses are recorded in the month incurred.

Since 1991, the Department has prepared five-year financial and rate forecasts that calculate the revenue requirements necessary to meet each utility's financial performance targets and all revenue bond rate covenants each year. The five-year forecasts are updated annually based on the results of each year's operations, new regulatory requirements and market conditions. This time horizon enables the Department to account for the entire life cycle of its major capital projects and provides the City administration and the Council with accurate information to use in balancing long and short term rate decisions on an annual basis.

Each year, the Department prepares separate operating and capital improvement budgets for each utility. These budgets incorporate the short and long term financial requirements as established in the five-year financial and rate forecasts. Each utility's budget includes proposed expenses and means of financing such expenses. These budgets are submitted to the City's Budget Director and, in turn, the Mayor's Office, for review, comments and approval. Once approved by the City administration, the budgets are submitted to the Council for adoption as a part of the City's annual operating and capital budget process. After the Council conducts public hearings for citizens' comments, the budgets are enacted by the passage of ordinances by the Council.

The Department incorporates the adopted budgetary data in its Enterprise Resource Planning (ERP) and internal financial reports for each utility as a management monitoring and control device during the year. Reports are reviewed, and any variances from budget projections are scrutinized. If it appears that expenses will exceed the amount budgeted, the Department shall take appropriate measures to reduce expenses in future months. Revenues are also followed closely each month for any variation from budgeted or acceptable limits.

Transfers of retained earnings of any utility of the City to the General Fund are made only after retention of sufficient funds to meet all bond covenant requirements, working capital requirements, and other legal requirements. Any such transfer is limited to 30 percent of any year's net income of such utility with such transfer to be made in the second succeeding fiscal year. Further, cash transfers are not made to the General Fund unless a utility has a minimum of 45 days working capital set aside.

Cash Management

The City pools its cash in order to maximize its investment opportunities, resulting in greater flexibility and, consequently, a better investment return. Investments consist primarily of repurchase agreements, U.S. government obligations, and U.S. government guaranteed investments. All repurchase agreements are collateralized by U.S. government securities. Interest earned on pooled cash is allocated to the various participating funds based upon their net annual equity in pooled cash.

Billing and Collection Procedures

The Department uses a customer information system ("CIS") to process metered and non-metered charges for natural gas, water and wastewater services, covering residential, commercial, industrial and municipal customers. Under the structure of the CIS billing program, combined billing takes place to maximize economies of scale in processing. Billing occurs monthly and with nineteen monthly billing cycles the Department renders approximately 185,000 bills a month. Both natural gas and water meters are read monthly. Wastewater charges are based on a customer's water usage.

All payments received from customers are deposited into a separate utility account under the control of the City. From time to time, interfund borrowings may occur among the various funds that comprise the City's pooled cash account, including the Department's funds. All funds in the pooled cash account, however, are accounted for separately and maintain their equity interest therein.

As provided by the Charter, the Department charges all other City departments, boards, commissions and agencies for all utility services rendered based on the actual cost to provide each service. Conversely, the Department pays for services it receives from other City agencies. In addition, and in keeping with the self-sustaining requirement of the Charter, the Department attempts to earn a reasonable rate of return on the net invested capital of each of the utilities in the System.

An account is considered delinquent if a bill has not been paid by the next billing date. Delinquent accounts are assessed late charges which vary in amount depending upon the delinquent utility service. Customers with delinquent accounts may direct their payments to an individual utility charge (e.g. natural gas, water or wastewater), although this practice is not encouraged by the Department.

A notice of delinquency is sent to the customer when an account is 30 days past due. At 60 days past due, a cut-off notice is sent to the customer. Only the delinquent service is shut off if other billed services are current. In the collection of bills, the City has a valuable enforcement tool available in the form of a statutory lien which may be placed against industrial, commercial and residential property for non-payment.

The City also assigns accounts receivable written off as bad debt to a collection law firm. Accounts eligible for assignment must be inactive (the service is turned off), the arrears must be at least 90 days old, and the debt must be greater than \$750.00.

Collections activities can be influenced by seasonal weather policies and special circumstances, such as severe winter-driven volumes and commodity costs for natural gas and special needs of elderly and disabled customers. The Department has several customer assistance plans in force, both monetary and non-monetary, to provide temporary assistance to customers with delinquent accounts who are experiencing financial difficulties.

Utility System Indebtedness

The City historically has issued general obligation bonds and revenue bonds to finance the capital projects of the utility system. The City has covenanted to fix, establish and maintain rates in each fiscal year sufficient to pay (a) 1.15 times, or 115% of, the debt service requirement on all revenue bonds secured by a first priority lien on system revenues and (b) 100% of the debt service requirement on general obligation bonds supported by utility system revenues.

As of June 30, 2023, the City had a total of \$779,778,620 outstanding bonds that are supported by utility system revenues, including \$776,022,946 of Public Utility Revenue bonds and \$3,755,674 of general obligation bonds. Since June 30, 2023, the City has issued its 2023B Public Utility Revenue Bonds in the principal amount of \$209,705,000 and 2023C Public Utility Revenue Bonds in the principal amount of \$110,970,000.

Utility System Financials

The comparative statement of revenues, expenses and changes in retained earnings for the Department's enterprise funds for fiscal years 2019-2023 is set forth below.

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings for Fiscal Years 2019 through 2023 (Thousands)

	2019	2020	2021	2022	2023
Operating Revenues					
Charges for Goods and Services	\$319,669	\$314,360	\$320,362	\$387,352	\$403,849
Operating Expenses					
Purchased Gas	\$ 72,526	\$ 61,470	\$ 74,313	\$126,109	\$123,459
Operation & Maintenance	134,823	142,123	149,573	142,057	165,879
Depreciation	64,156	60,878	60,654	64,729	63,389
Total Operating Expenses	\$271,505	\$ 4,471	\$284,540	\$332,895	\$352,727
Operating Profit (Loss)	\$ 48,163	\$ 49,889	\$ 35,822	\$ 54,457	\$ 51,122
Non-Operating Income					
Interest Income	\$ 7,072	\$ 5,966	\$ 957	\$ 985	\$ 14,903
Miscellaneous Revenue	35,544	22,422	15,054	21,879	14,478
Total Non-Operating Income	\$ 42,616	\$ 28,388	\$ 16,011	\$ 22,864	\$ 29,381
Non-Operating Expenses					
Interest on Customer Deposits	\$ (50)	\$ (48)	\$ (55)	\$ (52)	\$ (47)
Interest on Long Term Debt	(28,750)	(27,252)	(29,708)	(28,533)	(27,437)
Total Non-Operating Expense	(28,800)	(27,300)	(29,764)	(28,585)	(27,484)
Profit (Loss) before Operating Transfers	\$ 61,980	\$ 50,978	\$ 22,070	\$ 48,736	\$ 53,019
Operating Transfers In (Out)	(3,877)	(7,584)	(8,464)	(9,528)	(2,815)
Increase (Decrease) in Retained Earnings	\$ 58,103	\$ 43,393	\$ 13,606	\$ 9,208	\$50,204
Retained Earnings, Beginning of Year	\$710,493	\$768,596	\$811,989	\$825,595	\$864,803
Retained Earnings, End of Year	\$768,596	\$811,989	\$825,595	\$864,803	\$915,007

Source: City of Richmond Department of Public Utilities

Utility System Capital Improvements

The Department normally undertakes capital improvement projects for utility system expansion, regulatory and environmental requirements and for upgrades to the system. As new construction projects are identified, the Department personnel and outside consulting engineers estimate the cost to complete each project. Budget appropriations are subsequently made based on those estimates. The Adopted Public Utility Capital Improvement Plan ("CIP") projects are financed through a combination of cash generated from operations, the issuance of bonds, and State funds over the 5-year period as shown below.

**Public Utilities
Capital Improvement Plan
Adopted Fiscal Year 2025 through 2029**

SOURCES OF FUNDS	Adopted		Planning Years			5-Year Total
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
Utility Revenue Bonds	\$ 73,804,186	\$ 71,861,244	\$ 75,312,730	\$ 63,058,114	\$ 42,680,261	\$326,716,535
General Obligation Bonds (Stormwater)	23,191,102	35,125,000	28,775,000	21,150,000	16,375,000	124,616,102
DEQ / Virginia Resource Authority Funds	22,427,721	-	-	-	-	22,427,721
Pay-As-You-Go (Cash)	182,959,316	76,955,390	70,654,305	67,477,920	72,928,739	470,975,670
Total Non-General Fund Capital Spending	\$302,382,326	\$183,941,634	\$174,742,035	\$151,686,034	\$131,984,000	\$944,736,029

The Adopted Fiscal Year 2025 – 2029 CIP for utility funds include total estimated projects costing \$944.7 million over the related 5-year period. Major projects scheduled for fiscal year 2025 include, but are not limited to, gas utility expansion and replacement (\$21.6 million); water utility distribution system improvements (\$23.9 million); water plant & pumping station improvements (\$3.1 million); upgrades to the wastewater treatment plant and sanitary sewers (\$175.3 million); and work on combined sewer overflow (“CSO”) projects (\$41.3 million). Specific details of each planned project may be found in the Adopted Capital Improvement Plan available on the City’s Budget Department website at <https://www.rva.gov/budget-and-strategic-planning/budget-documents>.

**Public Utilities
Capital Improvement Plan
Adopted Fiscal Year 2025 through 2029**

EXPENDITURE BY CATEGORY	Adopted		Planning Years			Five-Year Total
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
Gas Utility	\$ 22,056,000	\$ 23,081,000	\$ 23,395,000	\$ 24,255,000	\$ 25,340,000	\$118,127,000
Water Utility	32,918,000	29,476,983	40,582,000	32,793,000	31,693,000	167,462,983
Wastewater Utility	216,648,326	95,008,651	80,740,035	71,613,034	55,451,000	519,461,046
Stormwater Utility	30,760,000	36,375,000	30,025,000	23,025,000	19,500,000	139,685,000
Total Adopted Utilities Expenditures	\$302,382,326	\$183,941,634	\$174,742,035	\$151,686,034	\$131,984,000	\$944,736,029

Combined Sewer Overflow (“CSO”)

A third of the City is partially served by pipelines through which flow both sanitary sewage and stormwater. These combined pipelines collect the sewage and stormwater and discharge them to the treatment plant. All dry weather flow and some storm events are captured and fully treated in the sewage treatment plant. During heavier precipitation events, partially treated combined stormwater and sanitary sewage can be released into the James River at outfall points permitted by DEQ. This overflow contains bacteria and other pollutants and the City has a control program to address the overflows.

Begun in 1988, Phases I and II of the CSO control program were completed in 2003 at a cost of \$246 million and have resulted in improved water quality and river aesthetics in the James River. In 2005, the City and the Commonwealth signed the Third (and current) Special Order by Consent with the Virginia State Water Control Board (“SWCB”) to implement Phase III of the CSO control program at an estimated cost of between \$352 to \$422 million (based on 2006 dollars – the time of the last formal revision of the CSO control program plan). In December 2006, the City submitted the Richmond Phase III CSO Control Plan Program Project Plan to DEQ, which specifies the estimated implementation plan, schedule and costs. In the Third Special Order by Consent issued by the SWCB to the City, DEQ states the City shall be deemed to be raising CSO control project funds to the limit of its financial capability if at least bi-annually the City adjusts its sewer rates (an increase of 5.25% in fiscal year 2022 and 6.5% in fiscal year 2023 for wastewater rates) so that in conformance with the Third Order, the annual sewer bill for typical residential customers (i.e. 7 ccf of average monthly use) will be at least 1.25% of median household income (MHI).

In addition, the City performs industry standard cost of service and rate setting, closely monitors revenue and expenses and projects Department future rate changes that are affordable and sustainable in order to ensure that there is no significant change in uncollectible expense.

The City is actively seeking state and federal financial assistance for the CSO control program as well as applying for low interest loans from the Virginia Revolving Loan Fund. In April 2013, the Commonwealth's budget authorized the Virginia Resources Authority and the SWCB to make a grant to the City to pay a portion of the capital costs of its CSO control projects. Through the Commonwealth's Combined Sewer Overflow Matching Fund, \$45,000,000 was provided to the City. These funds were used to upgrade the Wastewater Treatment Plant to accommodate up to 140 MGD WWF and other CSO control projects. Additionally, the City has benefited from in-kind resources that the Army Corps of Engineers has allocated for preliminary engineering studies of the projects in the Phase III CSO control plan.

To date, the City's CSO plan has reduced CSO volumes by 77% and caused an 80% reduction in Biochemical Oxygen Demand (BOD) and Suspended Solids loads. These reductions have contributed to improved aquatic life and enhanced waterfront development. In 2020, the Virginia General Assembly passed Senate Bill 1064, which requires Interim and Final Plans for addressing combined sewer overflows. DEQ and the City then amended the 2005 Special Order by Consent to incorporate Senate Bill 1064. The Interim Plan includes 10 projects, the first of which is under active construction near Gillies Creek. The remaining projects are finishing design and will be in construction by early 2025. All projects are projected to be complete by July 1, 2027, and are projected to further reduce approximately 182 million gallons of CSO, thereby increasing the City's CSO capture rate to 92%. Final Plan projects are being evaluated to identify those with most cost-effective system-wide improvements. A Public Stakeholder Group of residents from each Council District are assisting with this process, with the Final Plan report due July 1, 2024, with construction to be complete by July 1, 2035. In 2022, the Council adopted Resolution No. 2022-R025 expressing commitment to CSO improvements. In addition to the Interim and Final Plans, the City is implementing several other projects not required by SB 1064 to maintain and improve the combined sewer system performance. The current Interim and Final Plan cost estimate is over \$600 million. The original cost estimate was revised following a design and performance review process, where the City determined that similar project results could be achieved with a lower cost option that still achieves regulatory compliance. This current estimate represents a preliminary amount that will be updated as the City's Final Plan is further developed and completed. The City has already secured a \$50 million grant from the Commonwealth of Virginia in 2021, with a 100% matching requirement, and another \$100 million grant from the Commonwealth of Virginia in 2022 that does not have a match requirement. The City will continue to work with state and federal partners to identify grant opportunities to fund this program.

Cybersecurity

The City relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other such attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant.

To transfer and share these risks the City maintains robust cyber insurance coverage as a part of its overall insurance portfolio, which also includes crime insurance for misdirected funds. The City's cyber insurance coverage is \$5 million, which is provided by VAcorp. Coverage includes all standard cyber security insurance provisions including but not limited to Network Security, Privacy and Data Breach Liability, Multimedia Liability, Regulatory Liability, Data Breach Incidence Response, Data Restoration, Cyber Extortion, Social Engineering Fraud and PCI DSS Fines.

The City's Department of Information Technology includes dedicated cyber security staff who focus on system-wide hardware and software vulnerability management, mitigation solutions, and backups for redundancy of critical records and systems processes. The City follows the National Institute of Standards and Technology (NIST) Special Publication 800-18 framework and NIST Cybersecurity Framework v1.1. To ensure an awareness of emerging threats, cyber security staff interfaces routinely with external consultants; State and Federal partners such as the Department of Homeland Security, MS-ISAC, EL-ISAC, WaterISAC; and other entities.

During fiscal year 2024, like many governmental and business entities around the United States, the City discovered that it was subject to a small, sophisticated business email compromise that resulted in a misdirected ACH transfer. At this time, the City believes that this activity was limited to six inbox accounts out of the City's 11,000 active inbox accounts. The City immediately initiated its incident response protocols, notified its cyber insurance carrier, and engaged a leading third-party cybersecurity expert - Mandiant. The City also notified the Virginia State Police Fusion Center and the FBI Cyber Crimes Division of the incident and is working with law enforcement in their investigation. These protocols resulted in the freezing of the bank account to which the misdirected funds were sent and the return of 100% of the misdirected funds to the City. The City is continuing to evaluate additional actions to strengthen its security in the face of an ever-evolving cyber threat landscape. This incident had no impact on the City's finances or overall operation.

PARKING ENTERPRISE FUND

The Parking Enterprise Fund

On July 1, 2014 (fiscal year 2015), the City combined all of its on-street and parking garage operations into a Parking Enterprise Fund. The consolidated parking operation provides better coordination of overall downtown parking. The Parking Enterprise Fund includes the operations of 14 parking garages and surface lots in downtown Richmond containing 5,463 spaces as well as 1,475 on-street parking meters managed by the City. With the creation of the Parking Enterprise Fund in fiscal year 2015, \$74.0 million of general obligation debt associated with the acquisition and construction of the parking assets was also transferred into the Parking Enterprise Fund. As of June 30, 2023, the remaining principal balance of the outstanding bond debt was \$36,770,000. The comparative statement of revenues, expenses and changes in retained earnings for the Parking Enterprise Fund for fiscal years 2019 through 2023 is set forth below.

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings for Fiscal Years 2019 – 2023 (Thousands)

	2019	2020	2021	2022	2023
Operating Revenues					
Charges for Goods and Services	\$19,810	\$16,948	\$ 13,639	\$15,432	\$19,077
Operating Expenses					
Salaries and Wages	681	955	1,324	(332)	3,642
Operation & Maintenance	8,155	10,504	7,493	7,507	8,075
Depreciation & Amortization	1,684	1,610	1,617	1,803	1,535
Total Operating Expenses	\$10,520	\$13,069	\$10,434	\$ 8,978	\$13,252
Operating Income	9,290	3,879	3,205	6,453	5,825
Interest Expense	(1,387)	(1,270)	(1,188)	(1,538)	(1,005)
Other Non-operating Expenses	(84)	-	-	-	(15)
Other Financing Sources/Uses	-	-	2,906	-	-
Change in Net Position	\$ 7,819	\$ 2,609	\$ 4,923	\$ 4,914	\$ 4,820
Net Position, Beginning of Year	(8,116)	(2,624)	(15)	2,001	6,915
Adjustment to Net Position	(2,327)	-	2,906	-	-
Net Position, End of Year	\$ (2,624)	\$ (15)	\$ 2,001	\$ 6,915	\$11,736

Source: City of Richmond Annual Comprehensive Financial Reports for fiscal years 2019-2023

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APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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APPENDIX D

AUDITED FINANCIAL STATEMENTS



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**THE CITY OF RICHMOND, VIRGINIA
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The enclosed Financial Statements were reproduced from the City's audited financial statements in the Annual Comprehensive Financial Report for the year ended June 30, 2023. Additional information relative to the City's Capital Improvement Program and Long-Term Debt is presented elsewhere within the Official Statement.

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Richmond, Virginia
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Richmond's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following aggregate discretely presented component units: Richmond School Board, Richmond Economic Development Authority, Richmond Behavioral Health Authority, and Richmond Redevelopment and Housing Authority, which represents 45 percent, 38 percent, and 86 percent, respectively of the assets and deferred outflows of resources, fund balance/net position, and revenues for the aggregate discretely presented component units. We also did not audit the financial statements of the Richmond Retirement System, which represents 54 percent, 96 percent and 12 percent, respectively, of the assets and deferred outflows of resources, fund balance/net position, and revenues of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included for Richmond School Board, Richmond Economic Development Authority, Richmond Behavioral Health Authority, Richmond Redevelopment and Housing Authority and Richmond Retirement system, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Our responsibilities under those standards and Specifications are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Richmond and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the City adopted new accounting guidance for SBITAs. The guidance requires lessees to recognize a right-to-use SBITA asset and corresponding SBITA liability and lessors to recognize a SBITA receivable and corresponding deferred inflow of resources for all SBITA with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Richmond's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Richmond's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Richmond's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richmond's basic financial statements. The accompanying combining and individual fund statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the City of Richmond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Richmond's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Richmond's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
December 13, 2023

CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Unaudited)

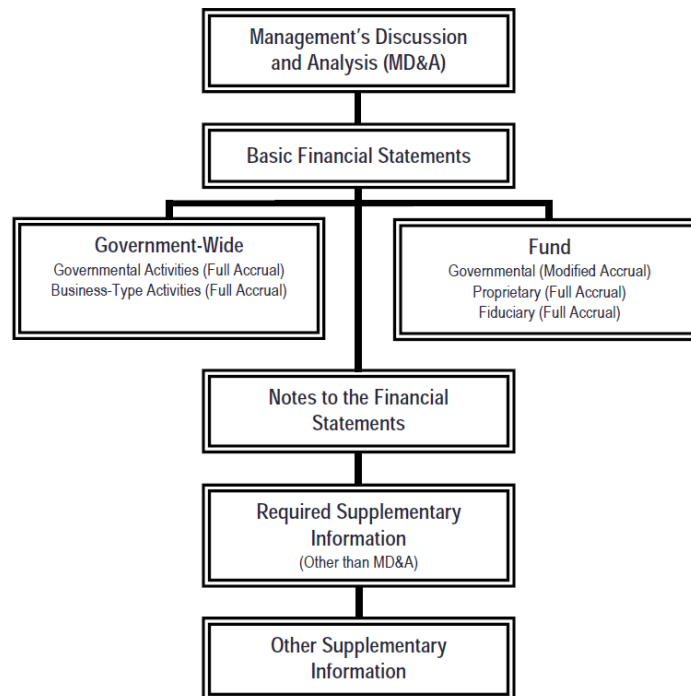
The following discussion and analysis provided by the City's management presents a narrative overview and analysis of the financial activities of the City through the presentation of its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023. City management encourages readers to consider the information presented here in conjunction with the information presented in the Transmittal Letter at the front of this report and the City's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

- The City's General Fund reported an ending Fund Balance of \$262.5 million, an increase of \$56.3 million or 27.3 percent compared to the prior year. Of the total General Fund balance: \$14.2 thousand is Nonspendable, \$29.6 million is Committed to Revenue Stabilization, \$209.2 thousand committed to School Board Operations, \$40.4 million is Assigned to subsequent years' Expenditures, \$19.1 million to Capital Reserve, \$0.3 million for the Arts, \$18.4 million for School Facilities, \$7.3 million for Unspent Building Code Fees, \$547.6 thousand for COVID-19 Contingencies, \$1.3 million for Special Purpose, \$2.0 million for Employee Compensation Reserve, 1.8 million for Unfunded Liability, 1.8 Revolving Land Acquisition, and \$139.9 million is Unassigned. The Unassigned Fund Balance represents 16.2 percent of actual Expenditures and Transfers out of \$866.2 million.
- The City's total taxable assessed value for Real and Personal Property including Machinery and Tools increased by \$4.6 billion or 13.3 percent.
- The City's General Obligation Bond ratings were reaffirmed at Aa1 by Moody's and AA+ by both Fitch Ratings and Standard and Poor's, with a stable outlook.
- At the end of the Fiscal Year, the City's Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by \$1,528.7 million. Net Position was comprised mainly of \$1,209.4 million attributable to the City's Net Investment in Capital Assets, \$78.2 million in Restricted and \$241.1 million in Unrestricted.
- Net Position for Governmental Activities increased \$110.8 million or 25.4 percent compared to the prior year.
- For this Fiscal Year, General Fund Revenues and Financing Sources were \$922.5 million. General Fund Expenditures and Other Financing Uses were \$866.2 million. City Taxes accounted for 74.4 percent of Revenue.
- The City's Business-Type Activities Net Position increased by \$56.8 million or 6.1 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Annual Comprehensive Financial Report consists of three sections: Introductory, Financial and Statistical. As illustrated in the following chart, the financial section of this report consists of five components: Management's Discussion and Analysis (this section), the Basic Financial Statements, Notes to the Financial Statements, Required Supplementary Information and Other Supplementary Information.



The City's financial statements present a focus on the City as a whole (Government-Wide) as well as the major individual funds. The Government-Wide financial statements provide both long-term and short-term information about the City's overall financial status. The Fund financial statements focus on the individual parts of the City government, reporting the operations of the City in more detail than the government-wide statements. Both perspectives, Government-Wide and individual Fund, allow the user to address relevant questions, broaden the basis for comparisons year to year or government to government and enhance the City's accountability.

Government-Wide Financial Statements

The Government-Wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Government-Wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the City's Assets and Liabilities, both short-term and long-term, while the Statement of Activities reports all of the current year's Revenues and Expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows. Over time, the increases or decreases in the City's Net Position can be an indicator of the City's financial condition. Annual Comprehensive Financial Report users should also consider additional non-financial factors in assessing the overall health of the City.

The City's Government-Wide financial statements are divided into three categories:

- **Governmental Activities** – Most of the City's basic services including Police, Fire, Economic and Community Development, Parks, Recreation and Community Facilities, Social Services and General Administration are reported here. The majority of these activities are supported by property taxes, other local taxes and federal and state funding.
- **Business-Type Activities** – The City's Gas, Water, Wastewater, Stormwater, Parking and Cemeteries are reported here. Fees are charged to customers to help cover the costs of providing these services.

- **Component Units** – Five separate legal entities are included in this report: Richmond School Board, Richmond Economic Development Authority, Richmond Ambulance Authority, Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority. Although legally separate, these component units are important because the City is financially accountable for them, and may provide significant operating or capital funding, or both.

Fund Financial Statements

The Fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. Funds are an accounting tool that the City uses to track resources that are segregated for specific activities or objectives. Some funds are required by state law or by bond covenants. Other funds are established to control and manage money for particular purposes or to show that the City is using specific revenue sources such as taxes and grants for their intended purposes. The City has three types of funds: Governmental, Proprietary and Fiduciary.

- **Governmental Funds** – The General Fund, Debt Service Fund, Capital Projects Fund, Special Revenue funds and Permanent Funds are Governmental Funds. These Funds' statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the Fiscal Year. Additional information is provided accompanying these statements that explains the relationship between the long-term focused Government-Wide statements and the short-term focused Governmental Fund statements.
- **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in Proprietary Funds. Like the Government-Wide statements, Proprietary Fund statements provide both long and short-term financial information. The City maintains two types of Proprietary Funds:
 - **Enterprise Funds** – Similar to Business-Type Activities included in the Government-Wide statements, the Enterprise Fund financial statements provide more detail and additional information such as Cash-Flow.
 - **Internal Service Funds** – The City uses Internal Service Funds to report activities that provide supplies and services for the City's other programs and activities.
- **Fiduciary Funds** – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. These Fiduciary activities are excluded from the City's Government-Wide financial statements because the City cannot use these assets to finance its operations. The City maintains three Fiduciary Funds:
 - **Trust Funds** – Provides Retirement and Disability Benefits for all vested full time employees under a City deferred compensation plan created in accordance with the Internal Revenue Code Section 457.
 - **Private Purpose Funds** -- Reports trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.
 - **Custodial Funds** – Reports fiduciary activity resources that are not held in a trust agreement or equivalent arrangement that meets specific criteria. Many activities that are now reported in agency funds will be reported in custodial funds.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential for a full understanding of the information provided in the Government-Wide and Fund financial statements. The notes also present certain Required Supplementary Information.

GOVERNMENT-WIDE ANALYSIS

Net Position

FY2023, Total Assets for the Primary Government were \$4,117.0 million, an increase from prior year total Assets by \$249.1 million. Total Assets for only Governmental Activities were \$2,129.4 million, up by \$216.6 million or 11.3 percent. Total Assets from Business-Type Activities increased by \$32.6 million in FY2023, accounting for 48.3 percent of total Primary Government Assets compared to 50.5 percent in FY2022.

Total Liabilities were \$2,565.0 million up \$65.8 million from \$2,499.2 million in FY2022. Total Liabilities associated with Governmental Activities increased by \$83.6 million up 5.7 percent while total Liabilities associated with Business-Type Activities decreased \$(17.8) million or (1.7) percent.

Total Net Position was \$1,528.7 million up \$167.6 million over the prior year's balance. Table 1 summarizes the City's Government-Wide Net Position at June 30, 2023 and 2022.

Table 1
City of Richmond's Schedule of Net Position
As of the Fiscal Years Ended June 30, 2023 and 2022
(In Millions, rounded)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 741.1	\$ 596.8	\$ 484.3	\$ 516.0	\$ 1,225.4	\$ 1,112.8
Capital Assets, Net	1,388.3	1,316.0	1,503.3	1,439.1	2,891.6	2,755.1
Total Assets	2,129.4	1,912.8	1,987.7	1,955.1	4,117.0	3,867.9
Deferred Outflow of Resources	105.0	97.2	26.2	28.3	131.2	125.5
Current and Other Liabilities	448.8	419.5	108.1	107.6	556.9	527.1
Long-Term Obligations Outstanding	1,092.9	1,038.6	915.2	933.5	2,008.1	1,972.1
Total Liabilities	1,541.7	1,458.1	1,023.3	1,041.1	2,565.0	2,499.2
Deferred Inflows of Resources	98.3	116.3	8.1	16.7	106.4	133.0
Net Position:						
Net Investment in Capital Assets	543.3	456.8	666.1	616.6	1,209.4	1,073.3
Restricted	47.2	77.1	31.0	31.5	78.2	108.6
Unrestricted	(44.1)	(98.3)	285.2	277.4	241.1	179.2
Total Net Position	\$ 546.4	\$ 435.6	\$ 982.3	\$ 925.5	\$ 1,528.7	\$ 1,361.1

Note - Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist.

Activities

REVENUES

In FY2023, total Primary Government Revenues were \$1,542.8 million, which reflects an increase over prior year. Program Revenues (Charges for Service, Grants, and Contributions) of \$783.7 million accounted for 50.8 percent of all Primary Government Revenues, while property and other local taxes attributable to Governmental Activities accounted for \$713.6 million, most of the remainder. Total Revenues for all Governmental Activities were \$1,073.0 million. Governmental Activities' Program Revenues of \$328.0 million accounted for 30.6 percent.

For the fiscal year ended June 30, 2023, revenues from governmental activities totaled \$1,073.0 million, an increase of \$181.5 million from fiscal year 2022. Real estate tax revenue is the City's largest revenue source, and reflects the recognition of the first half and second half of calendar year 2023 real property tax. The Real estate tax revenue collected during fiscal year 2023 was \$400.4 million, which was an increase of \$36.0 million or 9.9 percent, from fiscal year 2022 due to increased property values.

During fiscal year 2023, the City collected \$66.8 million in personal property tax revenue from City residents which includes Personal Property Tax Relief received from the Commonwealth of Virginia (the Commonwealth) of \$16.7 million. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the Commonwealth's share of the local personal property tax payment for a calendar year was frozen 70 percent for qualified vehicles. During the 2004 General Assembly, the Commonwealth's obligation for car tax relief was capped at \$950 million annually. Each jurisdiction's share of the \$950 million is based on the total 2004 reimbursement as of December 31, 2005. The fiscal year 2023 property tax collections were up by \$2.2 million or 3.5 percent over fiscal year 2022.

Business-type activities produced revenues of \$469.8 million, an increase of \$27.6 million from fiscal year 2022. The City's Gas activity produced \$218.6 million in charges for services, and the City's Water and Sewer activity produced \$200.6 million in charges for services. Program revenues of \$1.0 million in operating grants and contributions, and \$14.6 million in capital grants and contributions were received in fiscal year 2023.

EXPENSES

Total Expenses for Primary Government were \$1,328.1 million. Four activities: General Government, Public Safety and Judiciary, Education, and Business-Type Activities accounted for the following amounts and percentages: \$119.4 million (9.0 percent), \$312.1 million (23.5 percent), \$220.6 million (16.6 percent), and \$389.7 million (29.3 percent), respectively. Table 2 summarizes the City's Government-Wide Activities for the years ended June 30, 2022 and 2021.

For the fiscal year ended June 30, 2023, expenses for the governmental activities totaled \$938.4 million, an increase of \$164.5 million or 21.3 percent from fiscal year 2022 (Table 2). Included in this activity are employee compensation and benefits, payments for education expenses to the School Board (Richmond Public Schools), and the cost of general governmental activities such as public safety, recreation, and libraries. The largest expense increases occurred in Public Safety, Education, and Human Services.

Education continues to be one of the City's highest priorities and commitments. Spending on Education was up \$32.1 million or 17.0 percent, which includes a direct payment by the primary government of \$220.6 million for School operations.

Public Safety and Judiciary expenses increased by \$86.6 million or 38.4 percent (Table 2). City Police Officers, and Firefighters received across the board market salary adjustments.

The expenses of business-type activities totaled \$389.7 million, an increase of \$27.5 million or 7.6 percent over fiscal year 2022 business-type activities.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ending June 30, 2023, the governmental funds reflect a combined fund balance of \$281.2 million, an increase of \$50.7 million from fiscal year 2022. The General Fund accounts for \$262.5 million of the total combined balance. This is an increase of \$56.3 million or 27.3 percent from the General Fund balance of \$206.2 million recorded at June 30, 2022. The General Fund Balance was impacted by General Fund Revenues, which increased by \$107.9 million or 13.3 percent from fiscal year 2022. The largest increases occurred in Real Estate Taxes by \$36.0 million, Personal Property Taxes-Delinquent by \$11.1 million, and Intergovernmental by \$14.5 million. The increases were offset by decreases of \$(0.6) in Utility Payments and of \$(0.6) million in Penalties & Interest.

At the same time, General Fund Expenditures increased by \$78.8 million or 11.7 percent from fiscal year 2022. The following items affected the fund balance and should be noted:

- The General Fund transferred \$12.1 million to the Capital Projects Fund to finance various capital projects, \$15.4 million to the Special Revenue Fund and \$89.9 million for debt service. The total transfers were up \$11.0 million from the previous year.
- The General Fund contributed \$200.3 million to fund fiscal year 2023 School Board operations, an increase of \$13.2 million or 7.0 percent increase from the fiscal year 2022 contribution.

Highlights of other Governmental Funds are as follows:

- The Other Governmental Fund balance of \$52.0 million (Exhibit D) increased by \$11.8 million or 29.5 percent from fiscal year 2022. The increase is due to revenues of \$107.5 million and other financing sources of \$107.5 million exceeding expenditures of \$108.5 million. The major function of the Other Governmental Fund is to account for State and Federal grants received by the City, Social Services programs, and solid waste operations. State and Federal grants are received on a reimbursement basis and accounted for \$91.3 million in revenues. The City's Department of Social Services operations accounted for \$13.5 million in State and Federal grant revenue and \$42.4 million in expenditures during fiscal year 2023.
- The Debt Service Fund Balance increased by \$2.6 million from \$15.4 million during fiscal year 2023. The fund received transfers from the General Fund of \$89.9 million, and expenditures for debt service were \$142.8 million. Other financing sources included issuance of refunding bonds of \$53.0 million and receipts from EDA of \$1.4 million.

- The Capital Projects Fund Balance of \$(51.3) million (Exhibit D) is an increase of \$(20.1) million, or 64.4 percent, in comparison to fiscal year 2022. During the fiscal year, expenditures for capital projects were \$85.5 million, and revenues were \$15.8 million. Other financing sources include transfers from the general fund of \$12.1 million, and issuance of bonds and notes of \$37.5 million during fiscal year 2023.

Table 2
City of Richmond's Schedule of Activities
As of the Fiscal Years Ended June 30, 2023 and 2022
(In Millions, rounded)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 258.4	\$ 228.2	\$ 440.0	\$ 418.7	\$ 698.4	\$ 646.9
Operating Grants and Contributions	53.9	34.2	1.0	0.1	54.9	34.4
Capital Grants and Contributions	15.7	12.7	14.6	20.9	30.4	33.6
General Revenues:						
Property Taxes	542.3	453.6	-	-	542.3	453.6
Other Taxes	171.3	143.3	-	-	171.3	143.3
Investment Income	1.3	0.1	14.9	1.0	16.2	1.1
Miscellaneous	30.0	19.4	(0.7)	1.4	29.3	20.7
Total Revenues	<u>1,073.0</u>	<u>891.5</u>	<u>469.8</u>	<u>442.2</u>	<u>1,542.8</u>	<u>1,333.6</u>
Expenses:						
Primary Government						
General Government	119.4	104.8	-	-	119.4	104.8
Public Safety and Judiciary	312.1	225.5	-	-	312.1	225.5
Highway, Street, Sanitation and Refuse	109.7	110.1	-	-	109.7	110.1
Human Services	93.5	73.7	-	-	93.5	73.7
Culture and Recreation	41.2	32.2	-	-	41.2	32.2
Education	220.6	188.5	-	-	220.6	188.5
Transportation	8.6	8.3	-	-	8.6	8.3
Interest and Fiscal Charges	33.1	30.7	-	-	33.1	30.7
Business-Type Activities	-	-	389.7	362.2	389.7	362.2
Total Expenses	<u>\$ 938.4</u>	<u>\$ 773.9</u>	<u>\$ 389.7</u>	<u>\$ 362.2</u>	<u>\$ 1,328.1</u>	<u>\$ 1,136.2</u>
Income Before Transfers	134.7	117.6	80.1	79.9	214.7	197.3
Transfers	23.1	33.0	(23.1)	(33.0)	-	-
Changes in Net Position	157.6	150.6	57.1	47.0	214.7	197.3
Net Position, Beginning of Year	435.6	285.0	925.5	878.5	1,361.1	1,163.5
Net Position, End of Year	<u>\$ 593.3</u>	<u>\$ 435.6</u>	<u>\$ 982.5</u>	<u>\$ 925.5</u>	<u>\$ 1,575.8</u>	<u>\$ 1,360.8</u>

Note - Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist.

GENERAL FUND

The General Fund is the City's largest governmental Fund and, therefore, deserves special attention. Total Revenues and Other Financing Sources totaled \$922.5 million in FY2023, an increase of \$102.1 million from the prior year. Property and other local taxes accounted for \$683.1 million or 74.4 percent of total Revenues

Actual General Fund Revenues were more than the original budgeted revenues by \$83.8 million during fiscal year 2023. Actual revenue collections exceeded the amended budget by \$11.3 million. This increase is attributable in part to collections of general property taxes such as real property and personal property taxes, which exceeded the amended budget by \$24.0 million, and other local taxes, such as meals tax and bank franchise taxes, which exceeded budget by \$3.0 million (Table 3).

On the other side of the ledger, Expenditures and Transfers Out totaled \$866.2 million, an increase of \$89.5 million or 11.5 percent, from the prior year. Public Safety & Judiciary and Education, the two largest program areas, totaled \$439.8 million, or 58.5 percent of total General Fund Expenses.

Actual General Fund Total Expenses and Other Financing Sources were greater than the original budget by \$27.5 million, and less than the amended budget by \$(90.6) million. During the fiscal year, City Council amended the budget several times. These budget amendments or supplemental appropriation resolutions were primarily for the following purposes:

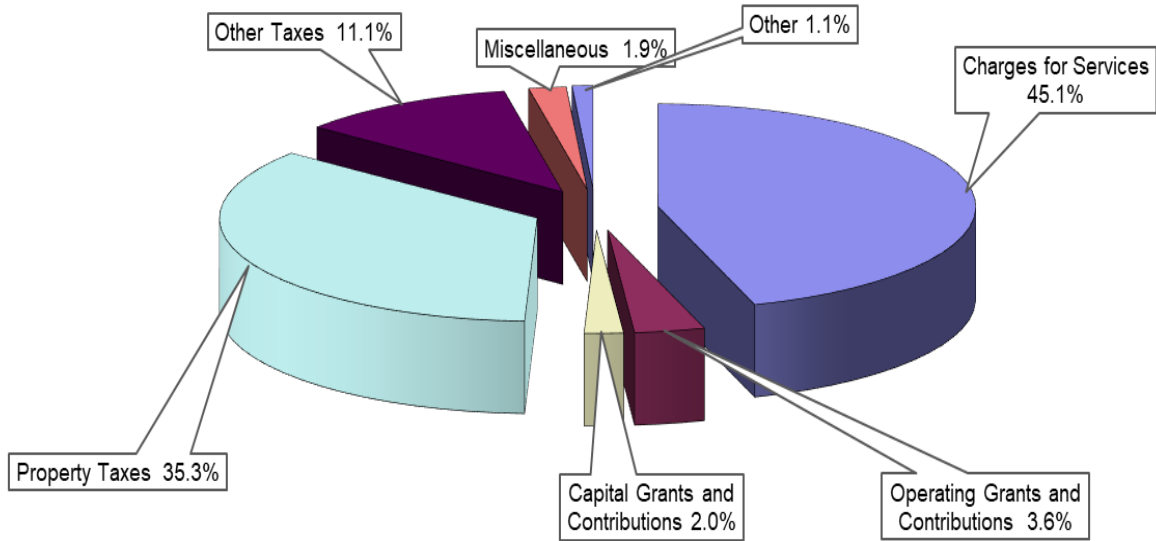
- To reappropriate monies to pay for continuing programs for whose fiscal years extended beyond June 30, 2022.
- To reappropriate grant revenues authorized in fiscal year 2022 or earlier, but not expended or encumbered as of June 30, 2022 and to appropriate grants or donations accepted or adjusted in fiscal year 2023.
- To appropriate funds for program enhancements, capital projects or other operational needs that were not anticipated in the original fiscal year budget.
- To appropriate Federal American Rescue Plan Act (ARPA) and Elementary and Secondary Schools Emergency Relief (ESSER) funds received in FY 2023 for COVID-19 related expenditures.

Table 3
City of Richmond's Budgetary Comparison
General Fund
For the Fiscal Years Ended June 30, 2023 and 2022
(In Millions, rounded)

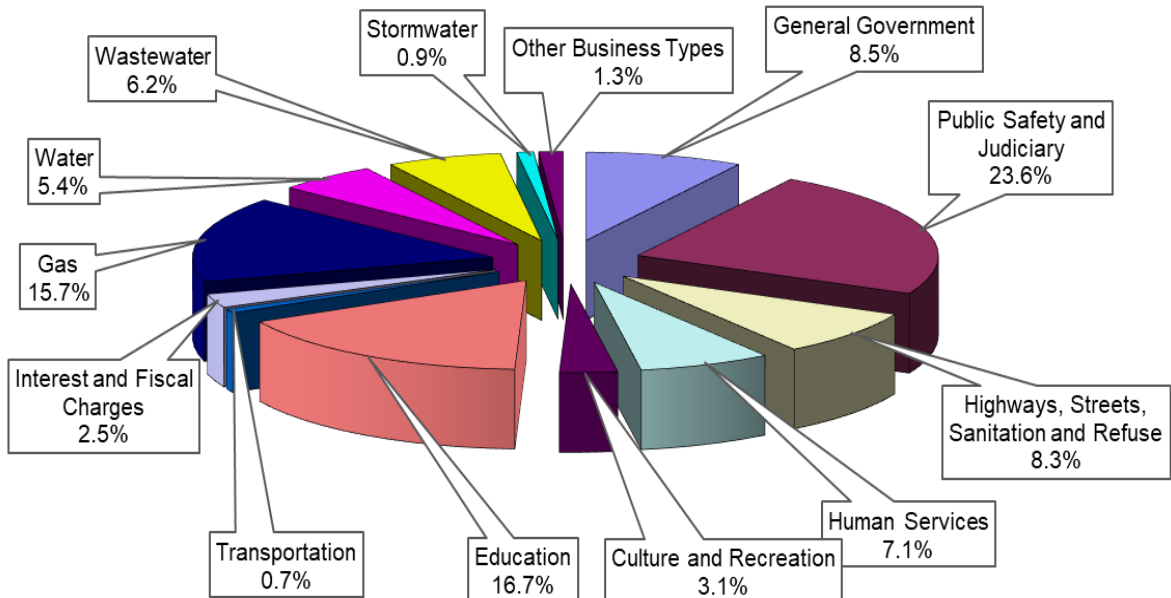
	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues:								
Property Taxes	\$ 467.9	\$ 414.8	\$ 488.9	\$ 426.3	\$ 512.9	\$ 456.6	\$ 23.9	\$ 30.3
Other Taxes	158.6	148.5	167.2	148.5	170.3	145.5	3.0	(3.0)
Intergovernmental	87.4	86.1	101.3	123.0	97.5	83.1	(3.8)	(39.8)
Miscellaneous	112.2	104.0	123.1	131.0	137.8	125.5	14.8	(5.5)
Other Financing Sources	12.7	19.4	30.8	0.2	4.0	9.8	(26.7)	9.6
Total Revenues and Other Financing Sources	<u>\$ 838.7</u>	<u>\$ 772.8</u>	<u>\$ 911.2</u>	<u>\$ 828.9</u>	<u>\$ 922.5</u>	<u>\$ 820.4</u>	<u>\$ 11.4</u>	<u>\$ (8.4)</u>
Expenses:								
General Government	\$ 72.4	\$ 60.7	\$ 120.0	\$ 74.6	\$ 74.2	\$ 62.7	\$ 45.7	\$ 11.8
Public Safety and Judiciary	236.2	213.0	248.8	217.9	239.6	207.1	9.3	10.8
Highway, Street, Sanitation and Refuse	37.2	36.0	43.7	41.4	41.3	39.3	2.4	2.1
Human Services	66.4	62.9	68.8	68.0	60.4	59.2	8.5	8.8
Culture and Recreation	28.7	24.1	32.2	26.3	32.0	27.7	0.2	(1.3)
Education	200.3	187.1	200.3	187.1	200.3	187.1	-	-
Non-Departmental	76.8	79.9	122.1	93.9	102.4	88.4	19.7	5.7
Other Financing Uses	120.8	109.1	120.8	109.2	116.1	105.3	4.7	3.7
Total Expenses and Other Financing Uses	<u>\$ 838.7</u>	<u>\$ 772.8</u>	<u>\$ 956.8</u>	<u>\$ 818.4</u>	<u>\$ 866.2</u>	<u>\$ 776.7</u>	<u>\$ 90.8</u>	<u>\$ 41.6</u>

Note - Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist.

**Primary Government Sources of Revenues
Year Ended June 30, 2023**



**Primary Government Functional Expenses
Year Ended June 30, 2023**



CAPITAL ASSETS

The Department of Public Utilities' spent \$131.02 million during the Fiscal Year to expand, upgrade, and renew its Infrastructure. The Gas Utility invested approximately \$6.06 million to support our expanding market base and \$20.05 million in upgrades to existing Infrastructure. The Water Utility invested approximately \$31.46 million in upgrades to our Infrastructure including \$7.00 million of investments in major plant and pumping improvements, \$1.38 million into water transmission, and \$23.08 million into water distribution. The Wastewater Utility invested approximately \$54.14 million in upgrades to existing Infrastructure, of which \$5.28 million was spent on major plant improvements, \$17.42 million of improvements to the Combined Sewer System, and \$30.41 million into sanitary sewers. The Storm water Utility invested \$19.31 million to upgrade their existing Infrastructure.

Table 4
City of Richmond's Capital Assets
As of the Fiscal Years Ended June 30, 2023 and 2022
(In Millions, rounded)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 103.9	\$ 105.5	\$ 26.3	\$ 26.3	\$ 130.2	\$ 131.8
Construction In Progress	177.7	136.2	70.1	48.8	247.8	185.0
Works of Art/Historical Treasures	8.1	8.3	-	-	8.1	8.3
Total Assets Not Being Depreciated	<u>289.7</u>	<u>250.0</u>	<u>96.4</u>	<u>75.1</u>	<u>386.2</u>	<u>325.1</u>
Capital Assets Being Depreciated:						
Infrastructure	1,097.7	1,043.9	-	-	1,097.7	1,043.9
Buildings and Structures	1,112.8	1,140.2	2,202.1	2,066.8	3,314.9	3,207.0
Right of Use Land & Land Rights			14.5	14.5	14.5	
Right of Use Equipment and Other Assets	33.5		-	-	-	
Equipment and Other Assets	146.7	146.7	333.9	384.4	480.6	531.1
Improvements Other Than Buildings	34.9	33.9	-	-	34.9	33.9
Total Other Assets	<u>2,425.6</u>	<u>2,364.8</u>	<u>2,550.5</u>	<u>2,465.7</u>	<u>4,942.6</u>	<u>4,815.9</u>
Less Accumulated Depreciation For:						
Infrastructure	706.3	681.1	-	-	706.3	681.1
Buildings and Structures	482.6	492.3	917.5	830.5	1,400.1	1,322.8
Equipment and Other Assets	114.1	114.3	225.9	271.0	340.0	385.3
Right of Use Land & Land Rights			0.2	0.2	0.2	
Right of Use Equipment and Others	5.2		-	-	5.2	
Improvements Other Than Buildings	18.7	16.9	-	-	18.7	16.9
Total Accumulated Depreciation	<u>1,327.0</u>	<u>1,304.6</u>	<u>1,143.6</u>	<u>1,101.7</u>	<u>2,470.5</u>	<u>2,406.1</u>
Total Capital Assets Being Depreciated, Net	<u>1,098.6</u>	<u>1,060.1</u>	<u>1,406.9</u>	<u>1,364.0</u>	<u>2,472.1</u>	<u>2,409.8</u>
Total Capital Assets, Net	<u>\$ 1,388.2</u>	<u>\$ 1,310.1</u>	<u>\$ 1,503.3</u>	<u>\$ 1,439.1</u>	<u>\$ 2,858.2</u>	<u>\$ 2,734.9</u>

Note - Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist.

Additional capital asset information can be found in Note 6.

LONG-TERM OBLIGATIONS

As of June 30, 2023, the City's had a total of \$1.72 billion of outstanding Bonds, Notes and Premiums, a decrease of \$(54.7) million compared to the previous year. Outstanding debt of the City's Governmental Activities at year end was \$840.5 million, while the Business Type Activities outstanding debt (primarily Utilities and Parking operations) was \$875.0 million.

During FY2023, the City issued its \$57.99 million General Obligation Bonds, series 2022A. The proceeds of the bond were used to pay off the existing Series 2021A Line of Credit Bond Anticipation Note that was outstanding at the end of FY2022.

Subsequently in FY2023, the City established Series 2022A Line of Credit Bond Anticipation Note of \$70.0 million to provide interim financing for ongoing City and Stormwater Utility Capital projects. The cumulative amount advanced was \$49.9 million at the end of the fiscal year. Additionally, Series 2022B Line of Credit Bond Anticipation Note of \$10.0 million was also established to fund preliminary design and engineering costs related to major capital improvement projects in the City. As of June 30, 2023, the cumulative amount advanced under series2022B was \$2.6 million.

The City's Utility Department has issued its \$14.7 million Public Utility Revenue Bond, Series 2023A to evidence a loan made to the City by the Commonwealth's Virginia Resources Authority. The bond is priced with a zero percent interest rate. The proceeds of this bond issue will be used to finance capital projects of the City's Department of Public Utilities' Wastewater utility. Total amount outstanding is \$130,794 as of June 30, 2023.

In addition to the new loan, the City's wastewater Utility also made \$12.7 million draws on its series 2021A Utility Revenue Bond, bring the outstanding principal balance on this bond issue to \$17.2 million at June 30, 2023. The bond issue financing is also being provided by the Commonwealth's Virginia resources Authority at a zero percent interest rate. More detailed information about the city's long-term liabilities is presented in Note 7 of the notes to the financial statements.

Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2023
(In Thousands, rounded)

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Not Due Within One Year	Due Within One Year
Primary Government - Governmental Activities						
General Obligation Bonds	\$ 727,607.8	\$ 48,010.0	\$ 58,329.1	\$ 717,288.7	\$ 667,600.0	\$ 49,688.7
General Obligation Bond - Direct Borrowing	6,524.3	-	-	6,524.3	-	6,524.3
Total General Obligation Bonds	734,132.1	48,010.0	58,329.1	723,813.0	667,600.0	56,213.1
Line of Credit - Bond Anticipation Note -	52,600.0	37,500.0	52,600.0	37,500.0	2,600.0	34,900.00
General Obligation Serial Equipment Notes	9,175.0	3,220.0	2,543.0	9,852.0	7,347.0	2,505.0
Total General Obligation Notes	61,775.0	40,720.0	55,143.0	47,352.0	9,947.0	37,405.0
HUD Section 108 Notes	9,126.0	-	700.0	8,426.0	7,715.0	711.0
Premium on Debt Issued	66,604.4	5,315.4	10,967.1	60,952.7	51,150.5	9,802.2
Total Obligations	<u>\$ 871,637.5</u>	<u>\$ 94,045.4</u>	<u>\$ 125,139.2</u>	<u>\$ 840,543.7</u>	<u>\$ 736,412.5</u>	<u>\$ 104,131.3</u>
Compensated Absences	\$ 22,704.5	\$ 23,618.2	\$ 20,897.7	\$ 25,425.0	\$ 17,261.1	\$ 8,163.8
Net Other Post Employment Benefit Obligations	\$ 20,207.1	\$ 3,376.6	\$ 24,794.4	\$ (1,210.7)	\$ (1,210.7)	\$ -
Net Pension Liability	\$ 215,509.7	\$ 74,784.8	\$ 6,702.6	\$ 283,591.9	\$ 283,591.9	\$ -

Table 6
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2023
(In Thousands, rounded)

Primary Government - Business-Type Activities

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Not Due Within One Year	Due Within One Year
General Obligation Bonds:						
Utilities						
General Obligation Bonds	\$ 7,640.4	\$ 6,760.0	\$ 4,239.7	\$ 10,160.7	\$ 6,195.0	\$ 3,965.7
General Obligation Bond - Direct Borrowing	976.5	811.1	103.6	1,684.0	1,571.2	112.8
Total Utilities General Obligation Debt	8,616.9	7,571.1	4,343.3	11,844.7	7,766.2	4,078.4
Non-Major Enterprise Funds						
General Obligation Bonds	40,301.7	-	3,501.2	36,800.6	33,300.0	3,500.6
General Obligation Bond - Direct Borrowing	0.7	-	-	0.8	0.1	-
Premium on Non-Major Debt, Net	932.5	-	173.2	759.3	759.3	-
Total Non-Major Enterprise Funds General Obligation Debt	41,234.8	-	3,674.3	37,560.7	34,059.4	3,500.6
Total General Obligation Debt	49,851.8	7,571.1	8,017.7	49,405.4	41,825.6	7,579.0
Revenue Bonds:						
Public Utility Revenue Bonds	752,565.0	12,669.1	28,626.7	736,607.3	707,513.3	29,094.0
Public Utility Revenue Bond - Direct Borrowing	41,519.5	130.8	2,234.6	39,415.5	37,049.3	2,366.2
Premium on Public Utility Debt, Net	54,669.7	-	5,115.4	49,554.3	49,554.3	-
Total Revenue Bonded Debt	848,754.3	12,799.8	35,976.8	825,577.3	794,116.9	31,460.1
Total Bonded Debt	\$ 898,606.1	\$ 20,370.9	\$ 43,994.5	\$ 874,982.7	\$ 835,942.5	\$ 39,039.1
Compensated Absences:						
Gas	\$ 1,140.6	\$ 1,158.7	\$ 1,051.9	\$ 1,247.3	\$ 897.7	\$ 349.6
Water	866.2	881.2	798.8	948.6	682.7	265.9
Wastewater	866.5	872.5	799.8	939.2	675.9	263.3
Storm water	301.0	297.3	278.3	320.1	230.3	89.7
Stores Operating Fund	19.0	20.5	17.4	22.1	15.9	6.2
Cemeteries	66.3	61.6	61.6	66.3	45.1	21.2
Other Non-major Enterprise Funds	54.9	45.9	45.9	54.9	37.4	17.5
Total Compensated Absences	\$ 3,314.5	\$ 3,337.7	\$ 3,053.7	\$ 3,598.3	\$ 2,585.1	\$ 1,013.4
Net Other Post Employment Benefit Obligations	\$ 3,920.8	\$ 592.5	\$ 4,721.7	\$ (208.3)	\$ (208.3)	\$ -
Net Pension Liability	\$ 41,662.1	\$ 13,709.8	\$ 4,993.1	\$ 50,378.9	\$ 50,378.9	\$ -

ECONOMIC FACTORS

The City of Richmond's employment market is a broadly diverse mix of business types that includes manufacturing and construction, healthcare, financial, legal, professional, and other business services. Being the capital of the Commonwealth of Virginia, the City also benefits from a large and growing number of Federal and State jobs based in the City. Key private sector employers within the City include the three Fortune 1000 headquarters of Dominion Energy, Universal Corporation, and New Market Corporation. The largest private employers in the greater Richmond metropolitan area include Capital One Financial Corporation, VCU Health System, HCA Health System, Dominion Energy, Truist Financial Corporation, Amazon.com, and the Federal Reserve Bank of Richmond. Major colleges and universities found within Richmond include Virginia Commonwealth University, University of Richmond, Virginia Union University, and Reynolds Community College, which provide a steady stream of talented graduates to support the growth of local businesses.

The City's population has grown since 2014, reaching 229,395 in 2022 according to the U.S. Census Bureau's American Community Survey 2022 1-year estimates. The overall Richmond metropolitan region now includes a population of more than 1.3 million in central Virginia. The City of Richmond's unemployment rate remained unchanged, closing out at 3.4 percent in June 2023 compared to 3.4 percent in June 2022. The City's current unemployment rate is slightly below the national average. The assessed values of Richmond's

taxable real estate reported strong growth over the fiscal year. The assessed value of taxable real estate in the City grew 13.9 percent in FY 2023, from \$32.0 billion to \$36.2 billion. Current and Delinquent Real Estate tax collections grew from \$370.2 million to \$411.2 million during the fiscal year.

In December of 2021 issued a Request for Interest for the Diamond District Project which seeks to redevelop 67.57 acres of under-developed, publicly-owned property along the I-95 east coast corridor into a mixed-use, mixed-income entertainment destination. The City has been preparing for a redevelopment of this strategic site for a number of years and, in the process, has relocated city functions, demolished buildings, and remediated the site with the exception of the baseball stadium and the Arthur Ashe Junior Athletic Center. The City has selected RVA Diamond Partners LLC as the development team to partner with the City to fulfill the vision for the Diamond District.

In May of 2022, the City of Richmond adopted the Strategic Plan for Equitable Economic Development (SPEED). SPEED focuses on community, innovation, and industry. The plan outlines tangible steps toward addressing long-standing inequities that have only been exacerbated by the COVID-19 pandemic, including racial disparities in education, poverty, housing, and health. Each of the plan's initiatives are designed to build a more equitable, inclusive, and sustainable economy for Richmond. The plan establishes five aggressive economic development goals through Fiscal Year 2026: \$3 billion in capital investment for economic development projects; 3,000 announced new jobs with annual salaries at or about \$52,000; reduce the poverty rate by 5 percentage points; public and private sector real estate development activities that generate \$25 million in annual real estate tax revenue; and 2,500 postsecondary credentials awarded to Richmond residents.

In November of 2022, the Economic Development Authority in collaboration with the Greater Richmond Convention Center Authority, issued a Request for Interest to solicit creative development responses from financially capable and experienced development teams interested in purchasing and redeveloping approximately 9.4 acres of under-utilized, EDA-owned property in Richmond's City Center Innovation District ("City Center"). The vision for City Center is to redevelop the area to become a mixed-use, mixed-income urban innovation district destination anchored by a headquarter hotel supporting the Greater Richmond Convention Center along with commercial, educational, and residential development to create a dynamic downtown.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide City residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives and disburses. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, City of Richmond, 900 East Broad Street, 10th floor Suite 1003, Richmond, Virginia 23219.

BASIC FINANCIAL



STATEMENTS

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CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2023

Exhibit A, Continued

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 548,660,035	\$ 246,322,778	\$ 794,982,813	\$ 107,603,577
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	97,585,848	-	97,585,848	-
Accounts Receivable	36,945,543	87,508,290	124,453,833	12,910,736
Leases Receivable	761,786	-	761,786	56,959
Internal Balances, Net	2,692,112	(2,692,112)	-	-
Due From Primary Government	-	-	-	119,692
Due From Other Governments (Note 5)	11,308,755	12,776,183	24,084,938	38,779,419
Inventories of Materials and Supplies	287,769	17,911,385	18,199,154	1,324,437
Prepaid Assets	9,913	7,952,841	7,962,754	96,449,047
Total Current Assets	698,251,761	369,779,365	1,068,031,126	257,243,867
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	38,215,948	114,570,286	152,786,234	44,646,146
Lease Receivable	4,626,342	-	4,626,342	-
Capital Assets, Net (Note 6):				
Land, Land Improvement and Works of Art/Historical	112,036,922	26,342,255	138,379,177	10,915,731
Infrastructure, Net	391,397,157	1,099,434,711	1,490,831,868	-
Buildings, Structures, Improvements, and Equipment, Net	679,040,664	293,157,288	972,197,952	211,569,856
Construction in Progress	177,703,698	70,127,811	247,831,509	19,181,547
Right of Use Assets, Net	28,139,006	14,265,601	42,404,607	(82,260,293)
Total Capital Assets, Net	1,388,317,447	1,503,327,666	2,891,645,113	159,406,841
Total Non-Current Assets	1,431,159,737	1,617,897,952	3,049,057,689	204,052,987
Total Assets	2,129,411,498	1,987,677,317	4,117,088,815	461,296,854
Deferred Outflows of Resources				
Deferred Losses on Refunding	16,515,340	11,615,204	28,130,544	-
Pension/OPEB Related Activities (Note 11 and 12)	88,499,456	14,586,153	103,085,609	106,109,270
Total Deferred Outflows of Resources	\$ 105,014,796	\$ 26,201,357	\$ 131,216,153	\$ 106,109,270
Liabilities				
Current Liabilities:				
Combined RPS City Withholding	\$ 8,965,909	\$ -	\$ 8,965,909	\$ -
Accounts Payable	70,472,946	32,107,774	102,580,720	16,397,008
Accrued Liabilities	5,483,332	5,011,858	10,495,190	33,644,034
Right of Use Liabilities	3,814,542	14,413,474	18,228,016	-
Due To Component Units - Schools	59,495,755	-	59,495,755	-
Due To Other Governments	50,921	-	50,921	2,441,460
Due to Component Units - Other	-	-	-	50,813
Due to Other Funds	4,409,689	-	4,409,689	-
Accrued Interest on Bonds and Notes Payable	11,486,555	14,557,827	26,044,382	-
Unearned Revenues	154,795,135	18,149	154,813,284	48,655,235
General Obligation Bonds,				
Serial Notes Payable (Note 7)	104,131,197	8,254,739	112,385,936	-
Revenue Bonds Payable (Note 7)	-	31,460,295	31,460,295	-
Compensated Absences (Note 7)	8,163,833	1,013,266	9,177,099	3,048,579
Other Liabilities and Claims Payable	17,536,164	1,294,724	18,830,888	3,867,485
Total Current Liabilities	448,805,978	108,132,106	556,938,084	108,104,614

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2023

Exhibit A, Concluded

	Primary Government		
	Governmental Activities	Business-type Activities	Total
			Component Units
Non-Current Liabilities			
Customers' Deposits	-	9,791,881	9,791,881
Right of use liabilities	24,109,359	-	24,109,359
General Obligation Bonds, Serial Notes Payable (Note 7)	736,412,531	58,497,441	794,909,972
Revenue Bonds Payable (Note 7)	-	794,116,981	794,116,981
Compensated Absences (Note 7)	17,261,149	2,585,070	19,846,219
Other Liabilities and Claims Payable (Note 9)	32,756,896	-	32,756,896
Net Pension and OPEB Liability	282,381,253	50,170,650	332,551,903
Total Non-Current Liabilities	1,092,921,188	915,162,023	2,008,083,211
Total Liabilities	1,541,727,166	1,023,294,129	2,565,021,295
Deferred Inflows of Resources			
Deferred Revenues	40,943,319	-	40,943,319
Prepaid Taxes	58,310	-	58,310
Deferred Inflow - Leases	5,370,848	-	5,370,848
Pension/OPEB Related Activities (Note 11 and 12)	51,925,300	8,073,653	59,998,953
Total Deferred Inflows of Resources	98,297,777	8,073,653	106,371,430
Net Position			
Net Investment in Capital Assets	543,284,125	666,087,708	1,209,371,833
Restricted for (Note 8):			
Capital Projects	23,709,704	-	23,709,704
Grants and donations	53,272,505	-	53,272,505
Restricted for Debt Service	17,012,635	31,003,119	48,015,754
Permanent Funds	-	-	-
Restricted net OPEB asset	1,210,679	208,266	1,418,945
Unrestricted	(44,088,297)	285,211,799	241,123,502
Total Net Position	\$ 594,401,351	\$ 982,510,892	\$ 1,576,912,243

The accompanying notes are an integral part of the financial statements.

CITY OF RICHMOND, VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

EXHIBIT B

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
Functions/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	Component Units
Primary Government:								
Governmental:								
General Government	\$ 119,436,563	\$ 118,323,363	\$ 11,388,692	\$ -	\$ 10,275,492	\$ -	\$ 10,275,492	\$ -
Public Safety and Judiciary	312,086,781	31,331,095	8,714,047	-	(272,041,639)	-	(272,041,639)	-
Highways, Streets, Sanitation and Refuse	109,716,400	60,419,990	27,400,761	15,120,872	(6,774,777)	-	(6,774,777)	-
Human Services	93,607,244	45,552,871	3,636,323	-	(44,418,050)	-	(44,418,050)	-
Culture and Recreation	41,240,794	2,762,926	373,763	-	(38,104,105)	-	(38,104,105)	-
Education	220,622,729	-	-	-	(220,622,729)	-	(220,622,729)	-
Transportation	8,619,754	-	-	-	(8,619,754)	-	(8,619,754)	-
Interest and Fiscal Charges	33,074,979	-	2,415,377	623,585	(30,036,017)	-	(30,036,017)	-
Total Governmental Activities	938,405,244	258,390,245	53,928,963	15,744,457	(610,341,579)	-	(610,341,579)	-
Business-type:								
Gas	\$ 207,645,244	\$ 218,573,161	\$ -	\$ 408,810	\$ -	\$ 11,336,727	\$ 11,336,727	\$ -
Water	71,442,087	84,162,374	883,974	12,551,632	-	26,155,893	26,155,893	-
Wastewater	81,639,278	102,062,493	-	1,517,499	-	21,940,714	21,940,714	-
Stormwater	12,441,815	14,334,996	106,463	139,345	-	2,138,989	2,138,989	-
Cemeteries	2,323,839	1,751,063	-	-	-	(572,776)	(572,776)	-
Parking	14,256,958	19,077,194	-	-	-	4,820,236	4,820,236	-
Total Business-type Activities	389,749,221	439,961,281	990,437	14,617,286	-	65,819,783	65,819,783	-
Total Primary Government	\$ 1,328,154,465	\$ 698,351,526	\$ 54,919,400	\$ 30,361,743	\$ (610,341,579)	\$ 65,819,783	\$ (544,521,796)	\$ -
Component Units:								
School Board	263,183,080	-	-	-	-	-	-	(263,183,080)
Richmond Economic Development Authority	2,214,382	660,661	779,146	-	-	-	-	(774,575)
Richmond Ambulance Authority	20,825,570	13,300,942	232,397	-	-	-	-	(7,292,231)
Richmond Behavioral Health Authority	83,304,565	23,575,899	-	-	-	-	-	(59,728,666)
Richmond Redevelopment and Housing Authority	78,757,507	10,352,507	1,897,448	2,763,920	-	-	-	(63,743,632)
Total Component Units	\$ 448,285,104	\$ 47,890,009	\$ 2,908,991	\$ 2,763,920	\$ -	\$ -	\$ -	(394,722,184)
General Revenues:								
City Taxes								
Real Estate					424,771,551	-	424,771,551	-
Sales Tax					50,865,941	-	50,865,941	-
Personal Property					70,822,467	-	70,822,467	-
Machinery and Tools					17,228,901	-	17,228,901	-
General Utility Sales					18,699,801	-	18,699,801	-
State Communication Taxes					11,740,138	-	11,740,138	-
Bank Stock					10,744,703	-	10,744,703	-
Prepared Food					55,399,485	-	55,399,485	-
Cigarette Tax					2,483,993	-	2,483,993	-
Lodging Tax					9,678,534	-	9,678,534	-
Admissions					3,646,975	-	3,646,975	-
Real Estate Taxes - Delinquent					10,824,712	-	10,824,712	-
Personal Property Taxes - Delinquent					18,648,863	-	18,648,863	-
Penalties and Interest					6,181,051	-	6,181,051	-
Property Rental 1%					265,561	-	265,561	-
Vehicle Rental Tax					1,233,191	-	1,233,191	-
Telephone Commissions					325,784	-	325,784	-
Total City Taxes					713,561,651	-	713,561,651	-
Intergovernmental Revenue					-	-	-	429,398,019
Payment From Primary Government - Unrestricted					-	-	-	5,685,881
Pilot					1,188,255	-	1,188,255	-
Investment Earnings					1,339,250	14,879,358	16,218,608	516,983
Miscellaneous					30,012,707	(670,422)	29,342,285	11,018,152
Transfers					23,067,377	(23,067,612)	(235)	-
Total General Revenues and Transfers					769,169,240	(8,858,676)	760,310,564	446,619,035
Changes in Net Position					158,827,661	56,961,107	215,788,768	51,896,851
Net Position - Beginning of Year					435,573,690	925,549,785	1,361,123,475	(56,099,222)
Net Position - End of Year					\$ 594,401,351	\$ 982,510,892	\$ 1,576,912,243	\$ (4,202,371)

The accompanying notes are in integral part of the financial statements.

**CITY OF RICHMOND, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

EXHIBIT C, Continued

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents (Note 3)	\$ 423,593,113	\$ 1,979,169	\$ -	\$ 55,930,463	\$ 481,502,745
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	97,585,848	-	-	-	97,585,848
Accounts Receivable, Net	19,769,785	2,086,000	-	12,370,768	34,226,553
Account Receivable - Leases	5,388,128	-	-	-	5,388,128
Due From Other Funds (Note 4)	69,393,134	-	-	-	69,393,134
Due From Other Governments (Note 5)	191,275	-	2,913,349	8,204,131	11,308,755
Prepaid Assets	9,913	-	-	-	9,913
Restricted Assets - Cash and Investments (Note 3)	389,080	14,049,538	23,709,704	67,626	38,215,948
Total Assets	<u>616,320,276</u>	<u>18,114,707</u>	<u>26,623,053</u>	<u>76,572,988</u>	<u>737,631,024</u>
Liabilities:					
Accounts Payable	32,860,838	86,257	8,538,885	5,631,543	47,117,523
Accrued Liabilities	739,865	-	-	1,141,369	1,881,234
Accrued Wages	7,278,211	-	84,100	1,054,075	8,416,386
Due To Component Units - Schools	59,495,755	-	-	-	59,495,755
Due To Other Governments	50,918	-	-	-	50,918
Due To Other Funds (Note 4)	-	-	61,622,234	4,999,671	66,621,905
Unearned Revenue	140,480,455	-	7,709,666	6,605,014	154,795,135
Total Liabilities	<u>240,906,042</u>	<u>86,257</u>	<u>77,954,885</u>	<u>19,431,672</u>	<u>338,378,856</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	107,479,326	-	-	-	107,479,326
Deferred Revenue - Opioid Settlement	-	-	-	5,165,313	5,165,313
Prepaid Taxes	58,310	-	-	-	58,310
Deferred Inflow - Leases	5,336,695	-	-	-	5,336,695
Total Deferred Inflows of Resources	<u>112,874,331</u>	<u>-</u>	<u>-</u>	<u>5,165,313</u>	<u>118,039,644</u>
Fund Balances (Note 8):					
Nonspendable	14,170	-	-	-	14,170
Restricted	-	17,012,635	23,709,704	53,272,505	93,994,844
Committed	29,794,892	-	-	-	29,794,892
Assigned	92,828,230	-	-	-	92,828,230
Unassigned	139,902,611	1,015,815	(75,041,536)	(1,296,502)	64,580,388
Total Fund Balances	<u>262,539,903</u>	<u>18,028,450</u>	<u>(51,331,832)</u>	<u>51,976,003</u>	<u>281,212,524</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 616,320,276</u>	<u>\$ 18,114,707</u>	<u>\$ 26,623,053</u>	<u>\$ 76,572,988</u>	<u>\$ 737,631,024</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2023

EXHIBIT C, Concluded

Total Fund Balances for Governmental Funds	\$ 281,212,524
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land, Works of Art/Historical Treasures	111,673,533	
Infrastructure, net	391,397,157	
Buildings, structures, improvements, and equipment, net	649,999,716	
Construction in progress	177,414,038	
Right of use assets	26,927,925	1,357,412,369

Other Assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds

Deferred loss on refunding debt	16,515,230	
Deferred Outflows Pension and OPEB	<u>85,044,947</u>	101,560,177

Some of the City's assets will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.

Taxes	66,536,007	
Opioid Settlement	5,165,313	71,701,320

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Accrued Interest	(11,434,270)	
Right of use liabilities	(27,923,901)	
Governmental bonds, notes payable, and line of credit	(830,677,402)	
Compensated Absences	(24,005,626)	
Pension and OPEB related - Deferred Inflow of Resources	(50,013,178)	
Pension and OPEB related - Net Pension Liability	<u>(270,499,112)</u>	(1,214,553,489)

Internal service funds are used by the City to charge costs of certain activities to individual funds. The net position of the internal service funds are reported as components of Governmental Activities

(2,931,550)

Net Position of Governmental Activities	<u><u>\$ 594,401,351</u></u>
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CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

EXHIBIT D, Continued

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
City Taxes					
Real Estate	\$ 400,399,011	\$ -	\$ -	\$ -	\$ 400,399,011
Sales Tax	50,865,941	-	-	-	50,865,941
Personal Property	66,758,816	-	-	-	66,758,816
Machinery and Tools	16,240,341	-	-	-	16,240,341
Utility Sales Tax Gas	5,301,303	-	-	-	5,301,303
Utility Sales Tax Electric	14,818,687	-	-	-	14,818,687
State Communications Taxes	11,740,138	-	-	-	11,740,138
Bank Stock	10,744,703	-	-	-	10,744,703
Prepared Food	52,216,109	-	-	-	52,216,109
Cigarette Tax	2,483,993	-	-	-	2,483,993
Lodging Tax	9,123,199	-	-	-	9,123,199
Admission	3,437,719	-	-	-	3,437,719
Real Estate Taxes - Delinquent	10,824,712	-	-	-	10,824,712
Personal Property Taxes - Delinquent	18,648,863	-	-	-	18,648,863
Penalties and Interest	7,700,452	-	-	-	7,700,452
Property Rental 1%	265,561	-	-	-	265,561
Vehicle Rental Tax	1,233,191	-	-	-	1,233,191
Telephone Commissions	325,784	-	-	-	325,784
Total City Taxes	683,128,523	-	-	-	683,128,523
Licenses, Permits and Privilege Fees	49,045,577	-	-	-	49,045,577
Intergovernmental	97,544,027	623,585	15,120,872	91,264,841	204,553,325
Service Charges	35,227,612	-	-	3,043,362	38,270,974
Fines and Forfeitures	7,628,767	-	-	350,222	7,978,989
Utility Payments	22,869,605	-	-	-	22,869,605
Investment Income	9,679,243	385,069	589,893	364,376	11,018,581
Lease Revenue	-	-	-	2,144,211	2,144,211
Miscellaneous	13,352,773	-	133,493	10,312,572	23,798,838
Total Revenues	918,476,127	1,008,654	15,844,258	107,479,584	1,042,808,623
Expenditures					
Current:					
General Government	74,226,119	-	-	18,129,705	92,355,824
Public Safety and Judiciary	239,551,509	-	-	11,989,202	251,540,711
Highways, Streets, Sanitation and Refuse	41,277,232	-	-	58,138,201	99,415,433
Human Services	60,388,091	-	-	18,568,993	78,957,084
Culture and Recreation	31,988,076	-	-	1,650,457	33,638,533
Education	200,307,625	-	-	-	200,307,625
Non-Departmental	102,395,790	-	-	-	102,395,790
Capital Outlay	11,201	-	85,538,964	-	85,550,165
Debt Service:					
Principal Retirement	-	111,562,232	-	-	111,562,232
Interest Payments	-	30,427,920	-	-	30,427,920
Debt Issuance costs	-	795,287	-	-	795,287
Total Expenditures	750,145,643	142,785,439	85,538,964	108,476,558	1,086,946,604
Excess (Deficiency) of Revenues Over (Under) Expenditures	168,330,484	(141,776,785)	(69,694,706)	(996,974)	(44,137,981)
Other Financing Sources and Uses					
Issuance of Bonds and Notes	-	-	37,500,000	-	37,500,000
Issuance of Refunding Bonds	-	53,037,814	-	-	53,037,814
Receipts from EDA	-	1,436,083	-	-	1,436,083
Transfers In - Other Funds	4,037,010	89,941,603	12,089,512	15,297,728	121,365,853
Transfers Out - Other Funds	(116,076,752)	-	-	(2,474,500)	(118,551,252)
Total Other Financing Sources, Net	(112,039,742)	144,415,500	49,589,512	12,823,228	94,788,498
Net Change in Fund Balances	56,290,742	2,638,715	(20,105,194)	11,826,254	50,650,517
Fund Balances - Beginning of Year	206,249,161	15,389,735	(31,226,638)	40,149,749	230,562,007
Fund Balances - End of Year	\$ 262,539,903	\$ 18,028,450	\$ (51,331,832)	\$ 51,976,003	\$ 281,212,524

The accompanying notes are an integral part of the financial statements.

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

EXHIBIT D, Concluded

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in Fund Balances - Total Governmental Funds	\$ 50,650,517
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Purchase/Disposal of Assets	109,103,064	
Depreciation expense	<u>(56,955,772)</u>	52,147,292

The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from borrowing, net of escrow payments	(94,045,448)	
Principal payments of bonds, net of payments on behalf of Component Units	111,273,995	
Amortization of bond premiums and refunding	<u>10,967,149</u>	28,195,696

Some revenues in the Statement of Activities do not provide of current financial resources and, therefore, are not reported as revenues in the governmental funds.

Change in Deferred Tax Revenue	33,368,053	
Change in Other Deferred Revenue	5,165,313	38,533,366

Some expenditures in the Statement of Activities do not require the use of current financial resources

and, therefore, are not reported as expenditures in the governmental funds.

Change in Accrued Interest	397,328	
Change in Compensated Absences	(2,718,121)	
Change in Net Pension and OPEB Obligations	<u>7,859,156</u>	5,538,363

Internal Service Funds are used by the City to charge costs of certain activities to individual funds.

The net revenue of Internal Service Funds is reported as a component of Governmental Activities.	<u>(16,237,573)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 158,827,661</u></u>
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CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

EXHIBIT E-1

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Assets							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 5,144,942	\$ 107,701,217	\$ 118,752,410	\$ 74,656	\$ 14,649,553	\$ 246,322,778	\$ 67,157,290
Accounts Receivables (Net of Allowance for Doubtful Accounts)	24,155,181	32,430,531	24,210,837	4,760,181	1,951,560	87,508,290	2,718,990
Due From Other Funds (Note 4)	2,193,076	2,193,076	3,737,081	-	-	8,123,233	-
Due From Other Governments (Note 5)	-	10,391,103	2,067,255	317,825	-	12,776,183	-
Inventories of Materials and Supplies	8,867,105	-	-	-	-	8,867,105	9,332,049
Prepaid Expenses and Other Current Assets	2,634,864	2,333,083	2,848,331	-	45	7,816,323	136,518
Total Current Assets	42,995,168	155,049,010	151,615,914	5,152,662	16,601,158	371,413,912	79,344,847
Noncurrent Assets:							
Restricted Cash	10,598,574	7,363,151	96,608,561	-	-	114,570,286	-
Capital Assets (Note 6):							
Land	219,200	878,307	1,101,261	-	22,456,955	24,655,723	2,049,921
Buildings and Structures	740,031,084	567,264,591	801,424,387	53,800,201	36,131,729	2,198,651,992	59,439,583
Equipment and Other Assets	38,371,397	131,944,289	111,935,960	29,924,392	3,818,791	315,994,829	108,531,242
Construction in Progress	2,910,340	9,568,161	53,310,884	4,338,426	-	70,127,811	289,660
Less: Accumulated Depreciation	(364,536,548)	(300,760,985)	(424,917,751)	(13,830,272)	(18,554,750)	(1,122,600,306)	(138,418,321)
ROU Assets Land & Land Rights	-	-	-	-	14,482,020	14,482,020	-
ROU Assets-Equip & Other Assets	-	-	-	-	-	-	1,567,894
Less: Accumulated amortization	-	-	-	-	(216,419)	(216,419)	(356,813)
Total capital assets, net accumulated depreciation and amortization	416,995,473	408,894,363	542,854,741	74,232,747	58,118,326	1,501,095,650	33,103,166
Total Noncurrent Assets	427,594,047	416,257,514	639,463,302	74,232,747	58,118,326	1,615,665,936	33,103,166
Total Assets	470,589,215	571,306,524	791,079,216	79,385,409	74,719,484	1,987,079,848	112,448,013
Deferred Outflows of Resources							
Losses on Refunding of Debt	4,336,687	2,777,446	4,501,071	-	-	11,615,204	110
Pension / OPEB Related Activities (Note 11 and 12)	4,998,588	3,512,520	3,942,376	1,204,871	808,819	14,467,174	3,573,488
Total Deferred Outflows of Resources	9,335,275	6,289,966	8,443,447	1,204,871	808,819	26,082,378	3,573,598
Liabilities							
Current Liabilities:							
Combined RPS City Withholding	-	-	-	-	-	-	8,965,909
Accounts Payable	10,101,847	8,589,285	10,591,714	3,788,326	1,098,730	34,169,902	14,774,113
Accrued Liabilities	761,125	1,350,227	466,105	153,757	73,057	2,804,271	3,912,706
Due To Other Funds (Note 4)	-	-	-	4,469,748	2,692,112	7,161,860	8,142,293
Accrued Interest on Bonds Payable	4,719,369	3,279,012	5,921,288	99,564	538,594	14,557,827	52,285
General Obligation Bonds and Notes Payable (Note 7)	2,341,924	1,413,750	-	882,766	3,616,299	8,254,739	2,519,326
Revenue Bonds Payable (Note 7)	9,694,160	7,630,830	14,135,305	-	-	31,460,295	-
Compensated Absences (Note 7)	349,616	265,886	263,251	89,710	38,619	1,007,082	453,452
Other Liabilities & Claims Payable	-	-	-	1,294,724	14,431,623	15,726,347	17,536,164
Total Current Liabilities	27,968,041	22,528,990	31,377,663	10,778,595	22,489,034	115,142,323	56,356,248
Noncurrent Liabilities:							
Customers' Deposits	7,155,685	2,636,196	-	-	-	9,791,881	-
General Obligation Bonds and Notes Payable (Note 7)	-	-	-	24,553,146	33,944,295	58,497,441	7,347,000
Revenue Bonds Payable (Note 7)	246,549,077	176,167,759	371,400,145	-	-	794,116,981	-
Compensated Absences (Note 7)	897,705	682,714	675,946	230,347	82,481	2,569,193	987,965
Net Pension and OPEB Liability	17,193,179	12,081,698	13,560,217	4,144,286	2,782,025	49,761,405	12,291,386
NC Other Liabilities & Claims Payable	-	-	-	-	-	-	32,756,896
Total Noncurrent Liabilities	271,795,646	191,568,367	385,636,308	28,927,779	36,808,801	914,736,901	53,383,247
Total Liabilities	299,763,687	214,097,357	417,013,971	39,706,374	59,297,835	1,029,879,224	109,739,495
Deferred Inflows of Resources							
Pension & OPEB Related Activities (Note 11 and 12)	2,766,791	1,944,232	2,182,164	666,916	447,693	8,007,796	1,977,980
Total Deferred Inflows of Resources	2,766,791	1,944,232	2,182,164	666,916	447,693	8,007,796	1,977,980
Net Position							
Net Investment in Capital Assets	160,874,137	221,284,252	237,621,682	41,299,041	2,776,582	663,855,694	26,431,129
Restricted - Debt Service	9,984,095	7,363,151	13,655,873	-	-	31,003,119	-
Unrestricted	6,535,780	132,907,498	129,048,973	(1,082,051)	13,006,193	280,416,393	(22,126,993)
Total Net Position	\$ 177,394,012	\$ 361,554,901	\$ 380,326,528	\$ 40,216,990	\$ 15,782,775	\$ 975,275,206	\$ 4,304,136

The accompanying notes are an integral part of the financial statements.

CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

EXHIBIT E-2

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Operating Revenues							
Charges for Goods and Services	\$ 218,098,658	\$ 83,687,872	\$ 102,062,493	\$ 14,334,996	\$ 20,828,257	\$ 439,012,276	\$ 133,280,069
Operating Expenses							
Purchased Gas	123,459,064	-	-	-	-	123,459,064	-
Intragovernmental Goods and Services Sold	-	-	-	-	-	-	13,367,898
Salaries and Wages and Benefits	13,834,520	13,248,973	13,344,322	3,704,522	4,227,894	48,360,231	16,625,264
Data Processing	-	-	-	-	-	-	12,392,974
Materials and Supplies	2,055,074	2,355,494	1,561,516	156,753	56,476	6,185,313	1,921,374
Rents and Utilities	648,996	5,384,837	6,808,998	137,447	799,287	13,779,565	2,922,824
Maintenance and Repairs	21,417,306	9,427,621	9,555,065	4,575,240	920,719	45,895,951	4,218,789
Depreciation and Amortization	24,456,173	17,632,348	21,300,860	1,829,042	1,545,705	66,764,128	4,335,410
Claims and Settlements	-	-	-	-	49,634	49,634	78,992,857
Uncollectible Expense	5,207,028	3,315,285	3,045,055	677,123	-	12,244,491	9,926
Miscellaneous Operating Expenses	13,337,046	19,311,292	22,020,144	814,231	7,974,243	63,456,956	14,461,175
Total Operating Expenses	204,415,207	70,675,850	77,635,960	11,894,358	15,573,958	380,195,333	149,248,491
Operating Income (Loss)	13,683,451	13,012,022	24,426,533	2,440,638	5,254,299	58,816,943	(15,968,422)
Non-Operating Revenues (Expenses)							
Interest on Long-Term Debt	(9,268,993)	(6,535,680)	(11,632,525)	(547,457)	(1,006,839)	(28,991,494)	(219,816)
Interest Income	758,935	5,084,224	9,036,199	-	-	14,879,358	-
Interest Expense	(36,132)	(10,647)	-	-	-	(46,779)	-
Miscellaneous Revenues (Expenses)	5,832	932,765	(915,108)	139,053	-	162,542	165,691
Total Non-Operating Revenues (Expenses), Net	(8,540,358)	(529,338)	(3,511,434)	(408,404)	(1,006,839)	(13,996,373)	(54,125)
Net Income Before Contributions and Transfers	5,143,093	12,482,684	20,915,099	2,032,234	4,247,460	44,820,570	(16,022,547)
Capital Contributions	408,810	12,551,632	1,517,499	139,345	-	14,617,286	122,832
Transfers Out - Other Funds	(1,110,298)	(1,704,304)	-	-	-	(2,814,602)	-
Change in Net Position	4,441,605	23,330,012	22,432,598	2,171,579	4,247,460	56,623,254	(15,899,715)
Net Position - Beginning of Year, as restated	172,952,407	338,224,889	357,893,930	38,045,411	11,535,315	918,651,952	20,203,851
Net Position - End of Year	\$ 177,394,012	\$ 361,554,901	\$ 380,326,528	\$ 40,216,990	\$ 15,782,775	\$ 975,275,206	\$ 4,304,136

The accompanying notes are an integral part of the financial statements.

CITY OF RICHMOND, VIRGINIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

EXHIBIT E-3

	Enterprise Funds					Internal
	Gas	Water	Wastewater	Stormwater	Other	Service Funds
Cash Flows from Operating Activities						
Receipts from Customers	\$ 219,886,743	\$ 74,868,949	\$ 94,583,481	\$ 13,243,556	\$ 19,755,423	\$ 422,338,152
Payments to Suppliers	(159,290,688)	(30,436,488)	(30,432,675)	(5,087,711)	(9,810,973)	(235,058,535)
Payments to Employees	(16,671,293)	(14,029,207)	(13,783,094)	(4,402,476)	(2,363,060)	(51,249,130)
Payments to Other Funds	(6,221,598)	(5,881,514)	(7,582,822)	-	-	(19,685,934)
Receipts from Other Funds	-	-	-	-	-	-
Other Receipts or (Payments)	103,150	1,191,222	(915,108)	139,053	-	518,317
Net Cash Provided By Operating Activities	37,806,314	25,712,962	41,869,782	3,892,422	7,581,390	116,862,870
Cash Flows from Noncapital Financing Activities						
Transfers In - Other Funds	-	-	-	-	-	-
Transfers Out - Other Funds	(1,110,298)	(1,704,304)	-	-	-	(2,814,602)
Due From Other Funds	(1,081,007)	(1,130,008)	312,898	(938,694)	-	(2,836,811)
Due to Other Funds	-	-	-	-	364,171	364,171
Net Cash Provided By (Used In) Noncapital Financing Activities	(2,191,305)	(2,834,312)	312,898	(938,694)	364,171	(5,287,242)
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets/ROU Assets	(27,996,471)	(29,629,596)	(55,105,214)	(17,357,897)	(68,546)	(130,157,724)
Proceeds from Bond Sale	-	-	12,799,844	23,269,168	-	36,069,012
Capital Grants and Contributions	408,810	9,889,892	1,519,874	103,515	-	-
Repayments of Revenue Bonds, General Obligation Bonds	(11,876,981)	(8,984,690)	(13,884,420)	(8,412,626)	(3,674,386)	(46,833,103)
Repayments of Notes Payables	-	-	-	-	-	-
Interest Paid on Long-Term Debt	(10,785,324)	(7,530,418)	(13,508,662)	(481,232)	(1,060,535)	(33,366,171)
Net Cash Used in Capital and Related Financing Activities	(50,249,966)	(36,254,812)	(68,178,578)	(2,879,072)	(4,803,467)	(174,287,986)
Cash Flows from Investing Activities						
Interest Earned on Operating Funds	758,935	5,084,224	9,036,199	-	-	14,879,358
Interest Paid on Customers' Deposits	(36,132)	(10,647)	-	-	-	(46,779)
Net Cash Provided By Investing Activities	722,803	5,073,577	9,036,199	-	-	14,832,579
Net Increase (Decrease) in Cash and Cash Equivalents	(13,912,154)	(8,302,585)	(16,959,699)	74,656	3,142,094	(35,957,688)
Cash and Cash Equivalents at July 1, 2021	29,655,670	123,366,953	232,320,670	-	10,328,587	395,671,880
Cash and Cash Equivalents at June 30, 2022	\$ 15,743,516	\$ 115,064,368	\$ 215,360,971	\$ 74,656	\$ 13,470,681	\$ 359,714,192
Reconciliation of Operating Income						
To Net Cash Provided by Operating Activities						
Operating Income	\$ 13,683,451	\$ 13,012,022	\$ 24,426,533	\$ 2,440,638	\$ 4,606,810	\$ 58,169,454
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and amortization	24,456,173	17,632,348	21,300,860	1,829,042	1,545,705	66,764,128
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-	647,475	647,475
Pension Expense	(3,084,021)	(962,618)	(579,570)	(740,727)	1,851,642	(3,515,294)
Miscellaneous Revenues (Expenses)	5,832	932,765	(915,108)	139,053	(45)	162,497
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:						
Accounts Receivable	6,995,113	(5,503,638)	(4,433,958)	(414,318)	(425,359)	(3,782,160)
Inventories of Material and Supplies	5,850,728	-	-	-	-	5,850,728
Prepaid Expenses	(101,287)	(139,227)	(53,526)	-	-	(294,040)
Accounts Payable	(10,342,091)	417,906	1,983,757	517,990	(10,596)	(7,433,034)
Accrued Liabilities	138,360	(17,476)	68,107	23,763	(647,434)	(434,680)
Customers' Deposits	97,319	258,457	-	-	-	355,776
Compensated Absences	106,737	82,423	72,687	19,010	13,192	294,049
Other Liabilities	-	-	-	77,971	-	77,971
Total Adjustments	24,122,863	12,700,940	17,443,249	1,451,784	2,974,580	58,693,416
Net Cash Provided by Operating Activities	\$ 37,806,314	\$ 25,712,962	\$ 41,869,782	\$ 3,892,422	\$ 7,581,390	\$ 116,862,870

The accompanying notes are an integral part of the basic financial statements

CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

EXHIBIT F-1

	Pension & Other Employee Benefit Trust Funds	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets			
Cash and Cash Equivalents	\$ 6,311,331	\$ 2,612,063	\$ 1,236,746
Receivables:			
Accounts Receivable	2,793,816	-	-
Total Receivables	2,793,816	-	-
Investments at fair value:			
US Equities	156,764,082	-	-
International Equities	107,940,068	-	-
Fixed Income	160,197,674	-	-
Real Estate	72,071,391	-	-
Diversifying Assets	49,161,393	-	-
Private Debt	54,403,207	-	-
Private Equity	48,346,925	-	-
Pooled Investment Funds	10,300,662	-	-
Total investments	659,185,402	-	-
Other Assets	143,563	-	-
Total Assets	\$ 668,434,112	\$ 2,612,063	\$ 1,236,746
Liabilities			
DROP Payable	\$ 14,323,729	\$ -	\$ -
Accounts Payable	2,364,401	-	617,026
Investment Expense Payable	235,998	-	-
Retirement & Death Benefit Payable	359,542	-	-
Due To Other Governments	-	-	29,795
Due to Others	-	2,612,063	565,557
Total Liabilities	17,283,670	2,612,063	1,212,378
Net Position			
Restricted for:			
Pensions	640,849,780	-	-
Postemployment benefits, Other Than Pensions	10,300,662	-	-
Individuals, Organizations, Other governments	-	-	24,368
Total Net Position	\$ 651,150,442	\$ -	\$ 24,368

The accompanying notes are an integral part of the basic financial statements.

CITY OF RICHMOND, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2023

EXHIBIT F-2

	Pension & Other Employee Benefit Trust Funds	Social Welfare Private-Pur pose Trust Fund	Custodial Funds
Additions			
Contributions:			
Individuals	\$ 2,039,752	\$ -	\$ 484,862
City of Richmond	63,608,195	-	-
RBHA	1,336,217	-	-
Other	26,319	-	-
Total Contributions	67,010,483	-	484,862
Investment earnings/(loss):			
Net increase in fair value of investments	28,187,713	-	-
Interest, dividends, other	8,658,005	-	-
Total Investment Earnings	36,845,718	-	-
Less Investment Costs			
Investment activity costs	1,332,845	-	-
Net Investment Loss	35,512,873	-	-
License and fees collected for State	-	-	39,193
Miscellaneous	-	128,550	-
Total Additions	102,523,356	128,550	524,055
Deductions			
Benefits paid to participants or beneficiaries	77,074,911	-	460,511
Refunds of member contributions	71,269	-	-
Payments to state	-	-	36,561
Administrative expense	1,552,835	128,550	-
Other	66,135	-	-
Total Deductions	78,765,150	128,550	497,072
Change in Net Position	23,758,206	-	26,983
Net Position - July 1, 2022	627,392,236	-	(2,615)
Net Position - June 30, 2023	\$ 651,150,442	\$ -	\$ 24,368

The accompanying notes are an integral part of the basic financial statements.

**CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
6/30/2023**

EXHIBIT G-1

	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
Assets						
Cash and Cash Equivalents	\$ 62,086,646	\$ 10,632,851	\$ 97,971	\$ 23,539,036	\$ 38,007,749	\$ 134,364,253
Due From Primary Government	-	119,692	-	-	-	119,692
Due From Other Governments	35,638,946	-	-	3,140,473	-	38,779,419
Accounts Receivable	1,318,946	-	4,585,359	2,222,305	1,320,705	9,447,315
Other Current Assets	-	21,848	-	-	3,463,421	3,485,269
Financed purchase notes receivable current portion	-	560,594	-	-	5,384,912	5,945,506
Lease receivable, current portion	-	56,959	-	-	-	56,959
Inventories of Materials and Supplies	516,670	-	246,452	-	-	763,122
Prepaid Expenses and Other Current Assets	25,400	-	469,677	646,728	809,920	1,951,725
Investments	1,711,863	-	3,000,000	-	-	4,711,863
Net Pension Asset	900,420	-	-	-	-	900,420
Property held for sale	-	13,173,607	-	-	-	13,173,607
Financed purchase notes receivable, less current portion	-	18,786,457	-	-	-	18,786,457
Lease receivable, less current portion	-	-	-	-	-	-
Loans receivable, net	-	8,985,738	-	-	-	8,985,738
Accrued interest receivable	-	1,530,697	-	-	-	1,530,697
Mortgage Loans Receivable and Other Non-Current Assets	-	-	-	-	55,944,076	55,944,076
Capital Assets:	-	-	-	-	-	-
Land	-	1,612,388	-	1,378,964	7,904,139	10,895,491
Construction in Progress	-	20,240	-	-	19,181,547	19,201,787
Buildings and Structures	-	30,121,269	1,038,872	19,823,379	138,389,342	189,372,862
Leasehold Improvements	-	-	-	3,844,315	-	3,844,315
Other Non-Current Assets	-	-	-	-	-	-
Equipment	90,045,888	-	10,060,576	7,592,325	24,770,474	132,469,263
Less: Accumulated Depreciation	(61,543,685)	(20,636,673)	(8,492,103)	(10,725,492)	(108,009,719)	(209,407,672)
Right to Use Assets	7,027,385	1,505,819	1,538,782	15,123,215	612,703	25,807,904
Less: Accumulated Depreciation	(4,620,967)	(58,478)	(330,713)	(3,922,636)	-	(8,932,794)
Leased capital asset, net	-	-	-	-	-	-
Total Capital Assets	30,908,621	12,564,565	3,815,414	33,114,070	82,848,486	163,251,156
Total Assets	133,107,512	66,433,008	12,214,873	62,662,612	187,779,269	462,197,274
Deferred Outflows of Resources						
Deferrals related to OPEB	10,940,388	-	-	519,009	5,084,858	16,544,255
Deferrals related to Pension	82,892,519	-	-	5,654,958	117,118	88,664,595
Total Deferred Outflows of Resources	93,832,907	-	-	6,173,967	5,201,976	105,208,850
Liabilities						
Accounts Payable	10,389,266	6,167	1,143,881	2,247,332	2,610,362	16,397,008
Accrued Liabilities	24,497,346	89,103	208,380	1,971,617	1,775,921	28,542,367
Accrued Interest	-	-	-	17,819	-	17,819
Due To Primary Government	-	50,813	-	-	-	50,813
Due To Other Governments	2,070,640	-	-	-	370,820	2,441,460
Unearned Revenues	20,809,235	-	7,013	26,914,320	924,667	48,655,235
Current portion of long-term liabilities	-	-	-	1,898,675	1,013,523	2,912,198
Customers' Deposits	-	140,013	-	-	710,065	850,078
Bonds, Notes Payable and Capital Leases	-	-	-	-	-	-
Current portion of recoverable Grant Payable	-	750,000	-	-	-	750,000
Other Current Liabilities	-	-	205,287	-	-	205,287
Compensated Absences	-	-	-	2,415,343	633,236	3,048,579
Accrued healthcare claims	5,083,848	-	-	-	-	5,083,848
Non-Current Liabilities:	-	-	-	-	-	-
Due within one year	4,973,091	-	-	-	-	4,973,091
Due in more than one year	291,315,520	-	-	12,418,254	6,004,294	309,738,068
Bonds, Notes Payable and Capital Leases	-	-	-	-	-	-
Other Noncurrent Liabilities	-	2,524	-	-	17,007,645	17,010,169
Net Other Postemployment Benefit Obligations	-	-	-	4,630,383	3,122,025	7,752,408
Net Pension Liability	-	-	-	9,593,273	492,229	10,085,502
Lease Payable	-	1,469,283	874,804	-	115,657	2,459,744
Recoverable grants payable	-	23,635,000	-	-	-	23,635,000
Total Liabilities	359,138,946	26,142,903	2,439,365	62,107,016	34,780,444	484,608,674
Deferred Inflow of Resources						
Deferrals related to OPEB	19,506,223	-	-	180,229	175,907	19,862,359
Deferrals related to Pension	57,415,579	-	-	2,322,912	7,344,676	67,083,167
Leases	-	54,295	-	-	-	54,295
Total Deferred Inflows of Resources	76,921,802	54,295	-	2,503,141	7,520,583	86,999,821
Net Position						
Net Investment in Capital Assets	25,908,937	5,095,282	2,366,066	18,797,141	82,186,247	134,353,673
Restricted for:	-	-	-	-	-	-
Capital Projects	1,638,184	7,192,477	-	-	7,776,710	16,607,371
Permanent Funds:	1,411,425	-	-	-	-	1,411,425
Special Revenue Funds:	5,648,260	-	-	-	-	5,648,260
Nutrition Service funds	2,197,067	-	-	-	-	2,197,067
Unrestricted	(245,924,202)	27,948,051	7,409,442	(14,570,719)	60,717,261	(164,420,167)
Total Net Position	\$ (209,120,329)	\$ 40,235,810	\$ 9,775,508	\$ 4,226,422	\$ 150,680,218	\$ (4,202,371)

The accompanying notes are an integral part of the basic financial statements.

CITY OF RICHMOND, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2023

Functions/Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
School Board	\$ 449,406,604	\$ 766,432	\$ 176,755,234	\$ 8,813,971	\$ (263,070,967)	\$ -	\$ -	\$ -	\$ -	\$ (263,070,967)
Richmond Economic Development Authority	1,461,515	660,661	779,146	-	-	(21,708)	-	-	-	(21,708)
Richmond Ambulance Authority	20,785,286	13,078,445	232,397	-	-	-	(7,474,444)	-	-	(7,474,444)
Richmond Behavioral Health Authority	83,210,566	23,575,899	-	-	-	-	-	(59,634,667)	-	(59,634,667)
Richmond Redevelopment and Housing Authority	78,743,815	9,419,769	62,963,806	5,333,952	-	-	-	-	(1,026,288)	(1,026,288)
Total Component Units	<u>\$ 633,607,786</u>	<u>\$ 47,501,206</u>	<u>\$ 240,730,583</u>	<u>\$ 14,147,923</u>	<u>\$ (263,070,967)</u>	<u>\$ (21,708)</u>	<u>\$ (7,474,444)</u>	<u>\$ (59,634,667)</u>	<u>\$ (1,026,288)</u>	<u>\$ (331,228,074)</u>
General Revenues:										
Payment From Primary Government					200,307,625	1,685,881	4,000,000	4,909,762	-	210,903,268
Intergovernmental Revenue Not Restricted to Specific Programs					92,876,407	(818,125)	1,011,079	54,973,489	-	148,042,850
Investment Earnings					60,418	-	-	-	183,880	244,298
Gain/(loss) on Disposal of Assets					-	-	222,497	-	932,738	1,155,235
Miscellaneous Other Income					6,896,456	13,354,548	22,964	516,067	-	20,790,035
Miscellaneous Capital Grants				-	-	-	-	-	2,763,920	2,763,920
Interest Expense					(112,113)	(752,867)	(40,284)	(93,999)	(13,692)	(1,012,955)
Loss or Disposal of capital assets					-	(34,411)	-	-	-	(34,411)
Interest Income					-	63,016	126,804	82,865	-	272,685
Total General Revenues					<u>300,028,793</u>	<u>13,498,042</u>	<u>5,343,060</u>	<u>60,388,184</u>	<u>3,866,846</u>	<u>383,124,925</u>
Changes in Net Position					36,957,826	13,476,334	(2,131,384)	753,517	2,840,558	51,896,851
Net Position - Beginning of Year - as restated					(246,078,155)	26,759,476	11,906,892	3,472,905	147,839,660	(56,099,222)
Net Position - End of Year					<u>\$ (209,120,329)</u>	<u>\$ 40,235,810</u>	<u>\$ 9,775,508</u>	<u>\$ 4,226,422</u>	<u>\$ 150,680,218</u>	<u>\$ (4,202,371)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Richmond, Virginia (City) was founded by William Byrd in 1737, established as a town in May 1742, and incorporated as a City on July 19, 1782. The City operates on a Mayoral-Council form of government and provides all municipal services to its residents. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City's financial statements are prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's financial reporting entity is defined and its financial statements are presented in accordance with GAAP, which defines the distinction between the City as a Primary Government and its related entities. Accordingly, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, hereafter referred to as the reporting entity. The City has two types of Component Units – Blended and Discretely. The Blended Component Units are separate legal entities, in substance, that are part of the City's operations; thus, financial data from these units are combined with that of the City and reported in the appropriate fund type. Each Blended Component Unit has a June 30 fiscal year-end. The Discretely presented Component Units, on the other hand, are reported in a separate column in the Government-Wide financial statements to emphasize that they are legally separate from the primary government. Each Discretely presented Component Unit has a June 30 fiscal year-end, except for the Richmond Redevelopment and Housing Authority, which has a September 30 fiscal year-end.

Blended Component Units

The City reports on one Blended Component Unit, the Richmond Retirement System (RRS) which is reported as a Fiduciary Pension Trust Fund.

The Richmond Retirement System (RRS)

The purpose of the RRS is to manage retirement plans for the City. RRS is fiscally dependent upon the City and provides services primarily to the City's employees. RRS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be requested at 900 East Broad Street, Richmond, VA 23219 or may be accessed on the RRS website at the following address:

<http://www.rva.gov/retirement-system/annual-reports>.

Discretely Presented Component Units

The Component Unit column in the Government-Wide financial statements comprises financial data on the City's Discretely presented Component Units. The governing bodies of all Component Units are appointed by the City Council, except the School Board of the City of Richmond, which is elected. The following Component Units are included in the reporting entity because they are financially accountable to the City and there is a financial burden and/or a benefit relationship between the City and the Component Unit.

The School Board of the City of Richmond (School Board)

The School Board administers the Richmond Public School system. The City Council approves the School Board's annual operating budget and provides a major portion of the funding through annual appropriations. Complete financial statements of the School Board may be obtained from the administrative offices located at 301 North Ninth Street, Richmond, VA 23219.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Proprietary Component Units

Economic Development Authority of the City of Richmond, Virginia (EDA)

The EDA promotes industry and develops trade by inducing entities to locate in or remain in the City. The City annually provides significant operating subsidies to the EDA, thus, a financial burden/benefit relationship exists between the entities. Complete financial statements for EDA may be requested at 501 E. Franklin Street, Richmond, VA 23219.

Richmond Ambulance Authority (RAA)

RAA provides emergency and non-emergency medical care and transportation services for the City. The City annually provides significant operating subsidies to RAA, thus, a financial burden relationship exists between the City and RAA. Complete financial statements for RAA may be requested at Post Office Box 26286, Richmond, VA 23260.

Richmond Behavioral Health Authority (RBHA)

RBHA provides behavioral health services to residents of the City under Sections 15.1-1676 of the *Code of Virginia* (1950), as amended. The City annually provides significant operating subsidies to RBHA, thus, a financial burden relationship exists between the City and RBHA. Complete financial statements for RBHA may be obtained from the administrative offices located at 107 S. 5th Street, Richmond, VA 23219.

Richmond Redevelopment and Housing Authority (RRHA)

RRHA is responsible for operating a low-income housing program, which provides housing for eligible families, for operating redevelopment and conservation programs in accordance with the City's Master Plan, and for the delivery of services to citizens of low-income housing and urban renewal areas through the encouragement and development of social and economic opportunities. The City Council appoints the Commissioners of RRHA and is financially accountable for RRHA's operations. RRHA's September 30 fiscal year-end Audited Financial Statements are included in the City's Component Unit combining financial statements. Complete financial statements for RRHA may be obtained from the administrative offices located at 901 Chamberlayne Avenue, Richmond, VA 23220.

RRHA and the City have different fiscal years, which can result in timing differences in transactions between RRHA and the City as noted in the basic financial statement balances for Due To and From Primary Government and Component Units.

Joint Ventures

Greater Richmond Transit Company (GRTC)

The City retains an ongoing financial responsibility for the Greater Richmond Transit Company, which under a joint venture agreement between the City and the County of Chesterfield, Virginia, provides mass transportation for passengers on a regional basis and associated para-transit service mandated by the Americans with Disabilities Act for the purposes of providing continuous service within and between the jurisdictions of the City, Chesterfield County and Henrico County. Greater Richmond Transit Company, a public service corporation incorporated on April 12, 1973, is governed by a six-member board of directors; three of which are appointed by the City and three by the County of Chesterfield. MV Contract Transportation Inc., is under contract with the Greater Richmond Transit Company to provide the executive management team that manages the operations of the 100 percent owned subsidiary, Old Dominion Transit Management Company, which does business as GRTC Transit System.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Fare revenues and route subsidies pay all costs associated with each locality utilizing the GRTC Transit System services only to the extent that each locality operates routes within their jurisdiction. The City expended \$7,869,754 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2023. The City also expended \$750,000 for local match funds needed to secure 80 percent of Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the Greater Richmond Transit Company can be obtained from the Finance Department, GRTC Transit System, 301 East Belt Boulevard, Richmond, VA 23224.

Jointly Governed Organizations

Capital Region Airport Commission (Commission) was created in 1975 under Chapter 380 (as amended by Chapter 410) of the *Code of Virginia* (Code) when the City and the County of Henrico adopted a resolution declaring a need for the Commission. Since that time, the Counties of Chesterfield and Hanover have become Commission participants.

The Commission is comprised of a fourteen-member board of directors, with four members each appointed by the City, County of Henrico and County of Chesterfield and two members appointed by the County of Hanover. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies. If the Commission's budget contains estimated expenditures which exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the City and Counties may, at their discretion, appropriate funds necessary to fund the deficit. The City did not provide funding to the Commission during the fiscal year ended June 30, 2023.

Central Virginia Transportation Authority (CVTA) was created by the 2020 Virginia General Assembly (Code of Virginia Chapter 33.2-3702) to serve the following Richmond metropolitan jurisdictions: Town of Ashland, Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and City of Richmond. The purpose of the CVTA is to administer transportation funding generated through the imposition of an addition regional 0.7 percent of state sales and use tax, and wholesale gas tax of 7.6 cents per gallon for gasoline and 7.7 cents per gallon of diesel fuel. Funds received through the Authority are used to address transportation-related purposes that benefit localities in the Richmond Region. CVTA funds are allocated with 35% retained by the Authority for large regional projects, 15% to the Greater Richmond Transit Authority (GRTC) to provide transit services for the region and 50% returned, proportionally, to each locality to address local transportation needs. The City received \$18,633,948 in funding for City transportation capital projects from the CVTA during the fiscal year ended June 30, 2023.

Central Virginia Waste Management Authority (CVWMA) was created pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2 of the Code of Virginia (1950), as amended). CVWMA's purpose is to plan, acquire, construct, reconstruct, improve, extend, operate, contract for and maintain any garbage and refuse collection, transfer and disposal program or system, including waste reduction, waste material recovery, recycling as mandated by law or otherwise, resource recovery, waste incineration, landfill operation, ash management, sludge disposal from water and wastewater treatment facilities, household hazardous waste management and disposal, and similar programs within one or more political subdivisions which are members of the CVWMA. The City is a member of the CVWMA. The CVWMA is governed by a Board of Directors consisting of one or more representatives appointed by each of the thirteen member cities, town and counties. The City appointed three of the twenty-member board of directors. The City provided \$3,476,296 in funding to CVWMA for the fiscal year ended June 30, 2023.

The *Greater Richmond Partnership* (GRP) is comprised of members from the City and the counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan Richmond area. The City has one member on the board that is an elected official and one alternate member. The City provided \$385,000 in funding to GRP for the year ended June 30, 2023.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The *Richmond Metropolitan Convention and Visitors Bureau (RMCVB)* – also “DBA” Richmond Region Tourism - serves the City and the Counties of Chesterfield, Hanover, Henrico and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The City has three representatives serving on the RMCVB Board of Directors. The City contributed \$1,272,185 to RMCVB for the year ended June 30, 2023.

The *Richmond Regional Planning District Commission (RRPDC)* is comprised of representatives from nine local jurisdictions which include Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond, and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of local member governments; resolve service delivery challenges involving more than one government within the region; and provide planning assistance to local governments. The City has seven representatives serving on the RRPDC. The City provided funding to RRPDC in the amount of \$1,264,636 for the year ended June 30, 2023.

The *Greater Richmond Convention Center Authority (GRCCA)*, a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, *Code of Virginia*. The GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate, and maintain the facility and grounds of a visitors and convention center. The political subdivisions participating in the incorporation of the GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Counties of Chesterfield, Hanover and Henrico. The City contributed \$10,442,608 in transient occupancy tax revenue for the year ending June 30, 2023.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

The basic financial statements include both Government-Wide (based on the City as a whole) and the Fund financial statements, including the major individual funds of the Governmental Funds (General, Capital Projects and Debt Service Funds) and Proprietary Funds (Gas, Water, Wastewater and Storm water), as well as the Fiduciary Funds and the Component Units. Both the Government-Wide and fund financial statements categorize primary activities as either governmental or business-type. In the Government-Wide Statement of Net Position, both the governmental and business-type activities columns are presented on an aggregated basis by column and are reflected on a full accrual, economic resource measurement focus basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The Government-Wide Statement of Activities reflects both the gross and net cost per functional category (e.g. Public Safety, Public Works, Human Services, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by directly related program revenues, operating and capital grants, and contributions. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not specifically restricted to the various programs are reported as general revenues. Operating grants presented include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

In the Fund financial statements, financial transactions, and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations and restrictions, or limitations. GAAP sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Non-Major Funds are combined in a single column in the fund

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

financial statements and detailed in the combining statements. The Governmental Fund financial statements are presented on current financial resources measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the Governmental Fund financial statements are presented on a different measurement focus and basis of accounting than the Government-Wide financial statements' governmental activities column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the Government-Wide financial statements.

Internal Service Funds of the City, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the Proprietary Fund financial statements. In the Government-Wide financial statements, assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses of the funds are allocated to either the governmental or business-type activities, based on their predominate use of the fund's services. To the extent possible, the costs of these services are reflected in the appropriate functional activity (e.g., Public Safety and Judiciary, Human Services, etc.). See Exhibits E-1 and E-2 for specific allocation of the Stores and Transportation Division Internal Service Fund results to the business-type activities.

The City's Fiduciary Funds are presented in the fund financial statements by type (Pension and Agency). Since by definition these assets are being held for the benefit of a third party (e.g. private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the Government-Wide financial statements.

The following is a brief description of the specific funds used by the City:

Governmental Funds

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

- *General Fund (Major Fund)* – The General Fund is the City's primary operating fund. It accounts for and reports all financial resources of the City's general government not accounted for and reported in another fund.
- *Debt Service Fund (Major Fund)* – The Debt Service Fund accounts for and reports the accumulation of resources for and the payment of principal and interest and fiscal charges not being financed by proprietary funds or financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The Debt Service Fund reports resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also are reported in the Debt Service Fund.
- *Capital Projects Fund (Major Fund)* – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets approved by City Council. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. Its principal source of funding is the sale of General Obligation Bonds.
- *Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. Each fund is established on a functional basis and may include one or more grants or other funding sources.
- *Permanent Funds* – Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the City programs, that is, for the benefit of the government or its citizenry.

Proprietary Funds

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City reports the following Proprietary Funds:

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

- *Enterprise Funds* - Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains seven Enterprise Funds consisting of the Gas, Water, Wastewater and Storm water (all of which are considered Major Funds), Cemeteries, and Parking Enterprise (which are combined into a single, aggregated presentation as Non-Major Proprietary Funds).

A description of the major Enterprise Utility Funds are as follows:

- *Gas* – The Gas Utility provides natural gas service to the City and surrounding counties. Operation of the Gas Utility is designed to be self-supporting through user charges.
- *Water* – The Water Utility provides retail water service to the City and surrounding counties. Operation of the Water Utility is designed to be self-supporting through user charges.
- *Wastewater* – The Wastewater Utility provides wastewater service to the City and portions of the surrounding counties. Operation of the Wastewater Utility is designed to be self-supporting through user charges.
- *Stormwater Utility* – The Stormwater Utility provides storm water service to the City. Operation of the Storm water Utility is designed to be self-supporting through user charges.
- *Internal Service Funds* - Internal Service Funds account for operations that provide services to City departments/agencies on a cost reimbursement basis. The city maintains eight Internal Service Funds consisting of Fleet Management, Radio Management, Health Self-Insurance, Information Technology, Risk Management, Electric Utility, and Stores and Transportation, which exclusively serves the City's Major Proprietary Funds.
- *Fiduciary Funds* - Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments.
 - *Pension Trust Funds* – For accounting measurement purposes, the Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds. The Trust Funds consist of the City's Retirement Plan and OPEB Trust.
 - *Private-Purpose Trust Fund* - Reports trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.
 - *Custodial Funds* – Reports fiduciary activity resources that are not held in a trust agreement or equivalent arrangement that meets specific criteria.

Reconciliation of Government-Wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances, as reflected on the Governmental Funds' Balance Sheet, and total net position for governmental activities, as shown on the Government-Wide Statement of Net Position, is presented in a schedule accompanying the Governmental Funds' Balance Sheet. The assets and deferred outflows of resources and liabilities and deferred inflows of resources elements, which comprise the reconciliation differences, stem from Governmental Funds, using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the differences between net change in total fund balances as reflected on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net position for governmental activities, as shown on the Government-Wide Statement of Activities, is presented in a schedule accompanying the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements, which comprise the reconciliation differences, stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the Government-Wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus wherein only current assets and current liabilities are included on the Balance Sheet in the fund statements whereas long-term assets and

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

long-term liabilities are included in the Government-Wide statements. Operating statements of the Governmental Funds present increases (e.g. revenues and other financial sources) and decreases (e.g. expenditures and other financing uses) in fund balances.

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within two months after the fiscal year end. Revenue from categorical and other grants are generally considered available when all eligibility criteria have been met and if received within one year. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, and compensated absences and claims.

The Government-Wide financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting, which include all assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included in the Statement of Fiduciary Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange, include sales and income taxes, real estate and personal property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes are recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating revenues and expenses in the Proprietary Funds result from providing goods and services in connection with their principal ongoing operations (e.g., charges for services). Operating expenses for the Enterprise and Internal Service Funds include the cost of services, administrative expenses, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Pension Trust Funds' contributions from members, recorded under the full accrual basis of accounting, are recorded when the employer makes payroll payments on behalf of Plan members. The Custodial Funds use the full accrual basis of accounting and do not measure the results of operations.

D. Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term investments, with original maturities of one year or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the City considers cash and highly liquid investments, including restricted assets, with a maturity of three months or less, as cash and cash equivalents.

E. Investments

Investments are reported at fair value, which is based on quotations obtained from readily available sources.

F. Allowances for Doubtful Accounts

The City calculates its allowances for doubtful accounts using historical collection data, specific account analysis, and management's judgment.

Allowances for doubtful accounts at June 30, 2023, were as follows:

General Fund and Governmental Activities	\$ 2,858,276
Enterprise Funds	30,082,542
Total Allowances for Doubtful Accounts	<u>\$ 32,940,818</u>

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

G. Inventories

Inventories on hand at June 30, 2023, have been reported on the Government-Wide Statement of Net Position. Inventories of consumable supplies are recorded at cost determined on a first in, first out basis. Inventories in the Proprietary Funds are accounted for under the lower of cost, determined by using weighted average cost or first-in, first-out methods, or market.

H. Capital Assets

Capital assets and improvements include substantially all land and works of art/historical treasures, buildings, equipment, water distribution and sewage collection systems, and other elements of the City's infrastructure having a minimum useful life of two years and having an initial cost of more than \$5,000. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land, and improvements.

Capital assets are stated at historical cost or estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their acquisition value as of the date of the donation. Accumulated depreciation and amortization are reported as reductions of capital assets.

Capital asset depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Governmental:	
Infrastructure	20 to 50 years
Buildings and structures	20 to 50 years
Equipment and other assets	2 to 20 years
Enterprise Funds:	
Gas production, distribution, equipment	17 to 34 years
Water pumping, treatment, distribution, equipment	20 to 50 years
Sewage gathering and treatment equipment	20 to 50 years
Cemeteries	2 to 20 years
Buildings and structures	20 to 60 years
Equipment and other assets	2 to 20 years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The leased assets are amortized using the straight-line method over the shorter of the lease term or the underlying asset. Right-to-use leased assets are recorded if the lease term is greater than 12 months and the calculated value is \$50,000 or greater.

Subscription Based Information Technology Arrangements (SBITA) assets are initially measured at the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalized implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized using the straight-line method over the shorter of the subscription term or useful life of the underlying IT asset. SBITA assets are recorded if the term is greater than 12 months and the determined value is \$5,000 or greater.

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I. Construction Period Interest

The City adopted *GASB Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

J. Compensated Absences

The City's general employees earn vacation pay in varying amounts and can accumulate vacation pay based on length of service. All general employees earn sick pay at the same rate regardless of the length of service. Sworn officers earn both vacation pay and sick pay based on length of service and employment date.

Earning rates for vacation pay and sick pay and maximum vacation accumulation hours are as follows:

	Vacation Pay Bi-weekly Earning Rate Min-Max Hours	Sick Pay Bi-weekly Earning Rate Hours	Maximum Vacation Accumulation Hours
General Employees	3.7 - 7.4	3.7	192.0 - 384.0
Sworn Shift Employees	5.2 - 11.1	5.2 - 7.4	268.0 - 576.0

Maximum vacation accumulated hours is payable at the date of separation. Employees leaving City employment are paid all accumulated unused vacation pay up to the maximum limit. The unused balance of sick leave is not paid at the date of separation.

The current portions of the Governmental Activities' compensated absences liabilities are recorded as accrued liabilities when they are expected to be liquidated within the next year. The current and noncurrent portions are recorded in the Government-Wide financial statements. The amount of vacation recognized as expense is the amount earned during the year. Compensated absences are reported in the Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Judgment and Claims

The City is self-insured with respect to risks including, but not limited to, property damage and personal injury. The City is self-insured with respect to payments for workers' compensation, general liability, automobile liability, public officials or police professional liability claims. The City also carries commercial insurance in a number of smaller more defined risk areas such as employees' faithful performance, money and securities, unmanned aerial vehicles, cyber insurance and medical professional liability. In the fund financial statements, expenditures for judgments and claims, including estimates of claims that have been incurred but not reported, are recorded in the Risk Management agency within the Internal Services Fund. The City is self-insured with respect to payments for health care and is reported in the Health Self-Insurance Internal Service Fund (ISF).

L. Deferred Outflows and Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to pensions and OPEB related activities and the unamortized losses on refunding of debt, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Balance Sheet and Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenues) until that time. The City has deferred inflows of resources related to unavailable revenues, pensions, prepaid taxes, and others reported under the modified accrual basis of accounting in the Governmental Funds' Balance Sheet. The Governmental Funds report unavailable revenues from property taxes, from federal and state governments, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available or earned.

M. Restricted Assets

In accordance with applicable covenants of certain Enterprise Fund bond issues, cash and other assets have been appropriately restricted. Cash has also been restricted to the extent of customers' deposits, unexpended bond proceeds or by grantor's requirements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

N. Categories of Fund Balance

GAAP establishes the categories state and local governments must use to categorize fund balance, as follows:

Nonspendable – 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, or 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.

City Council, through Ordinance No. 2010-181-163 adopted September 27, 2010, created a new reservation of fund balance called the Revenue Stabilization Fund for the purpose of helping the City manage through the immediate effects of economic factors including, but not limited to, revenue reductions and unanticipated cuts in state funding, and to set aside \$2 million in Fiscal Year 2010 as a reservation of fund balance. During 2012, City Council adopted Resolution No. 2012-R41-69, which amended the policy. To state, "The Mayor will prepare and administer General Fund budgets such that funding will be budgeted annually for a Revenue Stabilization and Contingency Fund (the "RSCF") until the RSCF reaches a minimum of \$10,000,000. On December 11, 2017, the City Council further strengthened this policy by adopting Ordinance No. 2017-215 which sets the target balance of the Committed RSCF to 3.0 percent of budgeted General Fund expenditures. Accordingly, an appropriation from the RSCF cannot be proposed unless; (a) projected general fund revenue reflects a 0.5 percent or greater decrease from current year's authorized budget due to a catastrophic, unforeseen or unavoidable event or (b) expenses increase by 0.5 percent or greater over the current year's authorization due to a catastrophic, unforeseen or unavoidable event. These events must be quantifiable and distinguishable from other events that may occur during the normal course of government operations. If funds are withdrawn from the RSCF, a plan must be put in place within 60 days to replenish the fund to the required minimum level. The City shall dedicate up to one half of any year end surplus or other one time revenue toward reaching the targeted goal.

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. Resolution No. 2011-65-69 and Chapter 8 of the City Charter provided that the Director of Finance is in charge of the financial affairs of the City, and to that end, he/she shall have authority and shall be responsible for the management of City finances in a professionally accountable and responsible manner. In order for assigned funds to be expended for the assigned purpose, an ordinance would need to be adopted by City Council. Assigned funds lapse at the end of the fiscal year in which they

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were assigned. With the exception of the General Fund, this is the residual fund balance of the classification of all Governmental Funds with positive balances.

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.

As required by GAAP, the City has adopted a spending policy indicating that when multiple categories of fund resources are available, they will be expended in a specific order beginning first with restricted resources and continuing in a descending order using unassigned resources last. On December 11, 2017, City Council adopted Ordinance No. 2017-215, which amended the fund balance policy, to further increase the required level of unassigned fund balance from 10.00 percent to 13.67 percent of budgeted General Fund expenditures.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is comprised of three components:

Net Investment in Capital Assets – Consists of the historical cost of capital assets net of any accumulated depreciation and outstanding debt which was used to finance those assets.

Restricted – Consists of assets where limitations are imposed on their use through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or the laws and regulations of other governments.

Unrestricted – Net position not reported as net investment in capital assets or restricted assets.

P. Internal and Intra-entity Activity

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds have been eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the *grossing-up* effect on assets and liabilities within the governmental and business-type activities columns of the Primary Government. Amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the government-wide financial statements, except for net residual amounts due between governmental and business type activities, which are presented as internal balances. Also, eliminations are made in the Statement of Activities to remove the *doubling-up* effect of Internal Service Fund activity.

Payments from a fund receiving revenue to a fund through which the revenue is to be expended are reported as operating transfers. Such payments include transfers for debt service and capital construction. In the Government-Wide financial statements, resource flows between the Primary Government and the Discretely presented Component Units are reported as if they were external transactions.

Q. Advances to Other Funds

Movement of money representing a loan extending beyond one year are recorded as advances to other funds.

R. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenditures, assets, liabilities, and the disclosure of contingent liabilities were used to prepare these basic financial statements in conformity with GAAP. Actual results could differ from those estimates.

S. Identification of Major Revenue Sources Susceptible to Accrual

In the Governmental Funds, property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

T. Permanent Funds

Principal portion of permanent funds are reported as nonspendable while the net revenue of Permanent Funds is available for expenditure. Authorization for spending the investment income is derived from the specifications as prescribed by the donor.

U. Unearned Revenues

Unearned revenue represents a liability related to amounts received but not yet earned or an asset for which an enforceable lien is in place but the tax has not been received. At the government-wide level, unearned revenue is primarily comprised of money received from federal and/or state grants in advance of services to be provided. At the fund level, unearned revenue is primarily comprised of taxes with an enforceable lien but not available, prepaid taxes and money received from federal and/or state grants in advance of services to be provided.

V. Leases

The City, acting as a lessor, leases various assets throughout the city. These leases are recorded at the present value of future payments to be received over the term of the lease, plus certain initial payments received at the initiation of the lease. The amount of future lease payments to be received is recognized in the deferred inflow section of the Statement of Net Position and amortized using the straight-line method over the term of the lease.

W. Adoption of New Accounting Pronouncements

During the year ended June 30, 2023, the City implemented the provisions of the following GASB statements:

In April 2020 ***GASB Statement No. 94 Public-Private and Public- Public Partnerships and Availability Payment Arrangements*** was issued to improve local and state governments' accounting for P3 arrangements including those outside the scope of GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangement and Statement No. 87 Leases. Statement No. 94 defines a P3 and provides both P3 and APA guidance. For all P3s Statement 94 provides specific guidance from the perspective of both a government that transfers right to another party and a governmental operator that receives those right. Statement 94 requires governments to account for APAs related to those activities and in which ownership of the asset transfers by the end of the contract as a financed purchase of the underlying infrastructure or other nonfinancial asset. It also requires a government to report an APA that is related to operating or maintaining a nonfinancial asset as an outflow of resources (for example, an expense in the period to which payments relate).

In May 2020, ***GASB Statement No. 96 Subscription Based Information Technology Arrangements*** was issued. This pronouncement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. The subscription asset should be initially measured as the sum of 1) the initial subscription liability amount, 2) payments made to the SBITA vendor before commencement of the subscription term, and 3) capitalized implementation costs, less any incentives received from the SBITA vendor at or before the

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commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term

The Entity adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

In April 2022, **GASB Statement No. 99, Omnibus 2022** was issued. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The City implemented the various provisions of this statement as required by the individual components of the statement.

X. Future Accounting Pronouncements

In June 2022, **GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62** was issued. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement defines accounting changes, prescribes the accounting and financial reports for 1) each type of accounting changes and 2) error corrections, the associated note disclosures, and addresses how the information that is affected by a change in accounting principle or error correction should be presented in requires supplementary information (RSI) and supplementary information (SI). The City will implement this statement in fiscal year 2024.

In June 2022, **GASB Statement No. 101, Compensated Absences** was issued. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The City will implement this statement in fiscal year 2025.

2. REAL AND PERSONAL PROPERTY TAXES

Real and personal property taxes are levied on a calendar year basis on January 1, the assessment date, with an assessed value as of that date. Real property taxes become a lien on the property as of assessment. Personal property tax on motor vehicles acquiring or losing situs (location where property is principally parked or garaged) throughout the year are prorated on a monthly basis. For partial months in situs, assessments, abatement, and refunds are rounded to the nearest full month.

Personal property taxes may be paid without penalty and interest on or before June 5 or 60 days from the date the vehicle acquired situs in Richmond. Effective January 1, 2011, real estate taxes are billed on a semi-annual basis. These taxes may be paid without penalty and interest on or before January 14 and June 14. Penalty for late payment is 10 percent or \$10, whichever is greater not to exceed the full amount of the tax. In 2023, the interest rate for unpaid taxes was 10 percent.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2023, are intended to finance operations of the fiscal year ended June 30, 2023. The real estate taxes assessed and due on January 14, 2023, and June 14, 2023, are intended to finance operations of the fiscal year ended June 30, 2023.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents – Primary Government

At June 30, 2023, cash on hand, cash items and petty cash totaled approximately \$48,139 and the carrying value of the City's demand deposits, savings accounts, and time certificates of deposit with institutions totaled \$25,191,900 and is included in cash and cash equivalents. The City's deposits of \$42,017,489 were covered by federal depository insurance or insured in accordance with provisions of the Virginia Security for Public Deposit Act (The Act). This Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral in the amount of 50 percent of excess deposits, while savings and loans are required to collateralize 100 percent of excess deposits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted are related to grantor or debtor requirements.

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (The Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by Federal Depository Insurance Corporation (FDIC). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50 percent of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100 percent of deposits in excess of the FDIC limits and are considered insured.

B. Investments

Investment Policy:

City policy is consistent with the statutes of the Commonwealth of Virginia governing investment, wherein permissible investments include obligations of the Commonwealth, the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, commercial paper, the State Treasurer's Local Government Investments Pool (The Virginia LGIP), and the State Non-Arbitrage Program (SNAP). As of June 30, 2023, all non-system investments were in either LGIP or SNAP, which were both rated AAAM, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market, and mutual funds. At no time, shall more than 35 percent of the portfolio be invested in commercial paper. No more than 5 percent of the portfolio shall be invested in the commercial paper of a single entity.

Custodial credit risk for deposits:

At June 30, 2023, the City did not have any deposits that were not covered by depository insurance or collateralized under the Virginia Security for Public Deposits Act.

Custodial credit risk for investments:

As of June 30, 2023, the City holds its investment securities primarily in external investment pools and thus is not subject to custodial credit risk disclosure.

Concentration Risk:

As of June 30, 2023, the City does not have concentration of credit risk, as no investments were with any one issuer representing more than 5 percent of total investments.

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A summary of deposits and investments held by the Government-Wide at June 30, 2023, is as follows:

	<u>Government-Wide</u>
Deposits	
Cash on hand	\$ 48,139
Demand deposits	25,191,900
Investments	
LGIP	786,824,947
Trusts	14,235,653
Money markets	121,468,408
Total deposits and investments	<u>\$ 947,769,047</u>

Reconciliation of Cash Schedule to Statements of Net Position:

	Government-Wide	Fiduciary Funds Statement of Net Position			
	Statement of Net Position	Pension and Other Employee Benefit Trust	Social Welfare Private Purpose Trust	Custodial Funds	Total
Cash and Cash Equivalents	\$ 794,982,813	\$ 6,311,331	\$ 2,612,063	\$ 1,236,746	\$ 805,142,953
Investments	-	659,185,402	-	-	659,185,402
Restricted assets	152,786,234	-	-	-	152,786,234
Total	<u>\$ 947,769,047</u>	<u>\$ 665,496,733</u>	<u>\$ 2,612,063</u>	<u>\$ 1,236,746</u>	<u>\$ 1,617,114,589</u>

Cash has been restricted to the extent of customers' deposits, unexpended bond proceeds or by grantor's requirements and cash set aside for future debt payments as required by debt covenants.

The Richmond Retirement System (RRS) categorizes the fair value measurements of its assets within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP) outlined in GASB Statement No. 72. The following table shows the RRS fair value measurements as of June 30, 2023.

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Investments Measured at Fair Value

	Fair Value at June 30, 2023	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Equities				
Consumer Spending	\$ 9,613,259	\$ 9,613,259	\$ -	\$ -
Energy and Industrials	15,348,708	15,348,708	-	-
Information Technology	6,876,339	6,876,339	-	-
Financials	13,041,252	13,041,252	-	-
Healthcare	9,729,264	9,729,264	-	-
Other	5,446,826	5,446,826	-	-
Total U.S. Equities	60,055,648	60,055,648	-	-
International Equities	51,648,212	-	-	51,648,212
US Fixed Income				
Real Estate	19,170,384	-	-	19,170,384
Diversifying Assets	26,355,892	-	-	26,355,892
Private Debt	54,403,207	-	-	54,403,207
Private Equity	48,252,300	-	-	48,252,300
Total US Fixed Income	148,181,783	-	-	148,181,783
Total Investments Measured at Fair Value	\$ 259,885,643	\$ 60,055,648	\$ -	\$ 199,829,995
Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Required Redemption Notice
US Equity Funds	96,708,434	\$ -	Daily	0 - 5 days
International Equities	56,291,856	-	Daily	1 - 30 days
Global Fixed Income	160,197,674	-	Daily	1 - 10 days
Real Estate Investment Trusts and Funds	52,901,007	-	Daily, Quarterly	7 - 45 days
Diversifying Assets	22,805,501	-	Daily, Quarterly	1 - 95 days
Private Equity	94,625	-	Not Applicable	Not Applicable
Total Investments Measured at Net Asset Value (NAV)	\$ 388,999,097			
Total Investments at Fair Value	\$ 648,884,740			

Level 1 investments are valued at active market quoted prices.

Level 2 fixed income investments are valued using a pricing model that utilizes observed market inputs in determining the fair value as well as matrix yield curves.

Level 3 investments are valued by market assumptions that are based on unobservable inputs.

1. U.S. Equities — Shares held in common stock and mutual funds are classified in Level 1 of the fair value hierarchy and valued using price quotes on active markets for those securities. Units held in commingled funds are valued using the NAV practical expedient of the commingled fund as reported by the investment managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the fund minus its liabilities and then divided by the number of units outstanding.

2. International Equities — International Equities include units in commingled funds that hold investments in securities of international issuers and emerging markets. Units held in these funds are valued using the NAV practical expedient as reported by the investment managers.

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3. U.S. Fixed Income — Domestic fixed-income securities include investments in corporate bonds, U.S. Treasury obligations, mortgage-backed securities issued by federal agencies and collateralized mortgage obligations, and mutual funds with underlying investments in fixed-income securities. Investments in corporate bonds, mutual funds, and U.S. Treasury obligations are classified in Level 1 of the fair value hierarchy and valued using prices quoted on active markets for those securities.

Investments in mortgage-backed securities and other fixed-income investments are valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings and are classified in Level 2 of the fair value hierarchy.

4. Global Fixed Income — Global Fixed Income securities include mutual funds invested in fixed-income securities of international issuers, mutual funds and commingled trusts invested in global fixed income securities. Investment managers have the ability to invest in a variety of industry spaces, such as government and corporate bonds, and across a multitude of countries, both developed and emerging markets. Investments in corporate bonds and mutual funds are classified in Level 1 of the fair value hierarchy and valued using prices quoted on active markets for those securities. Units held in commingled funds are valued using the NAV practical expedient of the commingled fund as reported by the investment managers.

5. Real Estate Investment Trusts and Funds — This category includes investments in real estate investment trusts (REITs) and real estate funds that invest in residential, office, retail, and industrial real estate or debt related to real estate acquisitions. Investments in REITs are classified in Level 1 of the fair value hierarchy and valued using prices quoted on active markets for those securities. Units held in real estate funds are valued using the NAV practical expedient of the commingled fund as reported by the investment managers. Real estate funds that are not valued at NAV practical expedient include significant unobservable inputs and are classified in Level 3 of the fair value hierarchy.

6. Diversifying Assets — This category consists of investments in fund of funds-of-funds and direct investments. Investment managers in the fund-of-funds category have the ability to invest in underlying managers that focus on a variety of different strategies such as long/short, event-driven, leveraging, and other derivative instruments. The RRS's direct fund managers focus on a global macro approach. Units held in investments valued using the NAV practical expedient are excluded from the fair value hierarchy and reported at the NAV provided by the investment managers. Investments in limited partnerships that are not valued at NAV are classified in Level 3 of the fair value hierarchy.

7. Private Debt and Private Equity — Private debt includes investments in limited partnerships and portfolios focused on direct, distressed or mezzanine lending as governed by their respective investment agreements. Private equity includes limited partnerships and portfolios focused on small buyouts, secondary acquisitions, distressed companies, or sector focused investments. Investments in private debt and private equity represent partnership interests and capital investments and are valued as limited partnership ownership interests based on investment statements and other information provided by each investment manager. Investments in private debt are classified in Level 3 of the fair value hierarchy and private equity is classified in Level 3 with the exception of one fund classified as NAV practicable expedient.

Participation in External Investment Pools

The City of Richmond has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt bond financing of Virginia cities, counties and towns. As of June 30, 2023, the City had \$96,926,696 in the SNAP short-term investment. SNAP is administered by the Commonwealth of Virginia Treasury Board. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- a) SNAP is rated 'AAAm' by Standard & Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- b) The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to the current market to monitor any variance.

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- c) Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

The City is a participant in the Local Government Investment Pool (LGIP) which is administered by the Commonwealth of Virginia Department of Treasury. As of June 30, 2023, the City had \$732,876,665 in LGIP short-term investments. The Commonwealth's Department of Treasury is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- a) The LGIP is rated 'AAAm' by Standard & Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
b) The portfolio securities are valued using the amortized cost method, and on a weekly basis this valuation is compared to the current market to monitor any variance.
c) Investments are limited to short-term, high-quality credits that can be readily converted into cash with limited price variation.

The City is also a participant in the Local Government Investment Pool - Extended Maturity (LGIP - EM) which is administered by the Commonwealth of Virginia Department of Treasury. As of June 30, 2023, the City's investment in the fund was valued at \$53,948,281.

- a) The LGIP-EM is rated AAAs / S1 by Standard & Poor's based on the fund's credit quality, market price exposure and management experience.
b) Investments are limited to high quality investment grade securities with the fund's duration target being 0.75 to 1.25 years.

Healthcare OPEB Trust Plan Investment

The City has invested funds with the Virginia Pooled OPEB Trust Fund (the "OPEB Trust Fund"), which was established to assist Virginia local governments in funding their future OPEB healthcare liabilities. The OPEB Trust Fund was established by the Virginia Association of Counties and the Virginia Municipal League and is an Internal Revenue Code, Section 115, governmental trust, offered to local governments to help defray future healthcare related expenses. The OPEB Trust Fund held total pooled investments of Virginia local governments, which makes it one of the largest pooled OPEB trust in the United States.

The primary benefits of participation in the trust include access to institutional investment fund managers offered through two diversified portfolios, the guidance of an investment consultant, economies of scale through pooling, and administrative services. Participants hold individual trust accounts wherein they can monitor the performance of their investments. As of June 30, 2023, the City of Richmond's investments in the OPEB Trust Fund had a market value of \$10,300,669. The OPEB Trust Fund issues a separate audited financial report which may be obtained by visiting the website: valocalfinance.org/opeb/ or by contacting the VML/VACo Finance, 8 East Canal Street, Suite 100, Richmond, VA 23219.

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City reports inter-fund balances among many of its funds, as follows:

		Due From				
		Capital Projects	Non-Major Governmental	Non-Major Proprietary	Stormwater	Internal Service
						Total
Due To	General	\$ 61,622,234	\$ 4,999,671	\$ 2,692,112	\$ -	\$ 4,488,807
	Gas	-	-	-	366,333	1,826,743
	Water	-	-	-	366,334	1,826,742
	Wastewater	-	-	-	3,737,081	-
	Total	\$ 61,622,234	\$ 4,999,671	\$ 2,692,112	\$ 4,469,748	\$ 8,142,292
						\$ 81,926,057

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The balances resulted from the time lag between the dates that inter-fund goods and services are provided or reimbursable expenditures occur and payments among funds are made. The City reports inter-fund transfers among many of its funds. Inter-fund transfers for the year ended June 30, 2023, consisted of the following:

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due or 3) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The City reports inter-fund transfers among many of its funds. Inter-fund transfers for the year ended June 30, 2023, consisted of the following:

		Transfer From					
Transfer To	General Fund	Major Proprietary Funds			Capital Projects Fund	Non- Major Governmental	Total
		Gas	Water	Wastewater			
General	\$ -	\$ 1,110,298	\$ 1,704,304	\$ -	\$ -	\$ 1,222,408	\$ 4,037,010
Capital Projects	11,816,715	-	-	-	-	272,798	12,089,513
Debt Service	88,962,309	-	-	-	-	979,294	89,941,603
Internal Service Fund	-	-	-	-	-	-	-
Non-Major Governmental	15,297,728	-	-	-	-	-	15,297,728
Total	<u>\$ 116,076,752</u>	<u>\$ 1,110,298</u>	<u>\$ 1,704,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,474,500</u>	<u>\$ 121,365,854</u>

5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2023, are as follows:

Primary Government	Federal	State	Other Localities	Total
General Fund	\$ -	\$ 191,275	\$ -	\$ 191,275
Capital Projects Fund	2,557,715	355,634	-	2,913,349
Non-Major Governmental Funds	5,923,910	2,223,182	57,039	8,204,131
Stormwater Fund	-	317,825	-	317,825
Water Fund	-	294,849	10,096,254	10,391,103
Wastewater Fund	-	-	2,067,255	2,067,255
	<u>\$ 8,481,625</u>	<u>\$ 3,382,765</u>	<u>\$ 12,220,548</u>	<u>\$ 24,084,938</u>

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

6. CAPITAL ASSETS

Primary Government – Governmental Activities

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital Assets, Not Being Depreciated:					
Land and Land Improvements	\$ 105,502,459	\$ -	\$ 4,582,160	\$ 3,015,243	\$ 103,935,542
Construction in Progress	136,167,692	87,192,230	2,049,375	(43,606,849)	177,703,698
Works of Art/Historical Treasures	8,259,901	-	158,521	-	8,101,380
Total Capital Assets, not being depreciated	249,930,052	87,192,230	6,790,056	(40,591,606)	289,740,620
Capital Assets, Being Depreciated/Amortized					
Infrastructure	1,043,941,426	24,706,467	-	29,032,120	1,097,680,013
Building and Structures	1,140,242,903	15,200	35,133,821	7,722,867	1,112,847,150
Right of Use Assets/SBITA Assets	8,358,214	25,086,848	-	-	33,445,062
Equipment	146,668,204	5,387,426	8,204,307	2,845,397	146,696,720
Improvements Other Than Buildings	33,888,260	28,259	9,441	991,222	34,898,300
Total Capital Assets, being depreciated/amortized	2,373,099,007	55,224,200	43,347,569	40,591,606	2,425,567,245
Less Accumulated Depreciation/Amortized For:					
Infrastructure	681,125,467	25,157,389	-	-	706,282,856
Building and Structures	492,340,553	24,229,993	33,945,254	-	482,625,292
Right of Use Assets /SBITA Assets	2,267,881	3,038,175	-	-	5,306,056
Equipment	114,335,750	7,067,427	7,311,859	-	114,091,318
Improvements Other Than Buildings	16,948,279	1,738,348	1,731	-	18,684,896
Total Accumulated Depreciation/Amortized	1,307,017,930	61,231,332	41,258,844	-	1,326,990,418
Total Capital Assets, Being Depreciated, Net	1,066,081,077	(6,007,132)	2,088,725	40,591,606	1,098,576,827
Governmental Activities, Capital Assets, Net	\$ 1,316,011,129	\$ 81,185,098	\$ 8,878,781	\$ -	\$ 1,388,317,447

Depreciation was charged to functions as follows:

General Government	\$ 25,008,587
Public Safety and Judiciary	1,387,862
Highways, Streets, Sanitation, and Refuse	26,728,402
Human Services	79,426
Culture and Recreation	2,910,890
Educational	2,109,809
Subtotal	58,224,976
Allocation Related to Internal Service Funds excluding stores	3,006,356
Total	\$ 61,231,332

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Primary Government – Business-Type Activities

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Gas Utility					
Capital Assets, Not Being Depreciated:					
Land	\$ 219,200	\$ -	\$ -	\$ -	\$ 219,200
Construction in Progress	2,885,423	26,108,085	26,170,276	87,108	2,910,340
Total Capital Assets, not being depreciated	3,104,623	26,108,085	26,170,276	87,108	3,129,540
Capital Assets, Being Depreciated					
Plant-in-service	757,043,802	26,170,276	4,655,511	(156,086)	778,402,481
Total Capital Assets, being depreciated	757,043,802	26,170,276	4,655,511	(156,086)	778,402,481
Less Accumulated Depreciation For:					
Plant-in-service	344,735,886	24,456,173	4,655,511	-	364,536,548
Total Accumulated Depreciation	344,735,886	24,456,173	4,655,511	-	364,536,548
Total Capital Assets, Being Depreciated, Net	412,307,916	1,714,103	-	(156,086)	413,865,933
Gas Utility Capital Assets, Net	\$ 415,412,539	\$ 27,822,188	\$ 26,170,276	\$ (68,978)	\$ 416,995,473
Water Utility					
Capital Assets, Not Being Depreciated:					
Land	\$ 878,307	\$ -	\$ -	\$ -	\$ 878,307
Construction in Progress	8,394,670	31,460,680	30,322,820	35,631	9,568,161
Total Capital Assets, not being depreciated	9,272,977	31,460,680	30,322,820	35,631	10,446,468
Capital Assets, Being Depreciated					
Plant-in-service	671,588,649	30,322,820	2,702,589	-	699,208,880
Total Capital Assets, being depreciated	671,588,649	30,322,820	2,702,589	-	699,208,880
Less Accumulated Depreciation For:					
Plant-in-service	285,831,226	17,632,348	2,702,589	-	300,760,985
Total Accumulated Depreciation	285,831,226	17,632,348	2,702,589	-	300,760,985
Total Capital Assets, Being Depreciated, Net	385,757,423	12,690,472	-	-	398,447,895
Water Utility Capital Assets, Net	\$ 395,030,400	\$ 44,151,152	\$ 30,322,820	\$ 35,631	\$ 408,894,363
Wastewater Utility					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,101,261	\$ -	\$ -	\$ -	\$ 1,101,261
Construction in Progress	33,514,323	54,136,586	34,373,320	33,295	53,310,884
Total Capital Assets, not being depreciated	34,615,584	54,136,586	34,373,320	33,295	54,412,145
Capital Assets, Being Depreciated					
Plant-in-service	882,658,855	34,373,320	3,671,828	-	913,360,347
Total Capital Assets Being Depreciated	882,658,855	34,373,320	3,671,828	-	913,360,347
Less Accumulated Depreciation For:					
Plant-in-service	407,288,719	21,300,860	3,671,828	-	424,917,751
Total Accumulated Depreciation	407,288,719	21,300,860	3,671,828	-	424,917,751
Total Capital Assets, Being Depreciated, Net	475,370,136	13,072,460	-	-	488,442,596
Wastewater Utility Capital Assets, Net	\$ 509,985,720	\$ 67,209,046	\$ 34,373,320	\$ 33,295	\$ 542,854,741

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Stormwater Utility					
Capital Assets, Not Being Depreciated:					
Construction in Progress	\$ 3,994,798	\$ 19,314,509	\$ 18,970,878	\$ (3)	\$ 4,338,426
Total Capital Assets, not being depreciated	3,994,798	19,314,509	18,970,878	(3)	4,338,426
Capital Assets, Being Depreciated					
Plant-in-service	64,851,015	18,970,878	97,300	-	83,724,593
Total Capital Assets, being depreciated	64,851,015	18,970,878	97,300	-	83,724,593
Less Accumulated Depreciation For:					
Plant-in-service	12,098,530	1,829,042	97,300	-	13,830,272
Total Accumulated Depreciation	12,098,530	1,829,042	97,300	-	13,830,272
Total Capital Assets, Being Depreciated, Net	52,752,485	17,141,836	-	-	69,894,321
Storm water Utility Capital Assets, Net	\$ 56,747,283	\$ 36,456,345	\$ 18,970,878	\$ (3)	\$ 74,232,747
Other Business-Type Activity:					
Capital Assets, Not Being Depreciated:					
Land and Land Improvements	\$ 22,456,955	\$ -	\$ -	\$ -	\$ 22,456,955
Total Capital Assets, not being depreciated	22,456,955	-	-	-	22,456,955
Capital Assets, Being Depreciated/Amortized					
Buildings and Structures	36,131,729	-	-	-	36,131,729
Equipment and Other Capital Assets	3,875,861	-	57,070	-	3,818,791
Right of Use Land , Land Rights and SBITA Assets	14,482,020	1,236,665	-	-	15,718,685
Total Capital Assets, being depreciated/amortized	54,489,610	1,236,665	57,070	-	55,669,205
Less-Accumulated Depreciation/Amortization For:					
Buildings and Structures	14,278,153	1,424,561	-	-	15,702,714
Equipment and Other Capital Assets	2,787,961	121,144	57,070	-	2,852,035
Right of Use Land , Land Rights and SBITA Assets	216,419	344,832	-	-	561,251
Total Accumulated Depreciation/Amortization	17,282,533	1,890,537	57,070	-	19,116,000
Total Capital Assets, Being Depreciated/Amortized, Net	37,207,077	(653,872)	-	-	36,553,205
Other Business-Type Activity Capital Assets, Net	\$ 59,664,032	\$ (653,872)	\$ -	\$ -	\$ 59,010,160
Enterprise Funds Capital Assets, Net	\$ 1,436,839,974	\$ 174,984,859	\$ 109,837,294	\$ (55)	\$ 1,501,987,484
Internal Service Fund - Stores Utility, Net	\$ -	\$ (59,848)	\$ -	\$ -	\$ 2,232,016
Business-Type Activities, Capital Assets, Net	\$ 1,436,839,974	\$ 174,925,011	\$ 109,837,294	\$ (55)	\$ 1,504,219,500

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

7. OBLIGATIONS

Changes in obligations during the fiscal year ended June 30, 2023 are summarized below:

Primary Government – Governmental Activities

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Not Due Within One Year	Due Within One Year
General Obligation Bonds	\$ 727,607,776	\$ 48,010,000	\$ 58,329,050	\$ 717,288,726	\$ 667,600,000	\$ 49,688,726
General Obligation Bond - Direct Borrowing	6,524,301	-	-	6,524,301	-	6,524,301
Total General Obligation Bonds	734,132,077	48,010,000	58,329,050	723,813,027	667,600,000	56,213,027
Line of Credit - BAN - 2021A & 2022A/B	52,600,000	37,500,000	52,600,000	37,500,000	2,600,000	34,900,000
General Obligation Serial Equipment Notes	9,175,000	3,220,000	2,543,000	9,852,000	7,347,000	2,505,000
Total General Obligation Notes	\$ 61,775,000	40,720,000	55,143,000	47,352,000	9,947,000	37,405,000
HUD Section 108 Notes	9,126,000	-	700,000	8,426,000	7,715,000	711,000
Premium on Debt Issued	66,604,402	5,315,448	10,967,149	60,952,701	51,150,531	9,802,170
Total Obligations	\$ 871,637,479	\$ 94,045,448	\$ 125,139,199	\$ 840,543,728	\$ 736,412,531	\$ 104,131,197
Compensated Absences	\$ 22,704,497	\$ 23,618,190	\$ 20,897,705	\$ 25,424,982	\$ 17,261,149	\$ 8,163,833
Net Other Post Employment Benefit Liability (Asset)	\$ 20,207,095	\$ 3,376,606	\$ 24,794,380	\$ (1,210,679)	\$ (1,210,679)	\$ -
Net Pension Liability	\$ 215,509,667	\$ 74,784,821	\$ 6,702,556	\$ 283,591,932	\$ 283,591,932	\$ -

As of June 30, 2023, the City's Primary Government has total outstanding general obligation bonds and notes of \$840,543,728, which consists of \$723,813,027 general obligation bonds, \$47,352,000 general obligation notes, \$8,426,000 HUD Section 108 Notes and \$ 60,952,701 unamortized premiums. Total principal payments were \$58.3 million for the General Obligation Bonds, \$2.5 million for the General Obligation serial Equipment Notes and \$700K for the HUD Section 108 Notes.

During the fiscal year, the City issued its Series 2022A General Obligation bonds to finance ongoing capital improvement projects of the City and to purchase equipment and to pay the costs of issuance. Total proceeds were \$64 million, of which \$57.99 million were par amounts and \$6 million were premiums. \$53.0 million was used to pay off the outstanding line of credits series 2021A and costs of issuance. Prior to issuing the bonds, the Mayor and Administration met with the three bond rating agencies to review the City's credit ratings. Both Standard & Poor's and Fitch Ratings affirmed their strong AA+, with Stable outlook ratings, while Moody's rated the City an Aa1, with a "Stable outlook".

The City also established a \$70.0 million Line of Credit Bond Anticipation Note, Series 2022A, with a commercial Bank to finance ongoing City capital projects as well as Stormwater capital projects during the 2023 fiscal year. Of the total \$70.0 million, \$55.0 million is allocated to the City's projects and \$15.0 million is allocated to Stormwater utility projects. As of June 30, 2023, the cumulative amount advanced and outstanding for the City's capital projects was \$34.9 million and \$15.0 million was advanced and outstanding for Stormwater capital projects.

In addition, the City established a \$10.0 million revolving Line of Credit Bond Anticipation Note, Series 2022B, with the same commercial Bank to fund preliminary design/engineering costs related to major capital improvement projects in the City's adopted Capital Improvement Plan. As of June 30, 2023, the cumulative amount advanced and outstanding was \$2.6 million.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Primary Government – Business-Type Activities

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Not Due Within One Year	Due Within One Year
Utilities-General Obligation Bonds	\$ 7,640,391	\$ 6,760,000	\$ 4,239,717	\$ 10,160,674	\$ 6,195,000	\$ 3,965,674
Utilities-General Obligation Bonds - Direct Borrowing	976,547	811,094	103,626	1,684,015	1,571,249	112,766
Utilities-General Oblig Equip Notes-Direct Borrowing	2,234,000	-	554,000	1,680,000	1,120,000	560,000
Utilities-Line of Credit BAN-Ser 2021A Direct Borrowing	7,400,000	-	7,400,000	-	-	-
Utilities-Line of Credit BAN-Ser 2022A Direct Borrowing	-	15,000,000	-	15,000,000	15,000,000	-
Premium on General Obligation Bonds, Net	-	666,898	-	666,898	666,898	-
Total Utilities General Obligation Bonds & Notes	18,250,938	23,237,992	12,297,343	29,191,587	24,553,147	4,638,440
Non-Major Enterprise Funds Bonds	40,301,833	-	3,501,233	36,800,600	33,300,000	3,500,600
Non-Major Enterprise Funds - Direct Borrowing	699	-	-	699	-	699
Premium on Non Major Debt, Net	932,451	-	173,156	759,295	759,295	-
Total Non-Major Enterprise Funds Bonds	41,234,983	-	3,674,389	37,560,594	34,059,295	3,501,299
Total Business-Type General Obligation Bonds	59,485,921	23,237,992	15,971,732	66,752,181	58,612,442	8,139,739
Public Utility Revenue Bonds	752,565,000	12,669,050	28,626,743	736,607,307	707,513,347	29,093,960
Public Utility Revenue Bond - Direct Borrowing	41,519,478	130,794	2,234,632	39,415,640	37,049,306	2,366,334
Public Utility Premium on Revenue Bond Debt, Net	54,669,716	-	5,115,384	49,554,332	49,554,332	-
Total Revenue Bonded Debt	848,754,194	12,799,844	35,976,759	825,577,279	794,116,985	31,460,294
Total Obligations	\$ 908,240,115	\$ 36,037,836	\$ 51,948,491	\$ 892,329,460	\$ 852,729,427	\$ 39,600,033
Compensated Absences						
Gas	\$ 1,140,584	\$ 1,158,682	\$ 1,051,945	\$ 1,247,321	\$ 897,705	\$ 349,616
Water	866,177	881,190	798,767	948,600	682,714	265,886
Wastewater	866,510	872,455	799,768	939,197	675,946	263,251
Stormwater	301,048	297,313	278,304	320,057	230,347	89,710
Stores Operating Fund	18,982	20,493	17,414	22,061	15,877	6,184
Cemeteries	66,197	61,594	61,594	66,197	45,087	21,110
Parking Garages	54,903	45,859	45,859	54,903	37,394	17,509
Total Compensated Absences	\$ 3,314,401	\$ 3,337,586	\$ 3,053,651	\$ 3,598,336	\$ 2,585,070	\$ 1,013,266
Other Post Employment Benefit Liability	\$ 3,920,778	\$ 592,621	\$ 4,721,665	\$ (208,266)	\$ (208,266)	\$ -
Net Pension Liability	\$ 41,662,145	\$ 13,709,831	\$ 4,993,060	\$ 50,378,916	\$ 50,378,916	\$ -

As of June 30, 2023, the outstanding debt of the City's Business-Type Activities (Enterprise Funds) totaled debt of \$892,329,460 including \$834,549,106 of publicly issued bonds and premiums and \$57,780,354 of direct borrowings from the Commonwealth of Virginia's Virginia Resources Authority (VRA) and a Commercial Bank.

CITY OF RICHMOND, VIRGINIA
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JUNE 30, 2023

Details of Bonds and Notes Outstanding

	Balance at June 30, 2023					
	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activities	Enterprise Funds
General Obligation Bonds						
Public Improvement Bonds 2010B (QSCB)	5.27%	11/16/2010	11/1/2029	14,980,000	14,980,000	-
Public Improvement Bonds 2011A (VRA)	0.00%	6/1/2011	1/15/2032	225,000	-	101,250
Public Improvement Refunding Bonds 2012C	0.35%-2.85%	6/28/2012	7/15/2023	100,030,000	14,326	3,755,674
Public Improvement Bonds 2012 D (QSCB)	4.15%	6/28/2012	1/15/2033	7,500,000	7,500,000	-
Public Improvement Bonds 2013B	3.00% - 4.80%	9/26/2013	3/1/2033	11,295,000	7,175,000	-
Public Improvement Bonds 2014A	3.00% - 5.00%	12/23/2014	3/1/2035	99,295,000	4,535,000	-
Public Improvement Refunding Bonds 2014B	5.00%	12/23/2014	7/15/2026	25,605,000	17,760,000	-
Public Improvement Refunding Bonds 2015A	2.34%	7/15/2015	7/15/2023	56,715,000	6,524,301	699
Public Improvement Bonds 2015B	3.00% - 5.00%	12/8/2015	3/1/2038	62,795,000	46,625,000	-
Public Improvement Bonds 2015C	3.00% - 4.00%	12/8/2015	6/1/2041	23,000,000	18,385,000	-
Public Improvement Bonds 2017A (VRA)	0.00%	3/30/2017	7/15/2037	1,310,278	-	771,672
Public Improvement Refunding Bonds 2017B	3.00% - 5.00%	7/14/2017	7/15/2037	185,070,000	141,435,000	6,685,000
Public Improvement Refunding Bonds 2017C	1.15% -3.13%	7/14/2017	7/15/2031	43,965,000	-	30,085,000
Public Improvement Refunding Bonds 2017D	4.00% - 5.00%	12/21/2017	3/1/2033	118,535,000	117,190,000	-
Public Improvement Bonds 2018A	2.00% - 5.00%	8/15/2018	3/1/2041	46,890,000	40,060,000	-
Public Improvement Refunding Bonds 2018B	3.45% - 3.75%	8/15/2018	3/1/2033	8,310,000	6,065,000	-
Public Improvement Refunding Bonds 2019A	2.60% - 5.00%	10/23/2019	7/15/2039	132,885,000	107,810,000	-
Public Improvement Refunding Bonds 2020A	2.00% - 5.00%	12/10/2020	7/15/2040	102,130,000	91,749,400	30,600
Public Improvement Refunding Bonds 2020B	0.95% - 2.00%	12/10/2020	7/15/2034	51,020,000	49,885,000	-
Public Improvement Bonds 2021A (VRA)	0.00%	6/24/2021	1/15/2040	874,400	-	811,094
Public Improvement Bonds 2022A	4.00% - 5.00%	9/8/2022	3/1/2042	57,990,000	48,875,000	6,405,000
General Obligation Notes						
Equipment Note - Series 2020A	1.11%	6/17/2020	6/1/2025	4,960,000	1,430,000	586,000
Equipment Note - Series 2020B	1.19%	6/17/2020	6/1/2027	3,826,000	1,130,000	1,094,000
Equipment Note - Series 2021	0.99%	6/10/2021	6/1/2028	6,730,000	4,537,000	-
Line of Credit BAN - Series 2022A	Variable	12/6/2022	12/1/2024	70,000,000	34,900,000	15,000,000
Line of Credit BAN - Series 2022B	Variable	12/6/2022	12/1/2025	10,000,000	2,600,000	-
HUD Section 108 Notes						
HUD Section 108 Note Series 2015A	0.83% - 3.60%	5/28/2015	8/1/2032	10,125,000	6,340,000	-
HUD Section 108 Note Series 2019A	2.54% - 3.64%	3/28/2019	8/1/2038	2,607,000	2,086,000	-
Revenue Bonds						
Public Utility Revenue Bonds 2006A - VRA	2.20%	6/29/2006	1/15/2028	11,000,000	-	3,366,578
Public Utility Revenue Bonds 2008A- VRA	2.52%	6/27/2008	1/15/2029	6,900,000	-	2,426,089
Public Utility Revenue Bonds 2009B-VRA	0.00%	6/24/2009	7/15/2030	32,000,000	-	12,000,000
Public Utility Revenue Bonds 2010A-VRA	0.00%	2/3/2010	7/15/2040	188,218	-	110,110
Public Utility Revenue Bonds 2012A-VRA	0.00%	4/17/2012	1/15/2035	23,289,955	-	13,973,973
Public Utility Revenue Bonds 2015A - VRA	0.00%	3/5/2015	1/15/2036	2,600,000	-	1,047,716
Public Utility Revenue Refunding Bonds 2016A	4.00% - 5.00%	12/7/2016	1/15/2046	502,260,000	-	421,900,000
Public Utility Revenue Bonds 2020A	2.81% - 5.00%	4/15/2020	1/15/2050	135,445,000	-	130,915,000
Public Utility Revenue Refunding Bonds 2020B	1.63% - 3.54%	4/15/2020	1/15/2043	180,000,000	-	172,905,000
Public Utility Revenue Bonds 2021A - VRA	0.00%	6/24/2021	7/15/2041	20,343,302	-	17,247,686
Public Utility Revenue Bonds 2023A - VRA	0.00%	3/30/2023	1/15/2044	14,693,793	-	130,794
Premiums on Debt Issued					60,952,701	50,980,525
Total Bonds and Notes					\$ 840,543,728	\$ 892,329,460

The annual requirements to amortize to maturity all long-term debt outstanding (General Obligation Bonds, General Obligation Serial Equipment Notes, Public Utility Revenue Bonds, and Section 108 Promissory Notes) including interest payable is as follows:

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Governmental Activities:

Fiscal Year	General Obligation Bonds (Bonds)		(In Thousands) General Obligation Bonds (Direct Borrowing)		General Obligation Equip Notes (Direct Borrowing)	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	49,689	28,238	6,525	76	2,505	212
2025	51,330	25,934	-	-	2,548	169
2026	48,680	23,555	-	-	1,863	126
2027	47,575	21,208	-	-	1,339	89
2028	47,300	18,900	-	-	1,082	56
2029 - 2033	254,530	59,757	-	-	515	26
2034 - 2038	157,420	21,697	-	-	-	-
2039 - 2043	60,765	3,270	-	-	-	-
Subtotal	717,289	202,559	6,525	76	9,852	678
Premium	60,953	-	-	-	-	-
Total	<u>\$ 778,242</u>	<u>\$ 202,559</u>	<u>\$ 6,525</u>	<u>\$ 76</u>	<u>\$ 9,852</u>	<u>\$ 678</u>

Fiscal Year	(In Thousands) HUD Section 108 Notes (Direct borrowing)		Line of Credit Bond Anticipation Notes (Direct Borrowing)	
	Principal	Interest	Principal	Interest
2024	711	261	34,900	285
2025	725	241	2,600	-
2026	740	220	-	-
2027	751	197	-	-
2028	760	174	-	-
2029 - 2033	3,957	486	-	-
2034 - 2038	652	81	-	-
2039 - 2043	130	2	-	-
Total	<u>\$ 8,426</u>	<u>\$ 1,662</u>	<u>\$ 37,500</u>	<u>\$ 285</u>

CITY OF RICHMOND, VIRGINIA
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Business-Type Activities:

Fiscal Year	(In Thousands)					
	General Obligation Bonds (Bonds)		General Obligation Bonds & Notes (Direct Borrowing)		Line of Credit Bond Anticipation Notes (Direct Borrowing)	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 7,372	\$ 1,168	\$ 883	\$ 313	\$ 15,000	\$ 30
2025	3,700	999	899	296	-	-
2026	3,820	885	623	279	-	-
2027	3,940	764	636	264	-	-
2028	4,065	637	373	248	-	-
2029 - 2033	17,660	1,158	2,052	1,034	-	-
2034-2038	-	-	2,386	624	-	-
2039 - 2043	-	-	1,917	187	-	-
Subtotal	40,557	5,611	9,769	3,245	15,000	30
Premium	1,426	-	-	-	-	-
Total	<u>\$ 41,983</u>	<u>\$ 5,611</u>	<u>\$ 9,769</u>	<u>\$ 3,245</u>	<u>\$ 15,000</u>	<u>\$ 30</u>

Fiscal Year	(In Thousands)			
	Utility Revenue Bonds (Bonds)		Utility Revenue Bonds (Direct Borrowing)	
	Principal	Interest	Principal	Interest
2024	\$ 27,420	\$ 30,125	\$ 4,171	\$ 132
2025	31,930	29,022	4,965	108
2026	32,945	27,657	4,990	83
2027	33,945	26,231	5,015	57
2028	34,550	24,753	5,042	31
2029 - 2033	199,505	99,268	15,767	8
2034 - 2038	171,145	55,580	7,446	-
2039 - 2043	128,005	25,841	2,906	-
2044 - 2048	53,205	7,958	-	-
2049 - 2053	13,070	789	-	-
Subtotal	725,720	327,224	50,302	419
Premium	49,554	-	-	-
Total	<u>\$ 775,274</u>	<u>\$ 327,224</u>	<u>\$ 50,302</u>	<u>\$ 419</u>

Debt issued during the fiscal year ended June 30, 2023

On December 6, 2022, the City established its \$70.0 million Series 2022A General Obligation Line of Credit Bond Anticipation Note ("BAN") with a commercial bank. By the end of the fiscal year, the City drew \$49,900,000 on the Line of Credit to finance ongoing City and Stormwater Utility capital projects. The City pays monthly variable rate interest on the Line of Credit borrowings priced with a SOFR index. The Line of Credit has a final maturity of December 1, 2024 and the outstanding principal balance as of June 30, 2023 was \$49,900,000. The City anticipates refinancing this debt into a long-term general obligation bond in the future.

On December 6, 2022, the City established an additional \$10.0 million Series 2022B General Obligation Line of Credit Bond Anticipation Note ("BAN") with a commercial bank. By the end of the fiscal year, the City drew \$2,600,000 on the Line of Credit to

CITY OF RICHMOND, VIRGINIA
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finance the planning and designing phases of future City capital projects. The City pays monthly variable interest on the Line of Credit borrowings priced with a SOFR index. The Line of Credit has a final maturity of December , 2025 and the outstanding principal balance as of June 30, 2023 was \$2,600,000. The City anticipates refinancing this debt into a long-term general obligation bond in the future.

During fiscal year 2023, the City issued its \$14,693,793 Public Utility Revenue Bond, Series 2023A to evidence a loan made to the City by the Virginia Resources Authority issued on March 30, 2023. The City initially drew \$130,794 on the Virginia Resource Authority's loan and on June 30, 2023 the outstanding balance was \$130,794. The proceeds of the bond issue will be used to finance a capital project of the City's Department of Public Utilities' Wastewater Utility. The bond issue is priced with a zero percent interest rate, with semi-annual principal payments due on July 15 and January 15, with a final maturity on January 15, 2044.

During fiscal year 2023, the City issued its \$57,990,000 General Obligation Bond, Series 2022A dated September 8th, 2022. The proceeds of the 2022A GO bonds, along with premiums received, were used to pay off the \$60.0 million outstanding balance of the Series 2021A Line of Credit Bond Anticipation Note, as to finance \$3.5 million of public safety vehicles. The Series 2022A GO bonds have coupon interest rate ranging from 4.0% to 5.0% with semiannual interest payable on March 1st and September 1st of each year. Serial annual principal payments in amounts of between \$2,145,000 and \$3,985,000 are payable on March 1st, of each year with a final principal payment due on March 1st, 2042. At the time of the 2022A GO bond sale, Moody's, Standard & Poor's, and Fitch affirmed their Aa1, AA+, and AA+ credit ratings, respectively, of the City, with a stable outlook.

Defeasance of Debt

On December 21, 2017, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2017D to advance refund principal maturities of the Series 2013A, and 2014A General Obligation Bonds. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2023, the principal amount of defeased bonds is \$37,500,000. The call date for the Series 2014A is March 1, 2024.

On December 10, 2020, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2020B to advance refund principal maturities of the Series 2012B, and 2014A General Obligation Bonds. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2023, the principal amount of defeased bonds is \$31,260,000. The call date for the Series 2014A is March 1, 2024.

Legal Debt Limit

Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for cities for issuing General Obligation debt is ten (10.0) percent of the last preceding assessment for real estate taxes. At June 30, 2023, the City had a legal debt limit of \$3,593,369,500 (10.0 percent of the taxable real estate value in the City) and the statutory capacity to issue additional General Obligation debt of approximately \$2,748,452,485 (remaining legal debt margin).

Authority to Issue Debt

As of June 30, 2023, the City had a total of \$828,858,005 of additional general obligation and revenue bonds authorized, but not issued, for funding Capital Improvement Projects and the acquisition of Equipment. Of these authorized, but not issued bonds and notes, \$468,250,676 is earmarked for self-supporting Public Utility revenue bond funded projects, \$37,103,330 for Stormwater Utility Projects, \$315,700,000 for various General Fund supported capital projects and \$7,803,999 for funding of equipment purchases.

CITY OF RICHMOND, VIRGINIA
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Bond Ratings

The City of Richmond periodically has three bond rating firms provide credit evaluations of the City's outstanding General Obligation and Public Utility Revenue bond debt. The current bond rating of the City's outstanding bond debt by each firm is as follows:

General Obligation Bonds	
Moody's	Aa1
Standard & Poor's	AA+
Fitch Ratings	AA+
Public Utility Revenue Bonds	
Moody's	Aa1
Standard & Poor's	AA
Fitch Ratings	AA

Subsequent Event

In September of 2023, the City issued its \$209,705,000 Public Utility Revenue Refunding Bonds, Series 2023B to evidence a loan made to the City by Wells Fargo Bank, National Association. The proceeds of the bonds will be used to refund certain outstanding indebtedness of the City. Pursuant to a resolution adopted by the City Council of Richmond, Virginia, the City has entered into a Forward Bond Purchase Agreement, dated September 28, 2023, between the City and Wells Fargo Municipal Capital Strategies, LLC, providing for the purchase of the City's Public Utility Revenue Refunding Bonds, 2026. The Proceeds of the bonds will be used to refund the City's \$209,705,000 Public Utility Revenue Refunding Bonds, Series 2023B.

Also on September 28, 2023, the City issued its \$110,970,000 Public Utility Revenue and Refunding Bonds, Series 2023C. The bonds are limited obligations of the City of Richmond, payable solely from certain revenues derived by the City from its natural gas, water, wastewater utilities and other funds pledged for their payment under the terms of the Master Indenture and the Twenty-Fifth Supplemental Indenture. The proceeds of the bonds will be used to finance or reimburse expenditures for certain improvements to and expansion of the Utility System, to fund certain maturities of the City's Public Utility Revenue Refunding Bonds, Series 2020B (Federally Taxable) and to fund certain costs of issuance of the Bonds.

In the coming months of fiscal year 2024, the City will close on the General Obligation Public Improvement Bonds. Proceeds of the anticipated General Obligation Bonds will be used to pay off the \$49.9 million outstanding balance of the Series 2022A Line of Credit Bond Anticipation Note, as well as to finance several applicable capital improvement projects.

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8. FUND BALANCES

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. Fund balances at June 30, 2023, are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
Nonspendable:				
Prepaid	\$ 14,170	\$ -	\$ -	\$ -
Total Nonspendable	14,170	-	-	-
Restricted To:				
Capital Projects	-	17,012,635	23,709,704	-
NM Governmental Funds	-	-	-	53,272,505
Total Restricted	-	17,012,635	23,709,704	53,272,505
Committed To:				
Budget and Revenue Stabilization Contingency	29,585,710	-	-	-
School Board Operations	209,182	-	-	-
Total Committed	29,794,892	-	-	-
Assigned To:				
Encumbrance Roll Forward	40,419,057	-	-	-
Capital Reserve	19,099,962	-	-	-
Percent for the Arts	254,396	-	-	-
School Facilities	18,387,070	-	-	-
Unspent Building Code Fees	7,312,298	-	-	-
COVID-19 Contingencies	547,557	-	-	-
Special Purpose	1,261,278	-	-	-
Employee Compensation Reserve	2,000,000	-	-	-
Unfunded Liability	1,796,612	-	-	-
Revolving Land Acquisition	1,750,000	-	-	-
Total Assigned	92,828,230	-	-	-
Unassigned:				
Total Unassigned	139,902,611	1,015,815	(75,041,536)	-
Total Fund Balances	\$ 262,539,903	\$ 18,028,450	\$ (51,331,832)	\$ 53,272,505

9. RISK MANAGEMENT

The City's non-health care related risk management activities are conducted through the Self Insurance agency within General Fund and have been accounted for in accordance with GAAP.

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. For all retained risks, claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no significant reductions in insurance coverage since the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

For workers' compensation claims, the City assumes the first \$2M for Heart, Lung and Cancer presumptive claims for Public Safety Officer and \$2M for all other employees and non-presumptive claims for Public Safety Officers. The City pays claims filed directly from appropriations to various agencies. Excess workers' compensation coverage provides protection for accidents exceeding the self-insured retentions noted above. Claims for indemnity benefits may be paid over a maximum period of 500 weeks with the exception of certain legally defined cases, which may be paid for the lifetime of the claimant.

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The City is self-insured for the first \$1.5M of any general liability, automobile liability, public officials or police professional liability claim. The City has purchased \$10M in excess liability coverage over a \$1.5M self-insured retention from States Self-Insurers Risk Retention Group (States), a public entity risk pool domiciled in the State of Vermont. Claims under the \$1.5M self-insured retention are paid by the Risk Management agency within the General Fund.

The City's Department of Public Utilities (DPU) is a member of the Associated Electric Gas and Insurance Services, Ltd., a member-owned company based in New Jersey. In exchange for an annual premium, the utilities are provided insurance coverage to a limit of \$35M per occurrence for excess liability with self-insured retention of \$1M per occurrence for General and Employers' Liability, and \$1M per occurrence for Pollution Liability. DPU is also a member of Energy Insurance Mutual Ltd., which provides excess liability coverage with limits of \$100 million in excess of the \$35 million underlying coverage.

The City also carries commercial insurance in a number of smaller, more defined risk areas such as employees' faithful performance, money and securities, and medical professional liability. The Risk Management Bureau continues to the necessary Fiduciary coverage for the Richmond Retirement System Fund and Malicious Acts coverage for the City.

During the fiscal year ended June 30, 2023, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures or expenses in the appropriate Governmental and Proprietary Funds, respectively.

The City's aggregate actuarially determined liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 202, was \$52,995,995 (undiscounted) and \$41,560,137 (discounted at 3.50 percent). Changes in the aggregate for these liabilities for FY2022 and FY2023 were:

Fiscal Year	Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2022	\$ 41,107,222	\$ 9,229,181	\$ (7,781,634)	\$ 42,554,769
2023	\$ 42,554,769	\$ 9,137,709	\$ (10,132,341)	\$ 41,560,137

Workers' compensation, general liability, and automobile liability future payment projections for fiscal period July 1, 2023, through June 30, 2024, are as follows:

Probability Level	Discounted	Undiscounted
90.00%	\$ 10,867,946	\$ 11,056,499
75.00%	\$ 9,705,322	\$ 9,873,704
Central Estimate	\$ 8,603,192	\$ 8,752,453

10. HEALTH CARE PLAN

On July 1, 2010, the City began to self-insure health care for all eligible employees and retirees by contracting with providers for administrative services only. Services under these contracts include claims adjudication, disease management, lifestyle programs, and wellness initiatives. The Department of Human Resources manages the plan, ensures statutory compliance and makes recommendations to City Council, which has the authority to modify the provisions of the City's active and post-employment benefits program. In accordance with the Affordable Care Act (ACA), any employee who works an average of twenty (20) or more hours within a designated "measurement period" will be eligible to enroll in the City-sponsored health care (with the exception of Seasonal Employees).

Retiree Eligibility

Employees who retire as an active member in the Defined Benefit Plan and Enhanced Defined Benefit Plan and Constitutional employees are eligible for health insurance. Employees must:

- Be under age 65
- Have worked for the City for 15 years or more
- Have worked for the City for 10 or more years with 5 years of continuous participation on the health insurance program immediately prior to retirement

CITY OF RICHMOND, VIRGINIA
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Sworn Police, Sworn Fire, Sworn VRS, and Executives currently are not in the defined contribution group are also able to participate in the post-retirement medical coverage even if they were hired after January 1, 1997.

Employees who retire as an active member in the Defined Contribution Plan are not eligible for post-retirement benefits and are only eligible for COBRA.

City Subsidy

The amount of subsidy is determined on a yearly basis and based on length of active service. There are four levels of subsidy:

<u>Years of Active Service</u>	<u>Monthly Health Assessment Subsidy</u>	<u>Monthly No Health Assessment Subsidy</u>
25 +	\$ 425.00	\$ 400.00
20 to 24	\$ 325.00	\$ 300.00
15 to 19	\$ 225.00	\$ 200.00
10 to 14	\$ 125.00	\$ 100.00
Less than 10	\$ 0.00	\$ 0.00

Benefits

CIGNA Healthcare is contracted as the third-party administrator for the medical plans. The City offers three medical plan options: Premier, Classic and Choice Fund HDHP. In-network services for the Premier Plan are covered at 90 percent with a \$20 office visit co-pay for Primary Care Physicians, and a \$40 office visit co-pay for Specialists. In-network services for the Classic Plan are covered at 80 percent with a \$25 office visit co-pay for Primary Care Physicians, and a \$50 office visit co-pay for Specialists. In-network services for the Choice Fund HDHP are covered at 80% after the calendar year deductible is met. Out-of-network providers are covered at 50 percent. Wellness checkups and services are covered at 100 percent. Prescription drug coverage is included with all medical plans, utilizing a four tier co-pay structure and optional mail order to refill prescriptions. Retirees are only allowed to enroll in the Classic or Choice Fund HDHP plans as of January 2022. The City pays the full cost of the coverage for life for Line of Service Retirees.

The City purchases specific stop-loss insurance from Connecticut General Life Insurance Company (CIGNA) limiting claims against the self-insurance program to \$300,000 per occurrence for individual claims, and an additional 125 percent aggregate stop loss limitation that has been subsequently canceled effective as of August 2014, for the City. The following table shows the amounts that have been accrued as a liability within the self-insurance fund based upon an estimate from the City's outside actuary, USI.

	Health Insurance Primary Government	
	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Unpaid Claims Beginning of Fiscal Year	\$ 3,114,000	\$ 3,477,000
Incurred Claims (including IBNR)	50,671,803	48,806,134
Claim Payments	(50,374,803)	(49,169,134)
Unpaid Claims End of Fiscal Year	<u>\$ 3,411,000</u>	<u>\$ 3,114,000</u>

11. RETIREMENT PLANS

Richmond Retirement System (RRS)

Defined Benefit Plan

A. Plan Description

The RRS was established by action of the Richmond City Council on February 1, 1945. The City Council appoints five members and the Mayor appoints two members of the Board of Trustees to administer the RRS. However, City Council retains the authority to establish or amend benefit provisions. The RRS is currently not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The RRS is a single-employer Defined Benefit Plan. The RRS has one participating employer, the City, including its component unit Richmond Behavioral Health Authority and a small portion of Richmond Public Schools. The plan covers all full-time permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial Retirement System and the Virginia Retirement System. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), which offers both agent and cost sharing multiple-employer retirement plan options to Virginia localities and acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth of Virginia. Members are vested after five years of creditable service or at their normal retirement age (age 65 for General Employees; age 60 for Public Safety Employees). The plan is contributory for employees.

B. Contribution Policy

The City Code of 1993, as amended, requires the City to contribute to the RRS, annually, an amount as determined by the actuarial, expressed as a percentage of payroll, equal to the sum of the normal contribution and the actuarial determined contribution.

The actuarial determined contribution is the amount necessary to amortize the unfunded actuarial liability and any increase or decrease in the unfunded actuarial liability in future years due to changes in actuarial assumptions, changes in RRS provisions, including the granting of ad hoc COLA increases, or actuarial gains or losses amortized over a closed period not to exceed 30 years.

C. Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability (NPL)

Actuarial determined contribution rates and net pension liability (NPL) are calculated as of July 1 two years prior to the end of the fiscal year in which contributions are reported. The following assumptions were used to determine contribution rates and NPL:

- Actuarial cost method – Entry Age Normal
- Amortization method – Level percent of pay over a closed period not to exceed 30 years for Police and Fire Employees; level dollar amount over a closed period, not to exceed 30 years for general members.
- Remaining amortization period – 8 years for remaining unfunded accrued liability as of July 1, 2023; Other new bases are amortized over 20 years.
- Asset valuation method – Five-year spread of actual over expected investment earnings with the restriction that the resulting value must be within 90%-110% of market value.
- Inflation rate - 2.5 percent.
- Salary increases General Employees – 2.50 percent to 4.00 percent.
- Salary Increases – Police and Fire Employees from 2.50 percent to 4.50 percent.
- Investment rate of return – 7.00 percent.
- For the fiscal years ended June 30, 2023 and 2022, the annual money-weighted rates of return were 5.8% and -6.0%, respectively. Annual money-weighted rate of return is calculated net of all investment management expenses and additional plan investment-related expenses that are reported by the Plan's custodian or were provided to the investment consultant by the RRS. The methodology used to determine the money-weighted rate of return is different from the calculation of the fiscal year rate of return. Cash flows have a larger impact on the money-weighted rate of return than the fiscal year rate of return, which uses a time-weighted calculation.
- For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings is recognized over a five-year period, with the restriction that the actuarial asset value cannot be less than 90.00 percent or more than 110.00 percent of market value. This smoothing method is utilized in order to minimize the impact of short term market fluctuations on the RRS contribution rates and funded status. Fair market value of investments was used to determine NPL.

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D. Plan Membership

As of June 30, 2023, membership in the RRS was comprised as follows:

Active vested Plan members	1,113
Active Non-vested Plan members	268
Terminated Vested Plan members	1,534
Retirees and beneficiaries receiving benefits	4,158
Total	7,073

E. Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the City's obligation to the Defined Benefit Plan. The net pension liability of the City at June 30, 2023, for the RRS was as follows.

Total pension liability (TPL)	\$	932,341,679
Plan fiduciary net position		601,699,695
City's net pension liability (NPL)	\$	330,641,984
Plan fiduciary net position as a percentage of the total pension liability		64.54%
Covered payroll	\$	92,777,107
City's net pension liability as a percentage of covered payroll		356.38%

The plans net pension liability is calculated based on a measurement date of June 30, 2022.

Expected Rate of Return and Target allocation

The long-term expected rate of return on RRS investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (e.g., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset percentage and by adding expected inflation. The target asset allocation identifies the optimal asset mix strategy for the RRS. To ensure compliance with the policy, a rebalancing strategy is used. RRS is in the multiyear process of phasing in its asset allocation. Best estimates of geometric return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the table below:

Asset Class	10-Yr. Assumptions 2021 Geometric Return	Target Asset Allocation
Broad U.S. equities	7.35%	29.00%
International equities	7.25%	16.00%
Diversifying assets	5.55%	6.00%
Private equity	8.50%	6.00%
Fixed income	4.25%	29.00%
Private Debt	7.00%	6.00%
Real estate (core)	5.75%	10.00%

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F. Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the NPL. As an illustration, the following table present the NPL for the RRS, calculated using the discount rate of 7.00 percent, as well as, what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

Sensitivity of the NPL to Changes in the Discount Rate			
	1.00% Decrease	Current Discount Rate	1.00% Increase
	6.00%	7.00%	8.00%
Plan Net Pension Liability	\$ 417,348,851	\$ 330,641,984	\$ 255,851,257

G. Summary of Deferred Outflows and Inflows of Resources

The City reports new deferred outflows of resources and deferred inflows of resources on its Statement of Net Position as a result of pension related activities required under GAAP. Deferred outflows of resources represent a consumption of net position that is applied to future periods and, thus, is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year. The component make up of deferred inflows of resources and deferred outflows of resources is as follows:

Summary of Deferred Outflows and Inflows of Resources - RRS		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,079,380
Net difference between expected and actual investment earnings	29,245,588	-
Change in assumptions	3,363,940	-
Employer contributions subsequent to the measurement date	53,387,868	-
Total	\$ 85,997,396	\$ 1,079,380

Deferred outflows of resources for contributions subsequent to measurement date will be recognized in net pension liability in fiscal year ended 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over specific years and recognized in pension expense in future years as shown below:

Amortization Schedule of Deferred Outflows and Inflows of Resources		
Year Ended June 30,		
2024	\$	8,249,832
2025	\$	5,251,062
2026	\$	(120,716)
2027	\$	18,149,970
Total	\$	31,530,148

For the year ended June 30, 2023, the City recognized RRS pension expense of \$50,293,366.

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The components of this pension expense include the following:

PENSION EXPENSE - RRS	
Service Cost	\$ 10,740,313
Interest Cost	62,432,160
Benefit Changes	-
Experience Loss/(Gain)	1,121,314
Contribution Employee	(1,727,540)
Net Investment Income	
Expected Return on Investments	(45,941,272)
Investment Gain or Loss Expensed	18,149,971
Administrative Expense	1,536,064
Amortization	3,982,356
Pension Expense	<u>\$ 50,293,366</u>

The Defined Benefit Plan is considered part of the City financial reporting entity and is included in the financial statements as a Pension Trust Fund.

Defined Contribution Plan

The RRS also offers a Defined Contribution 401(a) Plan as another retirement option to the City and RBHA. This plan is mandatory for general employees hired on/or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the administrator for this plan and has contracted with an independent, not-for-profit financial services organization to be the record keeper of the plan. The City contributes a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This plan is non-contributory for employees. There are 2,518 city employees currently enrolled in the plan.

The Defined Contribution Plan is a 401(a) account which grows through contributions from the participating employers and investment earnings. The Defined Contribution Plan is funded entirely by employer contributions, and no employee contributions are required. Participating employers contribute a percentage of the member's salary to an account each pay period in accordance with the following schedule, which is based on years of creditable service:

- Less than 5 years of service 5.00 percent
- 5 to 10 years of service 6.00 percent
- 10 to 15 years of service 8.00 percent
- 15 or more years of service 10.00 percent

The contribution to the RRS plan by the City is determined annually by the City's Department of Budget & Strategic Planning and subsequently approved and adopted through the City's biennial budget process.

RRS Financial can be accessed at: www.richmondgov.com/retirement/publications.aspx

Virginia Retirement System (VRS)

A. Plan Description

The City contributes to the Virginia Retirement System (VRS), a cost-sharing and agent multiple-employer defined benefit pension plan administered by the VRS. City members include constitutional offices of the Sheriff, Courts, Registrar and Treasurer. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. There are three defined benefit plans for local government employees – Plan 1 and Plan 2 and Hybrid Plan.

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- Members hired before July 1, 2010, and who were vested as of January 1, 2013, are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010, and who were not vested on January 1, 2013, are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Non-hazardous duty employees hired on or after January 1, 2014, are covered under the Hybrid Plan. The VRS Hybrid Retirement Plan combines features of a defined benefit and a defined contribution plan. Employees covered under the VRS Hybrid Plan are eligible for an unreduced benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1.00 percent of their Average Final Salary (AFS) for each year of credited service. Hybrid members make mandatory contributions to the defined contribution component of the plan and may make additional voluntary contributions to the plan, which the employer is required to match. Employees vest in the matching employer contributions based upon a tiered schedule. Employees are 100.00 percent vested in all matching employer contributions upon reaching 4 years of creditable service.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 percent. The retirement multiplier for sheriffs and regional jail superintendents is 1.85 percent. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70 percent or 1.85 percent as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65 percent effective January 1, 2013, unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00 percent; under Plan 2, the COLA cannot exceed 3.00 percent. During years of no inflation or deflation, the COLA is 0.00 percent. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS website located <http://www.varetire.org/publications/index.asp> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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B. Contribution Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia (1950), as amended, but may be impacted as a result of funding options provided by the Virginia General Assembly. Employees are required to contribute 5.00 percent of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0 percent member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00 percent member contribution.

The City's contractually required contribution rate for the year ended June 30, 2023, was 13.45 percent of covered employee compensation. This rate was based on an actuarial determined rate from an actuarial valuation of June 30, 2021. This rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan for the years ended June 30, 2023, and June 30, 2022, were \$4,488,171 and \$4,531,551, respectively.

C. Plan Membership

At June 30, 2022, the valuation date, City membership in the VRS was comprised as follows:

Active members	431
Inactive members	-
Members and their beneficiaries receiving benefits	529
Members active elsewhere in VRS	304
Inactive Non-vested members	131
Inactive Vested members	207
Total	1,602

D. Net Pension Liability

For the City of Richmond, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2021. A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the City's obligation to the Defined Benefit Plan. The net pension liability of the City at June 30, 2023, was as follows:

Total Pension Liability	\$	151,624,612
VRS Fiduciary Net Position		148,295,748
Net Pension Liability/Asset	\$	3,328,864
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		97.80%
Covered Payroll	\$	24,376,351
City's Net Pension Liability as a Percentage of Covered Payroll		13.66%

E. Actuarial Methods and Assumptions

The City's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all period included in the measurement and rolled forward to the measurement date of June 30, 2022.

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Actuarial Assumptions for General Employees

The actuarial valuation used the Entry Age Normal actuarial cost method and the following assumptions

- Inflation 2.50 percent
- Salary Increase 3.50 percent to 5.35 percent
- Investment Rate of Return net of pension plan investment expense 6.75 percent
- RP-2014 Mortality rate tables were used projected to 2020

Actuarial Assumptions for Public Safety Employees

The actuarial valuation used the Entry Age Normal actuarial cost method and the following assumptions

- Inflation 2.50 percent
- Salary Increase 3.50 percent to 4.75 percent
- Investment Rate of Return net of pension plan investment expense 6.75 percent
- RP-2014 Mortality rate tables were used projected to 2020

Long Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Long Term Expected Rate of Return			
	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
	<u>100.00%</u>		<u>5.33%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

* The above allocation provides a one year return of 7.83 percent. However, one year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS statutes and the employer contribution will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. From July 1, 2022, on, participating VRS employers are assumed to contribute 100.00 percent of the actuarial determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long -term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

F. Summary of Deferred Outflows and Inflows of Resources VRS

The schedules presented below reflect information required under GAAP and were prepared using an actuarial valuation performed as of June 30, 2021. The valuation was based upon data furnished by the VRS staff concerning active, retired and inactive members, along with pertinent financial information. The projected cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the policies established by VRS at rates equal to the difference between actuarial determined contribution rates adopted by the VRS board and the member rate.

Deferred outflows of resources represent a consumption of net position that is applied to future periods and thus is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year. The component make up of deferred inflows of resources and deferred outflows of resources is as follows:

Summary of Deferred Outflows and Inflows of Resources - VRS		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,426,540
Changes in assumptions	1,358,403	-
Net difference between projected and actual earnings on plan investments	-	4,427,720
Employer contribution subsequent to the measurement date	4,488,171	-
Total	\$ 5,846,574	\$ 5,854,260

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The deferred inflows of the VRS are amortized over a period of 4 years and are presented below to show the amount to be recognized in pension expense in future years. The deferred outflows made subsequent to the measurement date are not amortized. The \$4,488,171 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Amortization Schedule of Deferred Outflows and Inflows of Resources		
Year Ended June 30,		
2024	\$	(1,513,219)
2025		(2,059,239)
2026		(2,978,358)
2027		2,054,959
Total	\$	(4,495,857)

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the NPL. To show the impact of a 1 percent change in the discount rate the following table is presented with a rate of 5.75 percent and 7.75 percent comparing the total change in the NPL for a 1 percentage increase or decrease.

	Sensitivity of the NPL to Changes in Discount Rate		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
Plan Net Pension Liability	\$ 22,400,154	\$ 3,328,864	\$ (12,364,040)

For the year ended June 30, 2023, the City recognized VRS pension expense of \$31,870. The components of this pension expense include the following:

PENSION EXPENSE - VRS	
Service Costs	\$ 3,251,586
Interest on the total pension liability	9,947,561
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(536,555)
Expensed portion of current period changes in assumptions	-
Member contributions	(1,336,414)
Projected earning on plan investments	(10,163,241)
Expensed portion of current-period differences between actual and projected earnings on plan investments	2,054,959
Administrative expenses	95,550
Other	5,428
Recognition of beginning deferred outflows of resources as pension expense	2,694,901
Recognition of beginning deferred inflows of resources as pension expense	(5,981,905)
Pension Expense	<u>\$ 31,870</u>

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Aggregated Pension Expense

For the year ended June 30, 2023, the City recognized total pension expense of \$50,325,236 RRS accounted for \$50,293,366 of the total and VRS accounted for the remainder of \$31,870.

	RRS	VRS	Total
Service Cost	\$ 10,740,313	\$ 3,251,586	\$ 13,991,899
Interest Cost	62,432,160	9,947,561	72,379,721
Benefit Changes	-	-	-
Experience Loss (Gain)	1,121,314	(536,555)	584,759
Member Contributions	(1,727,540)	(1,336,414)	(3,063,954)
Change in Assumptions			
Net Investment Income			
Expected Return on Investments	(45,941,272)	(10,163,241)	(56,104,513)
Investment Gain or Loss Expensed	18,149,971	2,054,959	20,204,930
Administrative Expense	1,536,064	100,978	1,637,042
Amortization	3,982,356	(3,287,004)	695,352
Pension Expense	<u>\$ 50,293,366</u>	<u>\$ 31,870</u>	<u>\$ 50,325,236</u>

12. OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with GAAP, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. The City has employees participating in one of two OPEB Plans, The City of Richmond OPEB Plan and the Virginia Retirement System (VRS) OPEB Plan.

Other Post Employment Benefit Plans

A. City of Richmond OPEB Plan Description

The City provides continuous medical insurance coverage for some full-time employees who retire directly from the City, have continuously been enrolled in the health plans for 5 years prior to retirement, and are eligible to receive an early or regular retirement benefit from the City. In addition, they must be employed with the City for at least 10 years of creditable service at retirement. Dental insurance also continues after retirement at the retiree rate. The plan has been changed to only value participants who are currently retired and active members that were hired prior to July 1, 2006. Sworn Police, Sworn Fire, Sworn VRS, and Executives currently not in the defined contribution group are also able to participate in the post- retirement medical coverage even if they were hired after July 1, 2006. All other members hired after this date are assumed to pay the full cost of the program with no implicit rate subsidy and, therefore, have no liability reported under GAAP.

Retirees that become Medicare eligible are no longer eligible for the City retiree medical plan. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member paying the same rate as the retiree, but without the City's contribution.

Currently the plans offered to retirees provided by the Connecticut General Life Insurance Co. are Choice Fund Open Access Plus HSA Plan Healthcare Plan 1 and the Open Access Plus Plan Healthcare Plan 2. Retirees that become Medicare Eligible are no longer eligible for the City of Richmond retiree medical plan..

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For pre-Medicare coverage, retirees pay a portion of the early retiree rates based on years of service at retirement. The City pays a subsidy of premiums based on length of active service. This subsidy is determined on an annual basis. There are four levels of City subsidy.

<u>Years of Active Service</u>	<u>Monthly Subsidy</u>
25+	\$ 400
20 to 24	\$ 300
15 to 19	\$ 200
10 to 14	\$ 100
Less than 10	\$ 0

Disabled participants are provided coverage under the same benefit terms and eligibility as non-disabled participants

Employees may retire under the City of Richmond Retirement Plan with an unreduced pension benefit under the following age and service requirements based on the category of employee:

- General employees are eligible at age 65, with no service requirement
- General employees are eligible with 30 years of service regardless of age
- Police officers and firefighters are eligible at age 60, with no service requirement
- Police officers and firefighters are eligible with 25 years of service regardless of age

Employees may retire with a reduced pension benefit under the RRS under the following age and service requirements based on the category of employee:

- General employees are eligible at age 55, with five years of service
- Police officers and firefighters are eligible at age 50, with five years of service

The number of employee participants as of June 30, 2023, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

Active Employees	1,560
Retired Employees	88
Total	<u>1,648</u>

Pre-Medicare retirees who participate in the plan pay the full active rate less the contribution from the City of Richmond if they are eligible for the subsidy. Below are the full cost of the monthly premium rates projected at 6.25% of the valuation year:

	OPEB Classic Plan	High Deductible Plan
Retiree Only	\$1,264.20	\$1,037.80
Retiree + Spouse	\$2,548.40	\$2,095.09

a. Funding Policy

The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. In February 2019, the City began participating in the Virginia Pooled OPEB Trust Fund, an irrevocable trust. The City began making contributions to the trust for investment purposes. In Fiscal Year 2023, \$1,400,000 was contributed to this pooled investment trust and the assets of the trust have been segregated or restricted to provide for other post-retirement benefits in the future.

b. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverage is community-rated and annual premiums for community-rated coverage's were used as a proxy for claims costs without age adjustment.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined, regarding the funded status of the plan and the annual required contributions of the employer, are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA).

The assumptions used in the basis of the June 30, 2023 valuation include:

- Salary Increases – Not applicable
- Discount Rate – The discount rate is 6.75 percent per annum as of June 30, 2023 compared to the prior discount rate of 4.09 percent as of June 30, 2023.
- Valuation Date - June 30, 2023
- Expected Long – Term Rate of Return on Plan Assets – Not applicable
- Plan Participation – 10.00 percent of employees will elect coverage at retirement.
- Dependent Coverage – 30.00 percent of retirees who elect coverage at retirement will also cover their spouse at retirement.
- Administrative Expenses - The weighted average admin expense based on current retiree enrollment between plan designs is \$71.00 per annum.
- Investment Policy - Not Applicable
- Coordination with Medicare - Not Applicable
- Age Variance - the medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

Actuarial Methods:

- Actuarial Method - Retiree postemployment benefit expenses are determined under the Entry Age Normal cost method.
- Asset Valuation Method – Market Value of Assets
- Amortization Period - For Statement 75 contribution calculations: 20 years (closed) beginning July 1, 2017 For Statement No. 75: Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 10 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.
- Mortality Rates - were based on the PUB-2010 General Government Healthy, Disabled and Contingent Survivor Headcount Weighted Tables. Future mortality improvement to be generational with 75% MP-2021 Improvement Scale. These Mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2021 Comprehensive Annual Financial Report for the Virginia Retirement System.
- The actuarial projections are based on established patterns of practice as promulgated by the Actuarial Standards Board.

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c. Annual Per Capita Healthcare Cost

Effective for the July 1, 2023 actuarial valuation, an analysis of the City's claims experience was performed for the purposes of setting the retiree medical claims cost. The main purpose is to project the expected annual claims cost for current retirees and future retirees who are currently active. The Rate used for the June 30, 2022 evaluation was not changed.

Benefits are not provided to retirees eligible for Medicare. The annual projected medical claims costs were spread across the active and early retiree population using generally accepted actuarial judgment. It has been assumed that individuals will continue with coverage under their current plan design upon retirement. Furthermore, children and their associated costs have been excluded for purposes of the calculation because generally, retirees do not provide continued coverage to children.

July 1 2023 annual per capita claim

	<u>Medical/RX*</u>
Retiree Age 65 Pre-Medicare	\$22,823
Spouse Age 65 Pre-Medicare	\$22,823

This claim is for a male at age 65. Medical claims are assumed to increase at the medical health care cost trend. The cost trend is 6.25% in 2023 grading uniformly to 5.20% over 2 years and following the Getzen Model thereafter until reaching an ultimate rate of 3.94% in the year 2075.

Net OPEB Liability

The cost trend rate which is 6.25% grading uniformly to 5.20% over a 2 year period. The following table shows the components of City's annual OPEB liability at June 30, 2023 using a measurement date as of June 30, 2023.

Total OPEB Liability	\$	7,497,608
Plan Fiduciary Net Position		(10,300,662)
Net OPEB Liability - June 30	\$	(2,803,054)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		137.39%
Covered Payroll	\$	127,355,724
Net OPEB Liability as a Percent of Covered Payroll		(2.20)%

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The table below shows the Net OPEB Liability measured as of June 30, 2023, which totals \$(2,803,054). The total OPEB Liability of \$7,497,608 when combined with the Fiduciary Net Position of the OPEB Pooled Trust Assets 10,300,662 generates a \$(2,803,054) Net OPEB Liability. While the plan has been a pay-as-you-go plan, in 2019 the City began to invest Assets in a Pooled Investment Trust for the purpose of accumulating Assets to pay OPEB expenses.

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2022	\$ 30,920,236	\$ 8,234,777	\$ 22,685,459
Changes for the Year			
Service Cost	2,653,431	-	2,653,431
Interest on Total OPEB Liability	1,315,796	-	1,315,796
Benefit changes	-	-	-
Experience Losses (Gains)	(11,425,054)	-	(11,425,054)
Changes in Assumptions	(14,564,193)	-	(14,564,193)
Contributions - Employer	-	2,802,608	(2,802,608)
Contributions - Members	-	-	-
Net Investment Income	-	675,005	(675,005)
Benefits Paid	(1,402,608)	(1,402,608)	-
Administrative Expenses	-	(9,120)	9,120
Recognition of Prior Post-measurement Contribution	-	-	-
Other Changes	-	-	-
Amortization of or Change in Beginning Balances	-	-	-
Net Changes	(23,422,628)	2,065,885	(25,488,513)
Balances as of June 30, 2023	\$ 7,497,608	\$ 10,300,662	\$ (2,803,054)

The Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table represents the net OPEB liability calculated using the stated discount rate of 6.75%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate.

Sensitivity of NOL to Change in Discount Rate			
	1.00% Decrease	Current Discount Rate	1.00% Increase
Net OPEB Liability	\$ (3,266,871)	\$ (2,803,054)	\$ (2,261,991)

d. Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table represents the net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate.

Sensitivity of NOL to Change in Healthcare Cost Trend Rate			
	1.00% Decrease	Current Trend Rate	1.00% Increase
	5.75%	6.75%	7.75%
Net OPEB Liability	\$ (2,210,862)	\$ (2,803,054)	\$ (3,331,544)

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
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e. Summary of Deferred Inflows and Outflows of Resources for Richmond OPEB Plan

Summary of Deferred Outflows and Inflows of Resources - City of Richmond		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Losses	\$ 8,143,757	\$ 31,433,484
Change of Assumptions	2,169,574	20,898,316
Investment Losses	632,060	248,035
Total	<u>\$ 10,945,391</u>	<u>\$ 52,579,835</u>

The amounts reported as deferred outflows (inflows) of resources related to OPEBs will be recognized in OPEB expense and are amortized as follows:

Amortization of Deferred Inflows & Deferred Outflows of Resources		
Year Ending June 30:		
2024	\$	(2,117,160)
2025		(2,117,161)
2026		(7,273,827)
2027		(2,748,512)
2028		(7,422,504)
Thereafter		<u>(15,519,280)</u>
Total	\$	<u>(37,198,444)</u>

The City does not issue a separate OPEB financial statement for its OPEB plan.

For the year ended June 30, 2023 the City recognized OPEB expense of \$1,496,225. The components of this OPEB expense include the following:

OPEB EXPENSE		
Service Cost	\$	2,653,431
Interest Cost		1,315,796
Benefit Changes		(1,142,505)
Experience Loss/(Gain)		(1,456,419)
Contribution Employee		-
Change in Assumptions		-
Net Investment Income		(426,970)
Expected Return on Investments		-
Investment Gain or Loss Expensed		-
Administrative Expense		9,120
Amortization		543,772
Pension Expense	<u>\$</u>	<u>1,496,225</u>

B. Virginia Retirement System Group Life Insurance Other Post-Employment Benefits (VRS GLI OPEB)

a. VRS Plan Description

The Virginia Retirement System (VRS) Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan and provides coverage to state employees, teachers, and employees of participating political subdivisions. For the City of Richmond these eligible employees include Constitutional Officer Employees only.

The Group Life Insurance Program was established in July 1, 1960 pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Eligible Employees

Basic group life insurance coverage is automatic upon employment for constitutional employees that elect the program. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25 percent on each subsequent January 1 until it reaches 25 percent of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,984 as of June 30, 2023.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

b. Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent and the employer component was 0.54 percent. Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. The City of Richmond's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54 percent of covered employee compensation. This rate was based on an actuarial determined rate from an actuarial valuation as of June 30, 2019. The actuarial determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the City were \$135,019 and \$138,121 for the years ended June 30, 2023, and June 30, 2022, respectively.

c. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50 percent
Salary increases, including inflation –	
General state employees	3.50 percent to 5.35 percent
VaLORS employees	3.50 percent to 4.75 percent
Locality – General employees	3.50 percent to 5.35 percent
Locality – Hazardous Duty employees	3.50 percent to 4.75 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation*

Net Group Life Insurance (GLI) OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date June 30, 2022, Net OPEB Liability (NOL) for the Group Life Insurance Program is as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,221,062
Plan Fiduciary Net Position	<u>2,836,953</u>
Employers' Net GLI OPEB Liability	<u>\$ 1,384,109</u>
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	67.21%

At June 30, 2023, the City of Richmond reported a liability of \$ 1,384,109 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the Net GLI OPEB Liability was based on the City's actuarial determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarial determined employer contributions for all participating employers. At June 30, 2022, the City of Richmond proportion was 0.11495 percent as compared to 0.12389 percent at June 30, 2021.

CITY OF RICHMOND, VIRGINIA
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For the year ended June 30, 2023, the City recognized GLI OPEB expense of \$(26,317). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

d. Deferred Inflows and Outflows

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB program from the following sources:

Summary of Deferred Outflows and Inflows of Resources - VRS GLI		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 109,604	\$ 55,527
Net difference between projected and actual earnings on GLI OPEB program investments	-	86,486
Change of assumptions	51,625	134,818
Changes in proportionate share	-	208,648
Employer Contributions subsequent to the measurement date	135,019	-
Total	\$ 296,248	\$ 485,479

The \$135,019 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Amortization of Deferred Inflows & Deferred Outflows of Resources	
Year ended June 30,	
2024	\$ (87,114)
2025	(75,692)
2026	(111,458)
2027	(18,931)
2028	(31,055)
Thereafter	-
Total	\$ (324,250)

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent.

Sensitivity of Net Group Life OPEB Liability to Changes in the Discount Rate

The following table represents the VRS net OPEB liability calculated using the stated discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate.

Sensitivity of NOL to Changes in Discount Rate			
	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
VRS Net Group Life OPEB Liability	\$ 2,014,040	\$ 1,384,109	\$ 875,038

e. Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long Term Expected Rate of Return	Weighted Average Long Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi-Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.83%

*The above allocation provides a one-year return of 7.83 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

VRS issues a publicly available comprehensive annual report that includes financial statements and OPEB information for the VRS Plan. A copy of the report can be obtained from the VRS website at <http://www.varetire.org/publications/2022-annual-report.pdf> or by writing to VRS Chief Financial Officer at P.O. Box 2500 Richmond, VA 23218-2500.

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

13. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan is available to all City employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$19,500 for calendar year 2023 whichever is less. The compensation deferred is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the amended provisions of IRC Section 457, all assets and income of the plan were transferred to a trust and are held for the exclusive benefit of participants and their beneficiaries. The Vantage-Trust Company is the Trustee for the plan and the City has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with GAAP as an Other Employee Benefits Trust Fund.

The contributions to the plan for the year ended June 30, 2023 and the fair value of the plan investments were \$9,546,789 and \$149,186,083, respectively.

14. RIGHT-OF-USE ASSETS

A. Leases

The Entity leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2088, including any applicable renewal options.

Total future lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	Principal	Interest	Principal	Interest	
2024	\$ 1,891,700	\$ 528,693	\$ 72,780	\$ 429,290	\$ 2,922,463
2025	1,813,846	465,287	74,994	427,076	2,781,203
2026	1,083,217	409,719	77,275	424,795	1,995,006
2027	925,508	389,205	79,624	422,445	1,816,782
2028	977,281	371,444	82,047	420,023	1,850,795
2029-2033	3,780,036	1,543,208	449,220	2,061,129	7,833,593
2034 and thereafter	9,899,459	2,232,825	13,506,902	14,065,100	39,704,286
Total minimum lease payments	\$ 20,371,047	\$ 5,940,381	\$ 14,342,842	\$ 18,249,858	\$ 58,904,128

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 2,008,929	\$ -
Buildings and structures	22,769,022	-
Land and land use	-	14,482,020
Less: accumulated amortization	4,695,163	435,081
	<u>\$ 20,082,788</u>	<u>\$ 14,046,939</u>

CITY OF RICHMOND, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The Entity, acting as lessor, leases (described leased property) under long-term, non-cancelable lease agreements. The leases expire at various dates through 2055, including any applicable renewal options. During the year ended June 30, 2023, the Entity recognized \$1,196,157 and \$191,071 in lease revenue and interest revenue, respectively, pursuant to these contracts.

<u>Governmental Activities</u>				
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2024	\$ 761,786	\$ 164,343	\$ 926,129	
2025	548,586	145,158	693,744	
2026	393,036	132,365	525,401	
2027	287,635	119,769	407,404	
2028	137,233	109,417	246,650	
2029-2033	446,277	497,586	943,863	
2034 and thereafter	2,813,575	1,131,425	3,945,000	
Total minimum lease payments	<u>\$ 5,388,128</u>	<u>\$ 2,300,063</u>	<u>\$ 7,688,191</u>	

B. Subscription-Based Information Technology Arrangements

The entity has entered into subscription-based information technology arrangements (SBITA's) for various software applications. The SBITA arrangements expire at various dates through 2029 and provide for renewal options.

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$8,494,148 and \$553,238, respectively, for Governmental Type Activities and \$1,409,627 and \$183,824, respectively, for Business Type Activities.

The future subscription payments under SBITA agreements are as follows:

<u>Governmental Activities</u>			<u>Business-Type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2024	\$ 1,922,842	\$ 285,052	\$ 260,210	\$ 38,846	\$ 2,506,950	
2025	1,909,672	212,894	273,221	31,636	2,427,423	
2026	1,230,585	143,933	151,252	23,765	1,549,535	
2027	1,284,598	99,214	158,814	19,671	1,562,297	
2028	1,197,634	50,268	166,755	15,203	1,429,860	
2029 - 2033	7,523	1,326	339,724	15,378	363,951	
2034 and thereafter	-	-	-	-	-	
Total	<u>\$ 7,552,854</u>	<u>\$ 792,687</u>	<u>\$ 1,349,976</u>	<u>\$ 144,499</u>	<u>\$ 9,840,016</u>	

15. CONTINGENCIES, COMMITMENTS AND OTHER MATTERS

A. Combined Sewer Overflow (CSO)

The City operates an advanced wastewater treatment facility with a service area of 81.3 square miles that collects and treats a dry weather flow up to 45 million gallons per day (MGD) and a combination of dry weather flow and combined storm water at flows up to 140 MGD. Within about 35% of the City's service area, the main lines and interceptor lines are combined sewers. A system of retention facilities, storage tunnels, intercepting and trunk sewers links the separate and combined systems with the wastewater treatment plant. There is a mechanical or hydraulic regulator structure at each of the twenty-five (25) CSO outfalls and each has the capacity to divert dry weather flow and some storm water flow to the wastewater treatment plant for complete treatment. Phases I and II of the City's CSO control plan are complete. Phase III began in 2006 and is currently being modified to comply with Acts of the Virginia General Assembly, Chpt. 634, 2020 Va. SB 1064, approved April 2, 2020 and made effective July 1, 2020 ("2020 CSO Law"). The 2020 CSO Law establishes specific timeframes for the development and implementation of Interim and Final Plans to address combined sewer overflows (CSOs). Also in 2020, the State Special Order by Consent issued in 2005 was amended to revise certain provisions of the 2005 Order to align with requirements in the 2020 CSO Law.

The City has been cooperating with the Virginia Department of Environmental Quality (DEQ) and the Virginia State Water Control Board (Board) since the mid-1970's to address combined sewer overflow impacts and the discharge of partially treated sewage on the James River. The City developed a CSO control plan to meet CSO Policy in 1988 and most recently updated that control plan in 2002. As noted earlier, the 2020 CSO Law requires the City to make changes to its CSO control program. Specifically, the City submitted, as required an Interim plan in July 2021 and the Plan included projects that can be initiated within one year and completed no later than July 2027. The City must also develop and submit a Final Plan by July 2024 that includes projects that must be initiated by July 2025 and completed no later than July 2035 subject to sufficient available funding and financing.

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at between \$700 million and \$1.0 billion in future inflated dollars based upon initial scope of the potential Final Plan options (\$354 million spent to date). Funding for the past and future CSO control plan implementation is a combination of ratepayer dollars, state revolving loan fund debt, utility revenue bond debt and state and federal grants. Under the 2005 agreement with the Board, the City is required to raise revenue for implementation of its CSO Control Plan by raising and maintaining sewer rates such that the annual sewer bill for a typical residential customer will be at least 1.25% of the median household income (MHI) supplemented by the availability of federal and state grants. The City's sewer rates have exceeded the 1.25% of MHI requirement since July 2009 and are at 1.60% of MHI as of July 2023.

B. Grants

Federal grant programs in which the City participates are audited in accordance with the provisions of the Office of Management and Budget Circular A-133. Grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, will be immaterial.

C. Gas Utility Enterprise Fund

To ensure the continuity of natural gas supplies and transmission facilities, the City's Gas Utility Enterprise Fund has entered into various long-term supply and transmission contracts through the year 2048. The aggregate commitments under these contracts amounted to approximately \$720 million at June 30, 2023.

16. DISCONTINUED OPERATIONS

The City did not have any operations which were discontinued during Fiscal Year 2022-2023.

17. SUBSEQUENT EVENTS

On September 25, 2023 City Council approved the irrevocable election of the City of Richmond to join the Virginia Retirement System and to provide retirement benefits for its eligible employees beginning the first day of January 2024. New full-time, eligible employees will automatically join VRS on or after that date. Employees hired before December 31, 2023, will have until December 31, 2024, to decide to transition to VRS or remain in RRS.

The transition was adopted with a recommended three-pronged strategy and financial policies to ensure employee investment, equity in contributions, and that the Richmond Retirement System (RRS) reaches and is maintained at an 80.0 percent funded status. This approach is consideration in October and November 2023 through Ordinances 2023-312 and 2023-313.

If adopted, the city will continue its dedication to funding the RRS actuarially determined contribution annually, establish financial policies that do not increase current benefits resulting in additional costs without pre-funding, and set up a reserve trust account which includes short-term investment strategies. The administration will issue \$120 million in Pension Obligation Bonds (POBs) to fund RRS to 80.0 percent and maintain RRS' funded status at 80.0 percent minimum through future infusions to RRS from the dedicated reserve. The fund will be considered an offset to the city's unfunded accrued liability and represent a step to reaching a funding ratio of 100.0 percent. POBs are anticipated to be issued sometime during 2024.

On September 28, 2023, the City closed on the issuance of Public Utility Revenue Refunding Bonds, Series 2023B in the amount of \$209.7M. Proceeds of the Series 2023B Bonds, together with other available funds, were used (a) to advance refund certain portions of the City's Public Utility Revenue and Refunding Bonds, Series 2016A (the "2016A Bonds") and (b) to fund certain costs of issuance of the Series 2023B Bonds. Series 2023B are federally taxable until conversion into series 2026A, which will then be federally tax-exempt. Upon issuance, the series 2026A will be in the principal amount equal to the outstanding principal amount of the Series 2023B Bonds at the time of issuance. Series 2026A Bonds and will bear interest at a rate of 3.94% and will mature on January 15, 2035. The refunding resulted in a net present value savings of 9%.

On October 10, 2023, the City introduced ordinance number 2023-293 to authorize the Chief Administrative Officer to accept funds in the amount of \$1,259,411.69 from the National Opioids Settlement Fund. A special fund for the Office of the Deputy Chief Administrative Officer for Human Services called the National Opioid Settlement Special Fund was created. The funding will be used an opioid response coordinator position and opioid abatement strategies and programs.

In December 2023, the City anticipates issuing tax-exempt GO Bonds series 2023A in the amount of \$70M with proceeds used to pay off an existing Line of Credit that was opened in December 2022. The Line of Credit was used to fund certain planning and general capital needs of the city. Additionally, the City will issue two RFPs to open new lines of credit in the amount of \$250M (tax-exempt) and a \$10M (taxable) which will facilitate capital spending for the next 24 to 36 months for general capital and affordable housing investment. The City anticipates it will close on the GO Bond series 2023A and the two new Lines of Credit in December, 2023.

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REQUIRED SUPPLEMENTARY



INFORMATION

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CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City Taxes				
Real Estate	\$ 379,009,478	\$ 400,037,582	\$ 400,399,011	\$ 361,429
Sales Tax	40,299,142	50,389,183	50,865,941	476,758
Personal Property	69,675,772	69,675,772	66,758,816	(2,916,956)
Machinery and Tools	15,046,684	15,046,684	16,240,341	1,193,657
Utility Sales Tax Gas	5,202,000	4,943,986	5,301,303	357,317
Utility Sales Tax Electric	13,240,798	9,471,097	14,818,687	5,347,590
Utility Sales Tax Telephone	181,776	181,776	-	(181,776)
State Communication Taxes	14,440,680	11,767,543	11,740,138	(27,405)
Bank Stock	9,006,718	10,000,000	10,744,703	744,703
Prepared Food	41,101,160	43,887,483	52,216,109	8,328,626
Cigarette Tax	3,212,009	2,366,131	2,483,993	117,862
Lodging Tax	6,809,609	7,775,145	9,123,199	1,348,054
Admission	939,257	2,836,024	3,437,719	601,695
Real Estate Taxes - Delinquent	11,276,323	11,270,912	10,824,712	(446,200)
Personal Property Taxes - Delinquent	7,914,790	7,914,790	18,648,863	10,734,073
Private Utility Poles and Conduits	19,636	19,636	-	(19,636)
Penalties and Interest	6,712,397	6,718,888	7,700,452	981,564
Titling Tax-Mobile Home	9,807	9,807	-	(9,807)
State Recordation	1,000,000	-	-	-
Property Rental 1%	100,032	232,490	265,561	33,071
Vehicle Rental Tax	893,846	1,238,497	1,233,191	(5,306)
Telephone Commissions	355,000	329,700	325,784	(3,916)
Total City Taxes	626,446,914	656,113,126	683,128,523	27,015,397
Licenses, Permits, and Privilege Fees				
Business and Professional	35,774,569	35,299,935	38,846,374	3,546,439
Vehicle	6,429,914	6,429,914	7,109,036	679,122
Transfers, Penalties, Interest & Delinquent Collections	9,515	33,899	40,527	6,628
Utilities Right of Way Fees	1,788,600	1,220,605	513,487	(707,118)
Other Licenses, Permits and Fees	1,594,856	2,103,931	2,536,153	432,222
Total Licenses, Permits and Privilege Fees	45,597,454	45,088,284	49,045,577	3,957,293
Intergovernmental				
State Shared Expense	23,282,715	20,343,612	24,469,191	4,125,579
Total State Block Grant	3,620,516	3,277,485	2,879,468	(398,017)
Department of Social Services	14,656,199	14,656,199	13,484,861	(1,171,338)
Federal Revenues	25,230,963	42,235,040	29,657,458	(12,577,582)
State Aid to Localities	16,237,342	16,237,342	16,988,879	751,537
Service Charges on Tax Exempt Property (State PILOT)	3,698,683	3,698,683	6,712,743	3,014,060
All Other Intergovernmental Revenues	693,097	874,041	3,351,547	2,477,506
Total Intergovernmental	\$ 87,419,515	\$ 101,322,402	\$ 97,544,147	\$ (3,778,255)

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Charges				
Refuse Collection Fees	\$ 16,592,941	\$ 17,736,475	\$ 17,777,876	\$ 41,401
Safety Related Charges	426,000	286,545	549,943	263,398
Rental of Property	1,877,270	874,055	711,528	(162,527)
Building Service Charges	556,017	703,699	699,012	(4,687)
Inspection Fees	8,344,801	8,228,432	12,549,591	4,321,159
Recycling Proceeds	2,054,092	1,997,891	2,188,190	190,299
Health Related Charges	125,000	95,741	125,193	29,452
Other Sales - Income	20,155	41,531	35,736	(5,795)
Printing and Telecom Charges	4,000	6,492	9,331	2,839
Other Service Charges	1,014,634	853,131	581,212	(271,919)
Total Service Charges	31,014,910	30,823,992	35,227,612	4,403,620
Fines and Forfeitures				
Richmond Public Library	4,000	4,715	7,609	2,894
Circuit Court	83,672	-	51,870	51,870
General District Court	287	-	-	-
Juvenile and Domestic Relations District Court	7,610,302	8,000	7,569,288	7,561,288
Total Fines and Forfeitures	7,698,261	12,715	7,628,767	7,616,052
Utility Payments				
Utility Pilot Payment	20,494,355	19,645,222	20,253,010	607,788
Utility Payment - City Services	2,474,584	2,474,584	2,474,584	-
Utilities Payment for Collection Service	147,612	147,612	142,011	(5,601)
Total Utility Payments	23,116,551	22,267,418	22,869,605	602,187
Miscellaneous Revenues				
Reimbursement of Interest on Long-term Debt	-	-	1,030,391	1,030,391
Internal Service Fund Payments	248,845	248,845	-	(248,845)
Miscellaneous Revenues	3,894,979	24,444,588	21,832,197	(2,612,391)
Other Payments to General Fund	580,000	170,893	169,308	(1,585)
Total Miscellaneous Revenues	4,723,824	24,864,326	23,031,896	(1,832,430)
Total General Fund Revenues	\$ 826,017,429	\$ 880,492,263	\$ 918,476,127	\$ 37,983,864

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
General Government				
City Council	\$ 1,565,339	\$ 1,781,568	\$ 1,578,923	\$ 202,645
City Clerk	1,196,918	1,196,918	1,015,060	181,858
Planning and Development Review	13,183,977	14,431,048	12,349,034	2,082,014
Assessor of Real Estate	4,475,247	5,850,172	4,001,933	1,848,239
City Auditor	2,212,152	2,230,152	1,748,888	481,264
Department of Law	4,772,393	5,248,191	5,192,739	55,452
General Registrar	4,043,401	5,341,804	5,931,507	(589,703)
Inspector General	902,510	902,510	703,866	198,644
Department of Information Technology	-	-	2,718	(2,718)
Chief Administrative Officer	1,816,932	2,341,762	2,376,081	(34,319)
Citizen Service and Response	2,148,595	2,148,595	2,070,439	78,156
Budget and Strategic Planning	1,951,923	2,233,987	1,581,596	652,391
Department of Human Resources	5,233,237	5,970,832	4,224,639	1,746,193
Department of Finance	12,841,153	28,579,328	13,248,436	15,330,892
Procurement Services	1,748,525	1,896,858	1,829,484	67,374
Office of Press Secretary to Mayor	151,925	151,925	125,333	26,592
City Treasurer	330,265	330,265	337,924	(7,659)
Economic/Community Development	4,271,781	8,675,199	5,124,254	3,550,945
Housing and Community Development	1,770,778	20,359,019	2,838,002	17,521,017
Council Chief of Staff	1,568,281	1,815,074	1,149,637	665,437
Minority Business Development	962,824	1,400,181	1,348,463	51,718
Office of Community Wealth Building	4,116,616	5,861,497	3,936,027	1,925,470
City Mayors Office	1,145,346	1,204,588	1,204,668	(80)
Total General Government	72,410,118	119,951,473	73,919,651	46,031,822
Public Safety and Judiciary				
Judiciary	12,918,617	12,927,444	12,564,716	362,728
Juvenile and Domestic Relations District Court	494,636	494,636	384,809	109,827
City Sheriff	43,506,112	45,448,671	42,381,711	3,066,960
Department of Police	109,246,393	112,507,095	106,168,311	6,338,784
Department of Emergency Communications	6,355,577	8,173,459	7,410,477	762,982
Department of Fire and Emergency Services	61,473,988	66,670,147	67,898,209	(1,228,062)
Animal Control	2,171,983	2,626,544	2,743,276	(116,732)
Total Public Safety and Judiciary	236,167,306	248,847,996	239,551,509	9,296,487
Highways, Streets, Sanitation and Refuse				
Department of Public Works	37,189,867	43,718,878	41,583,700	2,135,178
Human Services				
Office of DCAO for Human Services	2,189,294	4,225,109	3,811,884	413,225
Department of Social Services	48,918,937	49,205,056	42,424,235	6,780,821
Justice Services	10,614,497	10,757,486	9,518,482	1,239,004
Department of Public Health	4,633,490	4,633,490	4,633,490	-
Total Human Services	66,356,218	68,821,141	60,388,091	8,433,050
Culture and Recreation				
Richmond Public Library	6,863,983	6,985,408	7,428,420	(443,012)
Department of Parks, Recreation and Community Facilities	21,862,891	25,209,517	24,559,656	649,861
Total Culture and Recreation	28,726,874	32,194,925	31,988,076	206,849
Education				
Richmond Public Schools	200,307,625	200,307,625	200,307,625	-
Total Education	\$ 200,307,625	\$ 200,307,625	\$ 200,307,625	\$ -

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Non-Departmental				
Payments to Other Government Agencies	\$ 16,207,472	\$ 17,097,472	\$ 20,357,055	\$ (3,259,583)
Tax Relief	4,561,518	4,561,518	4,741,175	(179,657)
GRTC	8,674,090	8,674,090	8,619,754	54,336
RRS Contributions/Retiree's Health Care Program	2,984,232	6,484,232	1,093,250	5,390,982
Contributions	44,333,213	85,318,641	67,584,556	17,734,085
Total Non-Departmental	76,760,525	122,135,953	102,395,790	19,740,163
 Total General Fund Expenditures	 717,918,533	 835,977,991	 750,134,442	 85,843,549
City Equipment & Other Infrastructure Investment	-	-	11,201	(11,201)
 Excess of Revenues Over Expenditures	 108,098,896	 44,514,272	 168,330,484	 123,816,212
Other Financing Sources				
Transfers In - Other Funds	12,698,399	30,750,399	4,037,010	(26,713,389)
Transfers Out - Other Funds	(120,797,295)	(120,797,295)	(116,076,752)	4,720,543
Total Other Financing Sources, Net	(108,098,896)	(90,046,896)	(112,039,742)	(21,992,846)
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	 -	 (45,532,624)	 56,290,742	 101,823,366
 Fund Balance - Beginning of Year, as restated	 162,170,205	 147,656,912	 206,249,161	 58,592,249
Fund Balance - End of Year	\$ 162,170,205	\$ 102,124,288	\$ 262,539,903	\$ 160,415,615

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

The City follows these procedures, which comply with legal requirements, in establishing the annual budget.

- The General, Special Revenue, and Debt Service Funds have legally adopted annual budgets. The Capital Projects Fund has a five-year spending plan which is legally adopted on an annual basis. On a day to be fixed by the City Council, but in no case earlier than the second Monday of February or later than the seventh day of April each year, the Mayor shall submit to the Council separate current expense budgets for the general operation of the City government, for the public schools, for each utility and a capital budget for the fiscal year commencing to the following July 1. The operating budget includes proposed expenditures and the means for financing those expenditures. The Capital Projects and Special Revenue Funds consist of multiple funds; however, the funds are budgeted for in total rather than by individual funds. Public hearings are conducted to obtain taxpayer comments.
- Prior to May 31, the budget is legally enacted through passage of an ordinance.
- The level of budgetary control is the department level for the City. City Council approval is not needed to transfer budget amounts within departments in the City budget; however, any revisions that alter total expenditures of any department or agency must be approved by the City Council.
- Formal budgetary integration is employed as management control during the year for all funds.
- Budgets for the General Fund, Debt Service Funds, Special Revenue Funds, and Capital Projects Fund are principally prepared on the modified accrual basis of accounting.
- Project budgets are utilized in the Capital Projects Fund, except for the Capital Projects Fund and the Special Revenue Funds that extend beyond all appropriations not encumbered nor obligated lapse at year-end. Appropriations for the Capital Projects Fund are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.
- Budgeted amounts are as originally adopted or as amended by the City Council.
- The following departments' expenditures exceeded appropriations for the year June 30, 2023:

General Registrar	\$ 589,703
Department of Information Technology	2,718
Chief Administrative Officer	34,319
City Treasurer	7,659
City Mayors Office	80
Department of Fire and Emergency Services	1,228,062
Department of Fire and Emergency Communications	1,228,062
Animal Control	116,732
Richmond Public Library	443,012

Richmond Retirement System

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

For The Last Ten Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 10,368,390	\$ 9,243,126	\$ 10,158,640	\$ 9,996,926	\$ 10,079,515	\$ 10,463,956	\$ 11,953,421	\$ 11,422,056	\$ 10,740,313
Interest	60,753,726	60,070,179	59,552,622	60,018,265	60,860,936	61,669,092	61,913,034	62,362,814	62,432,160
Changes of benefit terms	8,476,904	-	-	-	-	-	14,745,118	465,126	-
Differences between expected and actual experience	1,608,297	(5,985,740)	1,248,504	6,436,861	7,857,057	(1,093,201)	(1,054,083)	(1,634,203)	4,485,254
Changes of assumptions	(26,079,951)	-	-	-	-	60,156,926	-	-	-
Benefit Payments, including refunds of member contributions	(65,549,787)	(66,618,770)	(67,107,482)	(67,563,176)	(68,238,675)	(69,249,672)	(70,847,439)	(72,431,409)	(73,170,570)
Net change in total pension liability	(10,422,421)	(3,291,205)	3,852,284	8,888,876	10,558,833	61,947,101	16,710,051	184,384	4,487,157
Total pension liability - beginning	842,232,056	831,809,634	828,518,429	833,414,411	842,303,287	852,862,120	914,809,221	926,500,538	927,854,522
Total pension liability - ending (a)	\$ 831,809,635	\$ 828,518,429	\$ 832,370,713	\$ 842,303,287	\$ 852,862,120	\$ 914,809,221	\$ 931,519,272	\$ 926,684,922	\$ 932,341,679
Plan fiduciary net position									
Contributions - employer	\$ 41,228,673	\$ 45,556,509	\$ 43,662,633	\$ 41,833,836	\$ 45,524,623	\$ 47,511,140	54,149,754	\$ 54,012,452	\$ 53,387,872
Contributions - member	2,062,759	2,290,451	1,920,452	2,096,642	1,919,758	1,894,851	1,941,132	1,751,556	1,727,540
Net investment income	74,451,688	15,263,407	(1,456,427)	61,263,751	37,988,323	24,568,402	9,556,654	134,618,905	(44,808,582)
Benefit payments, including refunds of member contributions	(65,549,788)	(66,618,770)	(67,107,482)	(67,563,176)	(68,238,657)	(69,249,672)	(71,375,503)	(72,431,409)	(73,170,570)
Administrative expense	(1,283,342)	(1,218,004)	(1,128,623)	(1,112,650)	(1,181,564)	(1,250,142)	(1,309,142)	(1,511,623)	(1,536,064)
Other	-	(663,929)	-	-	-	(1,214,119)	-	-	-
Net change in plan fiduciary net position	50,909,990	(5,390,336)	(24,109,447)	36,518,403	16,012,483	2,260,460	(7,037,105)	116,439,881	(64,399,804)
Plan fiduciary net position - beginning	479,658,967	530,568,957	526,409,589	502,318,862	538,837,265	538,837,265	557,110,208	548,819,972	666,099,499
Plan fiduciary net position - ending (b)	\$ 530,568,957	\$ 525,178,621	\$ 502,300,142	\$ 538,837,265	\$ 554,849,748	\$ 541,097,725	550,073,103	\$ 665,259,853	\$ 601,699,695
City's net pension liability - ending (a) - (b)	\$ 301,240,678	\$ 303,339,808	\$ 330,070,571	\$ 303,466,022	\$ 298,012,372	\$ 373,711,496	\$ 381,446,168	\$ 261,425,069	\$ 330,641,984
Plan fiduciary net position as a percentage of the total pension liability	63.78%	63.39%	60.35%	63.97%	65.06%	59.15%	59.05%	71.79%	64.54%
Covered payroll	\$ 107,834,516	\$ 109,038,530	\$ 104,977,759	\$ 104,668,019	\$ 105,442,140	\$ 106,031,020	\$ 101,964,037	\$ 93,295,563	\$ 92,777,107
City's net pension liability as a percentage of covered payroll	279.35%	278.20%	314.42%	289.93%	282.63%	352.45%	374.10%	280.21%	356.38%

Financial information is reported as of the measurement date which is one year prior to the statement date as required by GASB statement number 68.

* Note - The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal years, however, until a full ten years is compiled, information is only presented for those years for which information is available.

Richmond Retirement System Pension Plan

Schedule of Contributions

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined employer contribution	41,228,673	45,556,509	43,662,633	41,833,836	48,432,034	47,511,140	54,149,781	54,012,445	53,387,868
Employer contributions in relation to the actuary determined contribution	41,228,673	45,556,509	43,662,633	41,833,836	45,524,623	48,394,653	54,149,781	54,012,445	53,387,868
Excess (Deficiency)	-	-	-	-	(2,907,411)	883,513	-	-	-
Covered payroll	109,038,530	104,977,759	104,668,019	105,442,140	106,031,020	101,964,037	93,539,093	93,869,387	92,777,107
Contributions as a percentage of covered payroll	37.8%	43.4%	41.7%	39.7%	45.7%	46.6%	57.9%	57.5%	57.5%

**Richmond Retirement System
Schedule of Investment Returns**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return net of investment expense	15.5%	2.4%	(0.3)%	12.2%	7.1%	5.1%	-1.0%	24.0%	-6.0%	5.8%

Notes to the Required Supplementary Pension Information

Richmond Retirement System Pension Plan

For the Year Ended June 30, 2023

Methods and Assumptions Used to Determine Contribution Rates:

The following changes were made to assumptions:

Remaining Amortization Period - Re-amortize unfunded liability over 8 years as of July 1, 2023. Cost of VRIP is amortized over 3 years. Other new bases are amortized over 20 years.

Inflation - 2.50%

Salary Increases - General Employees - 2.50% to 4.00%

Salary Increases - Police and Fire Employees - 2.50% to 4.50%

Investment Rate of Return - 7.00%

Retirement Age - General Employees - 20.00% in 1st year of unreduced retirement eligibility; 10.00% at age 55 increasing to 100.00% at age 75.

Retirement Age - Police and Fire Employees - 25.00% in 1st year of unreduced retirement eligibility; 10.00% at age 50 increasing to 100.00% at age 65.

Mortality-General Employees - Pub-2010 Below Median Income Table for General Employees

Mortality-Police and Fire Employees - Pub-2010 Below Median Income Table for Safety Employees

VRS Pension Plan
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios
For The Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total pension liability									
Service cost	\$ 3,295,894	\$ 3,421,683	\$ 3,583,801	\$ 3,589,830	\$ 3,421,014	\$ 3,595,008	\$ 3,579,068	\$ 3,642,964	\$ 3,251,586
Interest	7,369,694	7,689,675	8,037,966	8,348,430	8,446,921	8,750,975	9,045,496	9,285,395	9,947,561
Differences between expected and actual expenses	(479,419)	110,367	(196,070)	(2,719,281)	(388,284)	540,139	(733,288)	(1,930,566)	(1,341,387)
Changes in assumptions	-	-	-	(1,083,113)	-	3,837,631	-	4,218,199	-
Deferred Inflow Expected vs Actual Experience	-	-	(496,058)	-	-	-	-	-	-
Benefit Payments, including refunds of member contributions	(5,623,313)	(6,085,126)	(6,407,155)	(6,581,717)	(6,875,986)	(7,396,048)	(8,064,640)	(8,609,767)	(8,705,671)
Changes in assumptions	-	-	-	-	-	-	-	-	-
Net change in total pension liability	<u>4,562,856</u>	<u>5,136,599</u>	<u>4,522,484</u>	<u>1,554,149</u>	<u>4,603,665</u>	<u>9,327,705</u>	<u>3,826,636</u>	<u>6,606,225</u>	<u>3,152,089</u>
Total pension liability - beginning	<u>108,332,204</u>	<u>112,895,060</u>	<u>118,031,659</u>	<u>122,554,143</u>	<u>124,108,292</u>	<u>128,711,957</u>	<u>138,039,662</u>	<u>141,866,298</u>	<u>148,472,523</u>
Total pension liability - ending (a)	<u>\$ 112,895,060</u>	<u>\$ 118,031,659</u>	<u>\$ 122,554,143</u>	<u>\$ 124,108,292</u>	<u>\$ 128,711,957</u>	<u>\$ 138,039,662</u>	<u>\$ 141,866,298</u>	<u>\$ 148,472,523</u>	<u>\$ 151,624,612</u>
Plan fiduciary net position									
Contributions - employer	\$ 3,497,052	\$ 3,471,373	\$ 3,621,503	\$ 3,219,694	\$ 3,176,521	\$ 2,948,781	2,939,040	3,248,868	3,151,757
Contributions - member	1,276,061	1,258,265	1,393,001	1,401,096	1,346,018	1,301,296	1,312,202	1,282,683	1,336,414
Net investment income	13,713,152	4,552,450	1,793,841	12,562,007	8,403,155	7,924,514	2,372,966	33,364,323	(111,554)
Benefit payments, including refunds of member contributions	(6,101,732)	(6,085,126)	(6,407,155)	(6,581,717)	(6,875,986)	(7,396,048)	(8,064,640)	(8,609,767)	(8,705,671)
Administrative expense	(74,396)	(62,657)	(64,054)	(72,905)	(72,921)	(79,792)	(82,204)	(84,660)	(95,550)
Other	723	(962)	(759)	(11,180)	(7,471)	(4,992)	(2,785)	(9,898)	(5,428)
Net change in plan fiduciary net position	<u>12,310,860</u>	<u>3,133,343</u>	<u>336,377</u>	<u>10,516,995</u>	<u>5,969,316</u>	<u>4,693,759</u>	<u>(1,525,421)</u>	<u>29,191,549</u>	<u>(4,430,032)</u>
Plan fiduciary net position - beginning	<u>88,099,002</u>	<u>100,409,862</u>	<u>103,543,205</u>	<u>103,879,582</u>	<u>114,396,577</u>	<u>120,365,893</u>	<u>125,059,652</u>	<u>123,534,231</u>	<u>152,725,780</u>
Plan fiduciary net position - ending (b)	<u>\$ 100,409,862</u>	<u>\$ 103,543,205</u>	<u>\$ 103,879,582</u>	<u>\$ 114,396,577</u>	<u>\$ 120,365,893</u>	<u>\$ 125,059,652</u>	<u>\$ 123,534,231</u>	<u>\$ 152,725,780</u>	<u>\$ 148,295,748</u>
City's net pension liability / (asset) - ending (a) minus (b)	<u>\$ 12,485,198</u>	<u>\$ 14,488,454</u>	<u>\$ 18,674,561</u>	<u>\$ 9,711,715</u>	<u>\$ 8,346,064</u>	<u>\$ 12,980,010</u>	<u>\$ 18,332,067</u>	<u>\$ (4,253,257)</u>	<u>\$ 3,328,864</u>
Plan fiduciary net position as a percentage of the total pension liability	88.9%	87.7%	84.8%	92.2%	93.5%	90.6%	87.1%	102.9%	97.8%
Covered payroll	\$ 23,115,189	\$ 25,093,420	\$ 25,652,406	\$ 25,351,280	\$ 26,179,060	\$ 26,924,568	\$ 27,187,437	\$ 24,088,930	\$ 26,194,267
City's net pension liability as a percentage of covered payroll	54.0%	57.7%	72.8%	38.3%	31.9%	48.2%	67.4%	-17.7%	12.7%

* Note - The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal years, however, until a full ten years is compiled, information is only presented for those years for which information is available.

VRS Pension Plan
Schedule of Contributions
For the Last Ten Fiscal Years

VRS	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Required Contribution	3,291,603	3,077,272	3,497,052	3,471,373	4,547,035	4,807,272	4,702,343	4,555,329	4,538,543	4,531,551	4,488,171
Actuarially Determined Contribution	3,291,603	3,077,272	3,497,052	3,471,373	3,621,503	3,219,694	3,176,521	3,027,531	3,301,487	3,331,911	3,493,027
Excess (Deficiency)	-	-	-	-	925,532	1,587,578	1,525,822	1,527,798	1,237,056	1,199,640	995,144
Covered Payroll	24,068,589	23,115,189	25,093,420	25,652,406	25,351,280	26,179,060	26,924,568	27,187,437	26,321,947	26,194,267	25,970,460
Contributions as a percentage of covered payroll	13.7%	13.3%	13.9%	13.5%	17.9%	12.3%	11.8%	11.1%	12.5%	12.7%	13.5%

Notes to Required Supplementary Tables VRS Pension Plan

Changes in benefit terms - Since the prior actuarial valuation, there have not been any actuarially significant changes to the VRS benefit provisions or actuarial assumptions.

REQUIRED SUPPLEMENTARY INFORMATION

NET OPEB LIABILITY

CITY OF RICHMOND OPEB PLAN SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For The Last Ten Fiscal Years*

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 4,021,865	\$ 4,222,958	\$ 4,434,106	5,702,876	5,854,572	2,653,431
Interest	2,425,532	2,532,946	2,553,264	3,058,492	3,188,970	1,315,796
Change of Benefit Terms	-	-	24,431,269	-	(53,566,193)	-
Difference between expected and actual experience	-	-	6,508,726	-	(28,201,247)	(1,773,421)
Change in Assumptions	-	-	-	-	(10,387,390)	(11,645,592)
Benefit Payments/Refunds	(2,958,026)	(3,194,668)	(6,313,741)	(6,313,741)	(4,007,890)	(1,402,608)
Net Change in Total OPEB Liability	3,489,371	3,561,236	31,613,624	2,447,627	(87,119,178)	(10,852,394)
Total OPEB Liability - beginning	76,927,555	80,416,926	83,978,162	115,591,786	118,039,413	30,920,236
Total OPEB Liability - ending (a)	\$ 80,416,926	\$ 83,978,162	\$ 115,591,786	\$ 118,039,413	\$ 30,920,235	\$ 20,067,842
Plan Fiduciary Net Position						
Contributions - employer	\$ 2,958,026	\$ 3,194,668	\$ 6,313,741	\$ 6,313,741	\$ 5,407,890	\$ 2,802,608
Net Investment Income	-	-	-	-	(830,909)	675,005
Benefit Payments/Refunds	(2,958,026)	(3,194,668)	(6,313,741)	(6,313,741)	(4,007,890)	(1,402,608)
Administrative Expenses	-	-	-	-	(8,971)	(9,120)
Net Changes in Plan Fiduciary Net Position	\$ 2,958,026	\$ 3,194,668	-	6,313,741	560,120	2,065,885
Plan Fiduciary Net Position - beginning	-	-	-	-	7,674,657	8,234,777
Plan Fiduciary Net Position - ending (b)	-	-	-	-	8,234,777	10,300,662
Net OPEB Liability - ending (a) - (b)	\$ 80,416,926	\$ 83,978,162	\$ 115,591,786	\$ 118,039,413	\$ 22,685,458	\$ 9,767,180
Plan Fiduciary Net Position as a % of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	36.30%	51.33%
Covered payroll	\$ 107,395,730	\$ 100,320,588	\$ 99,822,621	\$ 115,756,485	\$ 102,167,580	\$ 127,355,724
City's Net OPEB liability as a percentage of covered payroll	74.88%	83.71%	115.80%	101.97%	22.20%	7.67%

*Note - The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal Years.

However, 2018 was the first year OPEB had to be reported so only six years are presented until a full ten years trend is compiled.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND OPEB PLAN SCHEDULE OF CONTRIBUTIONS For The Last Ten Fiscal Years

Fiscal Year Ending June 30:

	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 9,228,017	\$ 8,371,014	\$ 13,670,345	\$ 14,207,750	\$ 14,379,755	\$ 3,752,830
Contributions in relation to the actuarially determined contribution	2,958,026	3,194,668	6,313,741	6,313,741	5,407,890	2,802,608
Contribution deficiency (excess)	\$ 6,269,991	\$ 5,176,346	\$ 7,356,604	\$ 7,894,009	\$ 8,971,865	\$ 950,222
Covered payroll	\$ 100,320,588	\$ 99,822,621	\$ 115,756,485	\$ 102,167,580	\$ 87,509,297	\$ 127,355,724

CITY OF RICHMOND OPEB PLAN SCHEDULE OF INVESTMENT RETURNS For The Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%	0.00%	0.00%	-10.19%	7.77%

*Note - The above schedules are presented to illustrate the requirement for information covering the last Ten Fiscal Years.

However, until a full ten year trend is compiled, information is only presented for the years in which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information - City of Richmond OPEB Plan

Changes in plan actuarial assumptions and actuarial methods:

The discount rate was changed from the prior discount rate of 4.09% to 6.75% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023.

The medical claims aging table was updated to be based on the Yamamoto factors released in a study of the Society of Actuaries in June 2013.

The eligibility provisions were revised to include those employees hired between 1997 to 2006.

VRS Group Life OPEB Plan

SCHEDULE OF CITY OF RICHMOND SHARE OF NET OPEB LIABILITY

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Richmond's Proportion % of the Net GLI OPEB Liability	0.14%	0.13%	0.13%	0.13%	0.12%	0.11%
City of Richmond's Proportionate Share of the NET GLI OPEB Liability	\$ 2,083,000	\$ 2,061,000	\$ 2,124,000	\$ 2,103,902	\$ 1,442,415	\$ 1,384,109
Covered Payroll	\$ 25,589,505	\$ 25,944,554	\$ 25,577,974	\$ 25,045,181	\$ 25,045,181	\$ 25,045,181
Employer's Proportionate Share of the NET GLI OPEB Liability as a Percentage of Covered Payroll	8.14%	7.94%	8.30%	8.40%	5.76%	5.53%
Plan Fiduciary Net Position as a Percentage of the total GLI OPEB Liability	48.86%	51.22%	51.22%	52.64%	67.45%	67.21%

*Note - The above schedule is presented to illustrate the requirement for information covering the last Ten Fiscal Years.

However, until a full ten year trend is compiled, information is only presented for the years in which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

VRS OPEB GROUP LIFE PROGRAM SCHEDULE OF EMPLOYER CONTRIBUTIONS- For the Last Ten Fiscal Years*

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency/(Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 135,019	\$ 135,019	\$ -	\$ 25,045,181	0.54%
2022	138,121	138,121	-	25,577,974	0.54%
2021	138,121	138,121		25,577,974	0.54%
2020	134,912	134,912	-	25,944,554	0.52%
2019	133,065	133,065	-	25,589,505	0.52%
2018	133,566	132,787	779	25,351,280	0.52%
2017	131,119	130,880	239	25,215,255	0.52%
2016	120,448	121,276	(828)	25,093,420	0.48%
2015	123,132	121,395	1,737	25,652,406	0.47%
2014	118,809	118,003	806	24,751,869	0.48%

Notes to Required Supplemental Information - VRS Group Life OPEB Plan For the Year Ended June 30, 2023

Changes in benefit terms - There have not been any significantly material actuarial changes to the VRS benefit provisions since the prior actuarial valuation

Changes in assumptions - Except for the discount rate, there have been no significant changes in actuarial assumptions made since June 30, 2016 the date of the most recent experience study of the VRS. The discount rate was changed based on VRS Board action effective July 1, 2019. This rate was changed from 7.00 percent to 6.75 percent.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

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PROPOSED FORM OF BOND COUNSEL OPINION

*Set forth below is the proposed form of the opinion of Hunton Andrews Kurth LLP, Bond Counsel.
It is preliminary and subject to change prior to delivery of the 2024 Bonds.*

[Closing Date]

Economic Development Authority
of the City of Richmond, Virginia
Richmond, Virginia

City Council of the
City of Richmond, Virginia
Richmond, Virginia

\$33,745,000
Economic Development Authority of the City of Richmond, Virginia
Revenue Bonds (Diamond District Project), Series 2024

Ladies and Gentlemen:

We have examined the applicable law, including the Industrial Development and Revenue Bond Act (Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended) (the “Act”) and certified copies of proceedings and documents relating to the organization of the Economic Development Authority of the City of Richmond, Virginia (the “Authority”), and the issuance and sale by the Authority of its \$33,745,000 Revenue Bonds (Diamond District Project), Series 2024 (the “2024 Bonds”). Reference is made to the form of the 2024 Bonds for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued. Capitalized terms used but not otherwise defined herein have the same meanings assigned to such terms in the Agreement of Trust dated as of June 1, 2024 (the “Master Trust Agreement”), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as supplemented by a First Supplemental Agreement of Trust dated as of June 1, 2024 (the “Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”).

The Authority, the City of Richmond, Virginia (the “City”), and Diamond District Partners, LLC (the “Master Developer”) have entered into a Diamond District Redevelopment Project Purchase and Sale and Development Agreement dated as of May 15, 2024 (the “Master Development Agreement”), to provide for the initial phases of a mixed-use redevelopment project in the “Diamond District” area of the City.

To assist the Authority in the performance of its undertakings pursuant to the Master Development Agreement and the financing of the public infrastructure necessary or desirable to support the redevelopment project, the City has entered into the Cooperation Agreement dated as of June 1, 2024, with the Authority (the “Cooperation Agreement”). Pursuant to the terms of the Cooperation Agreement, the City will, subject to annual appropriation by the City Council of the City (the “City Council”) of sufficient amounts for such purpose, make available to the Authority such funds as may be necessary to enable the Authority to, among other things, (a) satisfy its undertakings pursuant to the Master Development Agreement, (b) pay the debt service on the Bonds (including the 2024 Bonds) issued to fund such public infrastructure (including the public infrastructure to be developed as part of the Series 2024 Project), (c) pay the Trustee its reasonable fees and expenses in connection with the performance of its duties as Trustee and any other costs or expenses necessary to cancel and discharge the Trust Agreement and (e) pay any arbitrage rebate liability with respect to the Bonds.

Pursuant to the Trust Agreement, the Authority has assigned certain of its rights under the Cooperation Agreement, including the right to receive Debt Service Payments and Bond Cost Payments (but only to the extent such Bond Cost Payments have been made for the purpose of restoring any Series Debt Service Reserve Account to the applicable Series Debt Service Reserve Requirement), to the Trustee as security for the Bonds.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Authority and the City as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority and the City have covenanted to comply with the current provisions of the Code, regarding, among other matters, the use, expenditure and investment of the proceeds of the 2024 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the 2024 Bonds, all as set forth in the proceedings and documents relating to the issuance of the 2024 Bonds (the “Covenants”).

Based on the foregoing, in accordance with customary opinion practice and assuming the due authorization, execution and delivery of the Master Trust Agreement, the Supplemental Trust Agreement and the Cooperation Agreement (collectively, the “Documents”) by the Trustee, we are of the opinion that:

1. The Authority is a political subdivision of the Commonwealth duly created under the Act and is vested with all rights and powers conferred by the Act.

2. The 2024 Bonds have been duly authorized and issued in accordance with the Act and constitute valid and binding limited obligations of the Authority payable as to both principal and interest solely from certain payments made by the City under the Cooperation Agreement and other funds pledged under the Trust Agreement. Additional Bonds secured on a parity basis with the 2024 Bonds may subsequently be issued, as provided in the Master Trust Agreement. The 2024 Bonds do not create or constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City.

3. The Master Trust Agreement and the Supplemental Trust Agreement have been duly authorized, executed and delivered by and constitute valid and binding obligations of the Authority and are enforceable against the Authority in accordance with their terms. The Supplemental Trust Agreement is authorized or permitted by the Master Trust Agreement and complies with its terms.

4. The Cooperation Agreement has been duly authorized, executed and delivered by and constitutes a valid and binding obligation of the Authority and the City and is enforceable against the Authority and the City in accordance with its terms. The undertaking by the City to make payments under the Cooperation Agreement is subject to and dependent upon appropriations made by the City Council from time to time of sufficient funds for such purpose. Such undertaking constitutes neither a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the City beyond any fiscal year for which the City Council has appropriated moneys for such purpose.

5. The rights of holders of the 2024 Bonds and the enforceability of such rights, including the enforcement by the Trustee of the obligations of the Authority and the City under the Documents, as applicable, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity, and by public policy.

6. Under current law, interest, including any accrued original issue discount (“OID”), on the 2024 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax and (c) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinions set forth in clauses (a) and (b) of the preceding sentence are subject to the condition that there is compliance subsequent to the issuance of the 2024 Bonds with all requirements of the Code that must be satisfied in order that the interest on the 2024 Bonds not be included in gross income for federal income tax purposes. Failure by the Authority and the City to comply with the Covenants, among other things, could cause interest, including any accrued OID, on the 2024 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. In the case of the 2024 Bonds maturing in 2054 (the “OID Bonds”), the difference between (i) the stated principal amount of each maturity of the OID Bonds and (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute OID; OID will accrue for federal income tax purposes on a constant yield-to-maturity method; and a holder’s basis in an OID Bond will be increased by the amount of OID treated for federal income tax purposes as having accrued on such OID Bond while the holder holds the OID Bond. The Authority and the City may in their

discretion, but have not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that the interest on the 2024 Bonds remains excludable from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the 2024 Bonds. Further, we express no opinion as to the treatment for federal income tax purposes of any interest paid on the 2024 Bonds after an event of non-appropriation by the City Council.

7. Under current law, interest, including any accrued OID, on the 2024 Bonds, is exempt from income taxation by the Commonwealth of Virginia.

The opinions set forth above are based on current law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our services as bond counsel to the Authority have been limited to delivering the foregoing opinions based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2024 Bonds and the tax-exempt status of the interest thereon. Our services have not included financial or other non-legal advice. We express no opinion herein as to the financial resources of the Authority or the City, the ability or willingness of the City to make payments under the Cooperation Agreement or the accuracy or completeness of any information, including the Authority's Preliminary Official Statement dated June 13, 2024, and its Official Statement dated June 20, 2024, that may have been relied upon by anyone in making the decision to purchase 2024 Bonds. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law or the interpretation thereof that may hereafter occur or become effective.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of June 27, 2024 (the “Disclosure Agreement”), is executed and delivered by the City of Richmond, Virginia (the “City”), in connection with the issuance by the Economic Development Authority of the City of Richmond, Virginia (the “Issuer”), of its \$33,745,000 Revenue Bonds (Diamond District Project), Series 2024 (the “2024 Bonds”). The City hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the City for the benefit of the holders of the 2024 Bonds and in order to assist the original purchasers of the 2024 Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) by providing certain annual financial information and event notices required by the Rule (collectively, the “Continuing Disclosure”).

Section 2. Annual Disclosure. (a) The City shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) financial statements of the City, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data with respect to the City of the type appearing in Appendix C of the Official Statement with respect to the 2024 Bonds in final form describing (A) Statement of General Fund Revenues, Expenditures and Other Financing Sources and Uses in the section titled or relating to Financial Information, (B) Property Assessments, Real Estate Tax Levies and Collections and Personal Property Tax Levies and Collections in the section titled or relating to Revenues of the City, and (C) Legal Debt Margin, Percentage of Bonded Debt to Assessed Values of Real Estate and Bonded Debt Per Capita and Percentage of Debt Service to Total General Fund Expenditures and Transfers in the section titled or relating to Debt Summary.

If the initial financial statements filed pursuant to Section 2(a)(i) are not audited, the City shall subsequently file such statements as audited when available.

(b) The City shall annually provide the financial information and operating data described in subsection (a) above (the “Continuing Disclosure”) within 220 days after the end of the City’s fiscal year, commencing with its fiscal year ending June 30, 2024, to the Municipal Securities Rulemaking Board (“MSRB”) and to the appropriate state information depository if any then exists (“SID”).

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The City shall file with the MSRB in a timely manner notice specifying any failure of the City to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The City shall file with the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 2024 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024 Bonds, or other material events affecting the tax status of the 2024 Bonds;
- (g) modifications to rights of holders of the 2024 Bonds, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances of all or any portion of the 2024 Bonds;
- (j) release, substitution, or sale of property securing repayment of the 2024 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;*
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation (as hereinafter defined) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the 2024 Bonds, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Nothing in this Section (3) shall require the City to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the 2024 Bonds or to pledge any property as security for repayment of the 2024 Bonds.

Section 4. Termination. The obligations of the City hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the 2024 Bonds.

Section 5. Amendment. The City may modify its obligations hereunder without the consent of bondholders, provided that the City receives an opinion of nationally recognized bond counsel to the effect that this Disclosure

* For the purposes of the event identified in Subsection (3)(l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Agreement as so modified complies with the Rule as it exists at the time of modification. The City shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the City fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) of the 2024 Bonds then outstanding may, by notice to the City, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the City's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the City to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the 2024 Bonds or the Trust Agreement (as defined in the Official Statement) providing for the issuance of the 2024 Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Filing Method. Any filing required hereunder shall be accompanied by identifying information as prescribed by the MSRB and shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The City may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the City shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 9. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

CITY OF RICHMOND, VIRGINIA

J. E. Lincoln Saunders, Chief Administrative Officer

Sheila D. White, Director of Finance

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APPENDIX G

BOOK ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the 2024 Bonds, payments of principal of and interest on the 2024 Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the 2024 Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”) and, together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 Bonds are to be accomplished by entries made on the books of the Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the 2024 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2024 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2024 Bond certificates will be printed and delivered.

The Authority, at the direction of the City, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2024 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the City believe to be reliable, but the Authority and the City take no responsibility for the accuracy thereof.

Neither the Authority, the City nor the Trustee has any responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the 2024 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Trust Agreement to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the 2024 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the 2024 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of 2024 Bonds for all purposes under the Trust Agreement.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2024 Bonds without the consent of Beneficial Owners or Bondholders.