



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the Council Chief of Staff

### Informal Meeting

March 23, 2026

### Staff Prep Document for Councilmembers

**Previous Meeting:** March 10, 2026

**Next Meeting:** April 6, 2026

Legistar Link: [City of Richmond - Informal Meeting of Richmond City Council on 3/23/2026 at 4:00 PM](#)

#### **FY2025 Annual Comprehensive Financial Report (ACFR) – CAO and CliftonLarsonAllen**

Notes and questions are organized by topic.

#### *General*

Council staff notes:

- The city's ACFRs can be found on the Department of Finance website. In addition to the [FY25 ACFR](#), the two other most recent ACFRs can be found [here \(FY24\)](#) and [here \(FY23\)](#).
- Some items in the FY25 ACFR appear not to have been updated since the FY24 document (for example, the "Notes to Basic Financial Statements" are dated June 30, 2024).
- The information on page 5 is labeled "Financial Highlights for Fiscal Year 2024" but is presumably reflective of FY25. Key highlights include the following:
  - Total taxable assessed value for real and personal property increased by \$3 billion (7.2%)
  - The same increase of 7.2% is listed for the city's Business-Type Activities Net Position (dollar amount increase of \$77.1 million)
  - City taxes provided 71.8% of total revenue (decrease from 73.4% in FY24)

Council staff questions:

- The introductory letter from Mayor Avula and CAO Donald (page V) notes the use of "a five-year revenue and expenditure forecast," though the five-year revenue and expenditure data included with the annual budget proposal looks backwards. When was the most recent forward-looking five-year forecast of revenue and expenditures produced?

- Page 15: “The assessed value of taxable real estate in the City grew 7.2 percent in FY 2025, from \$14.6 billion to \$44.6 billion.” What explains the math errors in that sentence?
- Page 45: “Delinquent property taxes may be sent to collection services.” Did the city contract with external collection services in FY25? If so, please provide additional information about the number of accounts, total and average amount subject to external collection, total contract costs, and the amount successfully collected.
- Page 56: “The city pays monthly variable rate interest on the Line of Credit borrowings priced with a SOFR index.” What is the range of interest and what is the average the city has been charged for the December 2023 bond anticipation note with a final maturity of December 18, 2026?

### *Surplus Methodology*

Council staff notes:

- City Code (Sec. 12-241) specifies how to calculate the general fund surplus (if one exists) in a given year, although the ACFR does not include a section that shows these calculations and how the \$12.6 million surplus figure shared with Council after completion of the audit was derived.
- Pursuant to Sec. 12-242 of City Code, 50 percent of the calculated general fund surplus for FY25 (\$6.3 million) was required to be allocated to the city’s downturn reserve fund, which is the combination of the unassigned fund balance and the contingency reserve.
  - The change in the downturn reserve fund balance from June 30, 2024 to June 30, 2025, per each ACFR, was \$5.2 million (an increase of \$0.8 million in the unassigned fund balance and of \$4.4 million in the contingency reserve).

Council staff questions:

- What is the role of the external auditors in calculating or verifying the calculated general fund surplus?
- Why is the change in the downturn reserve fund balance reported on the FY25 ACFR approximately \$1 million less than expected per codified city policy about where to allocate surplus funds?
- What specifically explains the significant difference between the initial surplus estimate provided in November (about \$22 million) and the final surplus figure of \$12.6 million?

### *Expenditures on Retirement Benefits*

Council staff notes:

- Information about the city’s retirement plans (RRS and VRS) and associated expenditures is located on pages 66 through 76 of the ACFR.
- Expenses in FY25:
  - RRS pension: \$46,903,494
  - RRS defined contribution: Not reported in ACFR, which refers readers to RRS financial reporting. The FY25 RRS ACFR states that “Contributions totaling \$57.4

million, including \$6.1 million in member contributions, were made during the fiscal year ended June 30, 2025.” This number likely includes the \$46.9m figure above, but that may be worth verifying.

- RRS deferred compensation (CoR 457 plan): city portion of FY25 contributions unclear (total FY25 contributions to the city’s 457 plan were \$9.7 million)
- VRS pension: \$11,012,496 (14.71% of covered payroll based on ADC determined as of 6/30/23)
- VRS defined contribution: city expenditures for mandatory and matching contributions not provided (page 86)

Council staff questions:

- Page 70: Does the RRS pension expense table include debt service on the 2024 pension obligation bonds? If not, please specify the amount expended on debt service for the POBs and the total pension expense when that is added.
- Why does the ACFR not include any information about spending in FY25 on the city’s contributions to VRS participants’ defined contribution accounts?

*Budgetary Comparison Schedule (Exhibit H-1 beginning on page 91)*

Council staff notes:

- This section of the ACFR enables comparisons of budgeted revenues and expenditures to actual amounts on each side of the ledger. “Final Budget” includes amendments made during the fiscal year.
- The city collected \$5.16 million in revenue from penalties and interest in FY25. The city charges a 10% penalty and 10% annual interest on any taxes not paid in full by the due date.
- See the appendix for key revenue and expenditure information from the budgetary comparison schedules in each of the three most recent ACFRs.

Council staff questions:

- What accounts for the collection of \$18.5 million (25.6%) more than expected in personal property tax revenue?
- What amount and percentage of lodging taxes collected in FY25 derived from short-term rentals?
- The largest difference in budgeted vs. actual expenditures (\$10.9 million) occurred in Housing and Community Development. Why did DHCD spend so much less than budgeted in FY25?
- Do the amounts of delinquent taxes reported in the [monthly financial synopses](#) include accrued penalties and interest?
  - When the city charges interest on delinquent tax balances, does it do so on the principal amount owed only or the combined amount of principal, penalty, and previously charged interest?

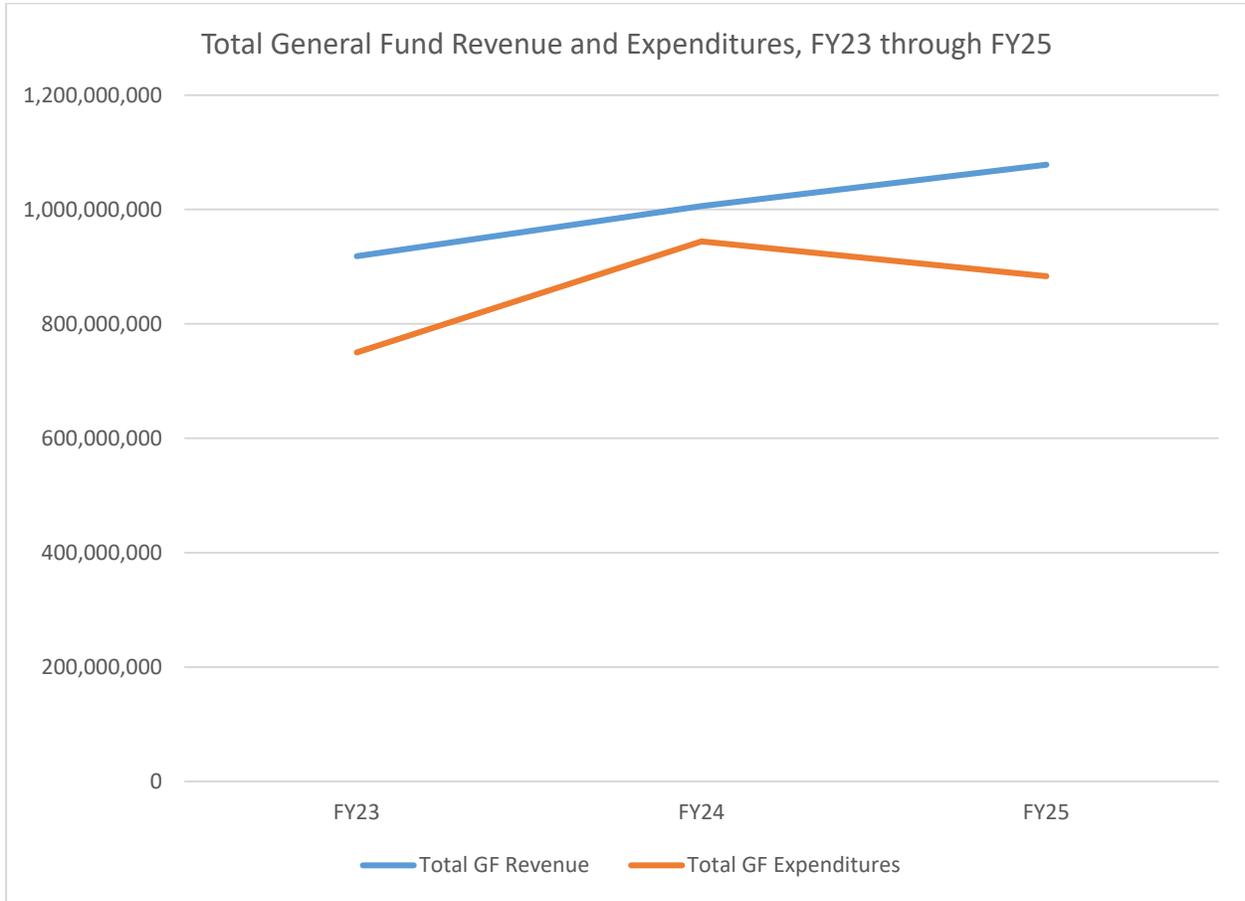
## Appendix: Budgetary Comparison Schedule Data, FY23 through FY25

**Table 1: Key Revenue and Expenditure Data Points from Three Most Recent ACFRs**

*Four largest city taxes, total city taxes, total general fund revenue, total general fund expenditures*

Category	FY	Budgeted	Actual	Variance (% more or less than budgeted)
Real Estate Tax	FY23	400,037,582	400,399,011	361,429 (0.1% more)
	FY24	440,790,523	442,158,105	1,367,582 (0.3% more)
	FY25	475,274,543	470,100,109	-5,174,434 (0.1% less)
Sales Tax	FY23	50,389,183	50,865,941	476,758 (0.9% more)
	FY24	52,406,500	52,168,005	-238,495 (0.5% less)
	FY25	54,290,500	53,791,456	-499,044 (0.9% less)
Personal Property Tax	FY23	69,675,772	66,758,816	-2,916,956 (4.2% less)
	FY24	69,775,479	80,340,037	10,564,558 (15.1% more)
	FY25	72,173,910	90,676,870	18,502,960 (25.6% more)
Meals Tax	FY23	43,887,483	52,216,109	8,328,626 (19.0% more)
	FY24	49,004,771	57,436,445	8,431,674 (17.2% more)
	FY25	57,849,208	58,726,635	877,427 (1.5% more)
Total City Taxes (Four largest <b>plus</b> all others)	FY23	656,113,126	683,128,523	27,015,397 (4.1% more)
	FY24	710,166,224	738,181,419	28,015,195 (3.9% more)
	FY25	763,630,866	774,317,658	10,686,792 (1.4% more)
Total GF Revenue	FY23	880,492,263	918,476,127	37,983,864 (4.3% more)
	FY24	936,091,492	1,006,015,514	69,924,022 (7.5% more)
	FY25	1,007,116,937	1,078,235,700	71,118,763 (7.1% more)
Total GF Expenditures	FY23	835,977,991	750,134,442	-85,843,549 (10.3% less)
	FY24	899,435,575	944,358,323	44,922,748 (4.9% more)
	FY25	941,356,202	883,140,743	-58,215,459 (6.2% less)

**Figure 1: Total General Fund Revenue and Expenditures in Three Most Recent Fiscal Years**



Source: Annual Comprehensive Financial Reports for the City of Richmond, FY23 through FY25