



CITY OF RICHMOND



2026 FISCAL UPDATE

Transparent Reporting for
Stronger Growth.



Odie Donald II
Chief Administrative Officer





OBJECTIVE

Provide an update on key fiscal updates, current state of affairs, and priorities

- 1 Lookback:** Key activities to stabilize operations and preliminary outcomes
- 2 Present Focus:** Policy adjustments and enhanced workforce capacity
- 3 Lookahead:** Budget, Reporting, Fiscal Health & Policy Decisions
- 4 Conclusion:** With financial discipline, the future of the City is bright.



FY26 FISCAL CHALLENGES



Key Operational & Fiscal Challenges Inherited July 1

<p>Insufficient focus on core fiscal service delivery areas essential to stable operations</p>	<p>Low fund balances in select funds, limiting financial flexibility and increasing fiscal risk</p>
<p>Significant volume of audit findings related to operational processes</p>	<p>Unresolved policy direction related to the Affordable Housing Trust Fund (AHTF)</p>
<p>Limited internal controls in key functional areas</p>	<p>Delays in the ACFR audit process, impacting the timeliness of financial reporting</p>
<p>Staffing gaps, including experience levels, affecting operational continuity</p>	<p>Budget development process lacked full cross-departmental inclusion and strategic alignment</p>
<p>Lack of redundancy in critical functions, contributing to delayed audits and late billing</p>	<p>Participatory budgeting framework unresolved, creating uncertainty in implementation*</p>
<p>Unexpected costs related to state legislative requirements</p>	<p>Inconsistent financial and operational reporting across departments</p>



LOOKBACK

Activities to stabilize and deliver improved service

- 1 Providing Operational Stability and Confidence**
- 2 Leadership and Staffing Constraints**
- 3 Early Returns/Key Results to Date**



Look Back: Why Stabilization Is Priority #1



Operations Stability and Confidence

Initial focus on **restoring stability** and **confidence** across core functions:

- General Accounting
- Investment Management
- Tax Billing
- Tax Collections

Leadership and Staffing Constraints

Constraints created material operational risk that required **immediate** action (loss of all key level 1 and 2 leaders)

Parallel actions:

- **Review of internal controls** and response to internal audit findings
- **Addressed identified issues** within the RVA Pay platform and continued enhancements

Look Back: Stabilization in Action

Key Issues Addressed

Reassess implementation plan for GAP Grant program Supported Council and Mayor with timely legislative policy analysis*

Audit responses and corrective actions

- Affordable Housing Trust Fund (AHTF)
- Tax rebates
- Tax refund processes

Review of Internal Controls

Tax Enforcement Unit Returned to the Field

- **Field Operations Resumed:** In September 2025, the Tax Enforcement Team returned to field operations, conducting on-site visits to City businesses to ensure compliance with City Code.
- **Revenue Recovery:** These efforts have resulted in the collection of more than **\$152,000** in outstanding revenues owed to the City.
- **Interagency Collaboration:** Partnered with the Richmond Police Department to address the increase in vaping establishments and other habitual offenders in support of regulatory compliance across the city.





System Status and Challenges

Phase 1 partially stabilized Personal Property, Business Personal Property, and Business License tax operations, reducing backlogs and enabling real-time tracking, incoming staff identified significant rollout and testing issues.

There is still much work to do. Many of the system's original design decisions now conflict with established operational workflows and financial management practices. IT and Finance staff are actively working to resolve Phase 1 issues while defining requirements for Phase 2.

City leadership is currently developing a comprehensive, long-term strategy for the system's future, including how it will be transitioned or replaced in the coming years, as the cost to maintain the current platform is projected to remain high.

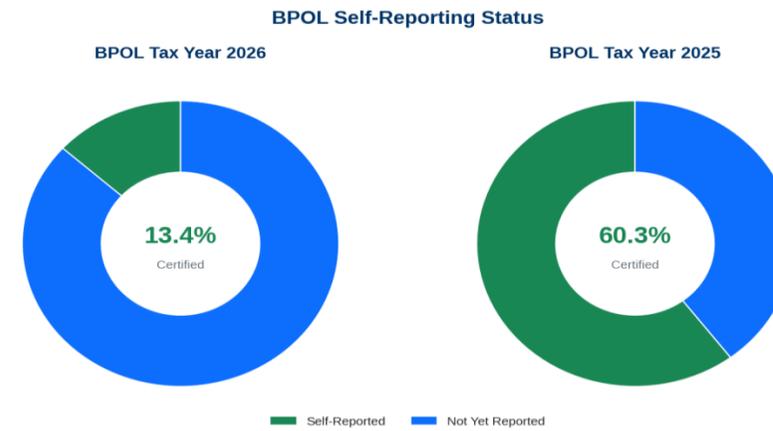
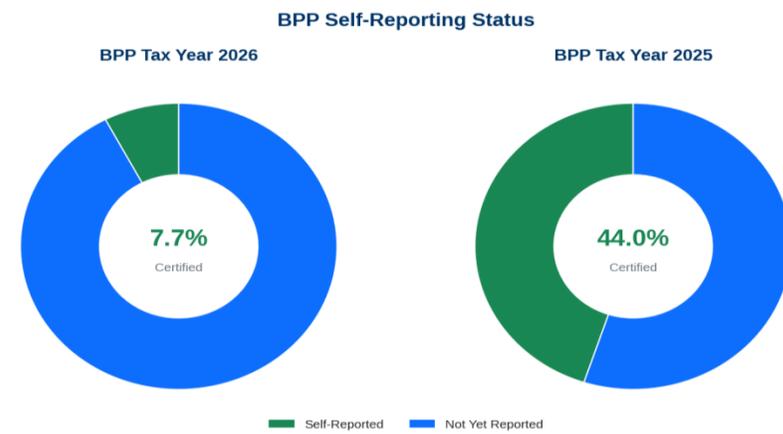
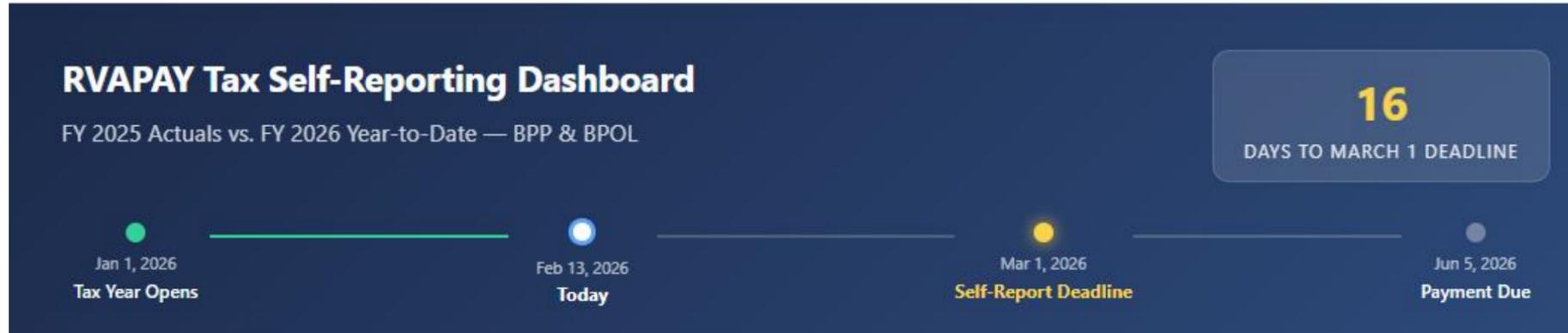
Successful Business Tax and License Implementation (BPP/BPOL)

In January 2026, the City launched significant enhancements to the RVA Business / RVA Pay Portal (rvapay.rva.gov) to improve customer experience and compliance for business taxes and licensing. The portal opened for 2026 renewals and new applications on January 1, 2026. The snapshot shows a year-over-year filing comparison as of January 20, reflecting early 2026 filing activity. Businesses must file by March 1 to avoid late fees and interest.

City has successfully implemented the new BPOL threshold approved under Ordinance No. 2024-187, doubling the exemption level from \$250,000 to \$500,000. This reduces the compliance burden for thousands of Richmond small businesses, allowing those with gross receipts between \$5,000 and \$500,000 to pay a \$30 flat license fee.

- Asset carry-forward functionality for BPP filers
- Multi-year billing and payment history with export capability
- Implemented a customer-facing compliance and exception dashboard that provides a consolidated view of unfiled periods, outstanding balances, and missing documentation, improving transparency and enabling faster follow-up and resolution.
- Centralized document management across license types

BPP & BPOL Update



Category	Count	Percentage	Amount Reported
Tax Year 2026			
Self-Reporting Completed	1,008	7.7%	\$1,547,911.04
Not Yet Reported	12,139	92.3%	-
Total	13,147	100%	\$1,547,911.04
Tax Year 2025 (Comparison)			
Self-Reporting Completed	6,256	44.0%	\$33,529,159.67
Statutory Bills Issued	3,667	26.0%	\$3,934,574.88
Not Yet Reported/Billed	7,656	28.0%	-
Total	13,912	100%	\$37,463,734.55

Category	Count	Percentage	Amount Reported
Tax Year 2026			
Self-Reporting Completed	2,012	13.4%	\$7,023,115.20
Not Yet Reported	13,050	86.6%	-
Total	15,062	100%	\$7,023,115.20
Tax Year 2025 (Comparison)			
Self-Reporting Completed	9,145	60.3%	\$45,651,856.65
Statutory Bills Issued	963	6.0%	\$1,952,072.51
Not Yet Reported/Billed	5,052	33.7%	-
Total	15,160	100%	\$47,603,929.16

Note on Year-over-Year Comparison: The 2025 figures reflect cumulative self-reporting through February 13, 2026, which includes the entire 2025 filing season plus late filers who continue to submit returns. The 2026 figures reflect only approximately six weeks of filing activity since the portal opened on December 31, 2025. The lower 2026 percentages are expected at this point in the filing cycle, as most businesses file closer to the March 1 deadline.

Real Estate Update

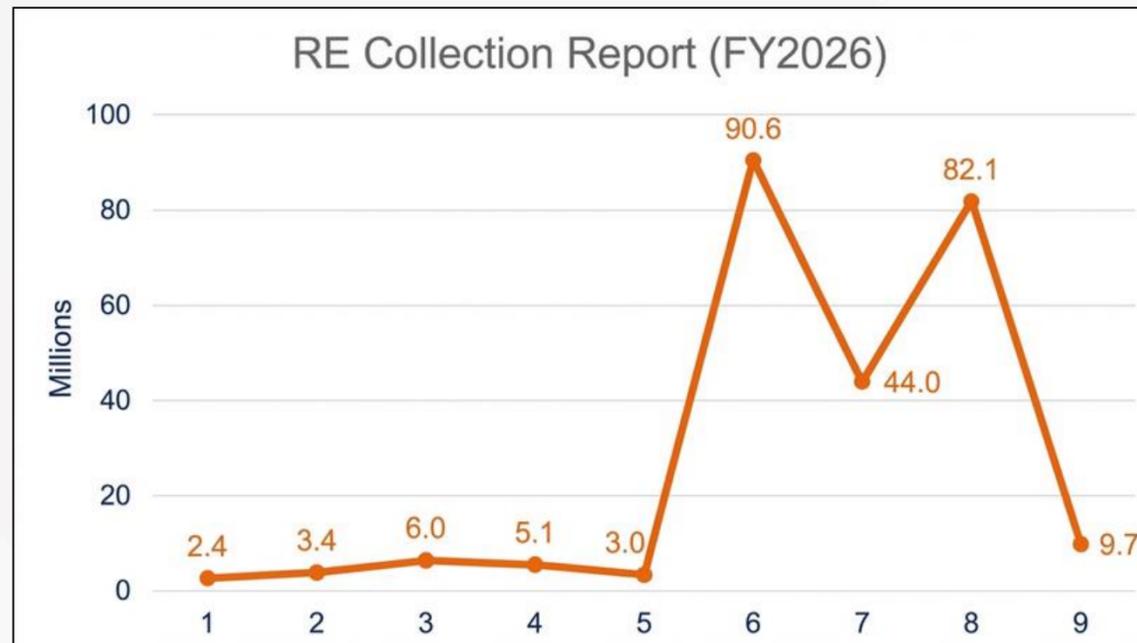


Real Estate Tax Collections

The data below reflects collections from the most recent real estate tax billing period, which closed on January 14, 2026, and summarizes collections to date following the December billing cycle.

The second installment is due on June 14, 2026.

Period	Amount	Receipts	1st Half %
November 1 - November 30	\$2,404,669.64	6,007	1%
December 1 - December 6	\$3,438,853.24	1,027	1%
December 7 - December 13	\$5,950,251.09	1,841	2%
December 14 - December 20	\$5,143,549.81	1,772	2%
December 21 - December 27	\$2,975,497.00	915	1%
December 28 - January 3	\$90,577,101.98	31,271	35%
January 4 - January 10	\$43,967,663.86	10,816	17%
January 11 - January 17	\$82,124,402.26	15,084	32%
January 18 - January 24	\$9,748,129.45	2,098	4%
Total	\$246,330,118.33	70,831	96%



Parcels	76,592
Value	\$55,911,568,552
Regular Billing	\$530,686,749.99
1st Half.	\$256,079,535
Tax Relief.	\$3,204,984.84
PDR	\$150,000.00
Self-Pay (mailed)	25,955
Mortgage Companies	12,000

Early Returns: Key Results to Date



Leadership & Workforce Stabilization

Appointed DCAO Jackson, Finance Director Shelton and Revenue Director Martinez; improved staffing stability and morale

Strong Fiscal Stewardship

Delivered estimated surplus to council on time; issued 70,000+ accurate real estate tax bills (Installment #1 @ \$246M 96% collection rate; increased FY25 hotel tax collections by \$1.3M (44%))

Modernized Revenue Operations

Implemented targeted fixes and enhancements to RVA Pay; successfully implemented Council mandated higher BPOL threshold reducing compliance burden on small businesses

Governance & Compliance Strengthened

Successfully responded to audits and legislative requirements; stabilized GAP Grant Program; supported Council and Mayor with timely analysis

Maintain Credit Rating

Moody's reaffirmed Aa1 ratings

Building Relationships & Strengthened Coordination

with cross-functional city departments such as, Human Resources, Information Technology, Assessor Office, RVA311, Planning, Budget





PRESENT FOCUS

Current Priorities and Near-Term Actions

- 1 **Workforce Capacity & Recruitment Plan**
- 2 **Financial Reporting & Closeout (*FY25 ACFR*)**
- 3 **Operational Stability**
- 4 **Fiscal Planning & Readiness**





Present Focus: Workforce Capacity



Continuing **targeted recruitment** to address critical vacancies



Reducing reliance on temporary staffing and **strengthening** institutional capacity



Prioritizing revenue-critical, customer-facing, and compliance functions



Support retention through competitive pay, flexible work options, training, coaching, employee recognition, and succession planning

Present Focus: (continued)



Recruitment Plan

Leadership transition resulted in **59** total vacancies

24 vacancies
(Jan–June 2025)

20 vacancies
(CY 2024)

Recruitment in Motion

10 positions in **active** recruitment

- Billing (3)
- Treasury (6)
- Deputy Director of Technology (1)

Treasury Positions Added

- Customer Service Supervisor
- **2** Customer Service Technicians
(temporary → permanent)
- Financial Regulatory Specialist

Administration

HR collaboration underway with hiring planned over **30–120** days

Focus: **FOIA, PIO, and legislative support, reporting/audit support, and Chief Economist and Financial Manager** focused on revenue

Present Focus: (continued)



Targeted Structural Adjustments

Administration

New Internal Controls Division

Collections

**Consolidated Delinquent
Collections and Tax Enforcement**

Revenue Administration

**Reestablished Audit & Compliance
Division. Expanding from 5 to 10 FTEs to
support audits and refund processing.**

Risk Assessment

Transitioning from temporary
staffing to **permanent positions**



Present Focus (Near-Term Actions)

Financial Reporting & Closeout (FY25)

- Completing the Annual Comprehensive Financial Report (ACFR)
 - **Finalizing** remaining components, including **MD&A, notes, and transmittal letter**
 - **Coordinating** closely with **external auditors** to support timely issuance

Operational Stability

- Sustaining accurate revenue collection and billing cycles
 - BPOL and BPP filings due **March 1**
 - Preparing for second installment billings **due in May**
 - Preparing for 2026 Personal Property Tax Bill
 - **Bill Mail April 15, 2026**
 - **Bill Due June 5, 2026**
- Responding to internal audit follow-ups and planned internal audit requests
- **Continuing targeted fixes** and enhancements to the RVA Pay platform
- Delivering **reliable monthly financial reports** to strengthen oversight

- Establishing regular **monthly coordination meetings** across Finance, Budget, and HR to ensure accurate revenue and expenditure postings
- Identifying a nonprofit partner to support GAP Grant administration

Reporting on:

- **Mayor's Action Plan (MAP)** progress
- Fiscal impacts of the proposed Tax Deferral legislation introduced by Council

Fiscal Planning & Readiness

- Advancing preliminary work for the spring debt issuance
- Onboarding external support to develop multi-year fiscal analysis to inform future decisions and upcoming collective bargaining negotiations
- Aligning Finance, Budget, and leadership on near-term fiscal priorities
- Preparing for future external **ARPA audits** through targeted external support
- Release of the Expenditure Policy



LOOKAHEAD

Next Set of Parallel Priorities

1

FY25 ACRF

2

Fiscal Health Assessment

3

ARPA Closeout



Lookahead: Upcoming Activities



Financial Reporting & Transparency

- **Publish the FY25 ACFR** and improve the year-end closeout process
- **Launch quarterly financial reporting** to Council
- Advance the reporting working group for standardized financial reporting needs through **Splash BI**
- Initiate early planning and readiness activities for the **FY26 ACFR** to support a more efficient audit and reporting cycle
- **Establish a standardized cadence** for reconciling all revenue and expenditure accounts to promote consistency, accuracy, and audit readiness

Workforce & Capacity Building

- **Continue targeted hiring** to close critical staffing gaps
 - Legislative support, FOIA, technology, customer service, reporting/audit, PIO and economist
- **Invest in training and professional development**
- Strengthen **internal/external communication** and coordination, including with Council-led departments (e.g., Assessor)
- **Increase regular internal meetings** focused on revenue posting and reconciliation
- **Continue advancing** department organizational and structural realignment efforts

Fiscal Strategy & Planning

- **Conduct a fiscal health assessment** to inform long-term sustainability
- Advance **spring debt issuance** planning
- Relaunch the **GAP Grant Program** with a nonprofit partner
- **Assess and reconcile** grant and special fund operations
- **Engage an external firm** to assess ARPA closeout, compliance, and audit readiness

Technology & Systems

- Partner with Procurement and IT to **assess future financial systems and software needs**

Revenue Protection & Compliance

- **Target short-term rental operators** for non-compliance
- Complete outstanding **real estate supplemental billings**
- **Resume Tax Delinquency Sales / Tax Amnesty initiatives** (summer)
- **Resume Real Property Tax Supplemental Billing**

Lookahead: FY25 ACFR Publication



Current Status

- Administration has acknowledged that the **FY25 ACFR** is behind the State's traditional issuance schedule, with notice provided to Council on three occasions
 - **Delay driven by** transition-related staffing constraints, key staff leave/lack of redundancy, delayed audit responses, and system stabilization efforts
 - The FY25 ACFR is in the **final stages of completion**
 - **Priority remains issuance of an accurate, compliant, and defensible report**

Next Steps

- **Finalize remaining sections**, including MD&A, notes, and transmittal letter
- **External auditor review** by senior partners
- **Address any follow-up questions** to support issuance
- **Present** to the Audit Committee/City Council
- **Publish**
 - **Targeting late February**, pending completion of final audit review (currently under review)

Path Forward

- **Conduct a debrief** with staff and leadership to identify gaps and improvement opportunities
- **Document lessons learned** from the FY25 closeout cycle and establish an implementation plan
- **Align FY26 monthly reporting and month-end closeout processes** to support on-time ACFR issuance
- Strengthen coordination among Finance, Budget, and External Auditors



Lookahead: Fiscal Health Assessment

Purpose: Provide a clear, **multi-year view of the City's financial position** to support upcoming policy and budget decisions

Focus Areas:

- Revenue sustainability and expenditure trends
- Fund balance and reserve adequacy
- Debt affordability and capital capacity
- Collective bargaining and long-term obligations

How It Will Be Used:

- Inform FY27 budget development and out-year planning
- Guide capital planning and debt strategy
- Establish or refine financial policies and guardrails
- Support collective bargaining affordability decisions

Approach: Multi-year analysis supported by external expertise to ensure objectivity and rigor



Lookahead: ARPA Closeout

Objective: Ensure timely, compliant, and well-documented closeout of ARPA funds in advance of federal audit and reporting requirements

Key Actions:

- Engage an external firm to evaluate ARPA closeout readiness, compliance, and documentation
- Review expenditure eligibility, reporting accuracy, and internal controls across ARPA-funded programs
- Reconcile remaining balances and validate allowable uses

Risk Management:

- Identify and mitigate potential audit, compliance, or recapture risks
- Strengthen documentation and reporting to support federal review

Outcomes:

- Successful ARPA closeout with reduced audit risk
- Clear financial record supporting transparency and accountability
- Improved processes to inform future grant management

EARLY RETURNS (WINS)



Actions/Accomplishments	Strategic Area
Appointed a new Finance Director (Letitia Shelton) and Revenue Director (Ken Martinez), strengthening executive leadership and operational oversight.	Leadership, Capacity, and Workforce Stabilization
Stabilized staffing and morale through leadership continuity, clearer direction, and targeted process improvements, consistent with the CAO's published 100-Day Assessment.	
Delivered timely notification to City Council of preliminary, estimated year-end surplus figures in accordance with reporting requirements, enabling advance consideration of one-time funding needs.	Fiscal Stewardship and Financial Performance
Successfully issued more than 70,000 accurate real estate tax bills in December 2025 and met statutory financial reporting deadlines, including surplus reporting.	
Increased FY25 hotel tax collections by \$1.3 million (44%) over FY24, supporting regional investment without a residential property tax increase.	
Launched significant enhancements to the RVA Business / RVA Pay Portal for the 2026 tax year, improving transparency, compliance, and ease of use for taxpayers. Enhancements include:	Modernization, Service Delivery, and Customer Experience
Implemented the new BPOL threshold approved under Ordinance No. 2024-187, doubling the exemption level from \$250,000 to \$500,000. This change is now operational and reduces the compliance burden for thousands of Richmond small businesses, allowing those with gross receipts between \$5,000 and \$500,000 to pay a \$30 flat license fee while maintaining essential City services.	

EARLY RETURNS (WINS)



Actions/Accomplishments	Strategic Area
Asset carry-forward functionality for BPP filers	Modernization, Service Delivery, and Customer Experience
Multi-year billing and payment history with export capability	
Multi-year billing and payment history with export capability	
Successfully mailed more than 1,000 BPOL statutory notices for Tax Year 2025 to businesses that did not renew their licenses through the RVA Pay Business Portal, supporting compliance with state law, protecting City revenues, and encouraging timely renewal.	
Centralized document management across license types	
Implemented a customer-facing compliance and exception dashboard that provides a consolidated view of unfiled periods, outstanding balances, and missing documentation, improving transparency and enabling faster follow-up and resolution.	
Strengthening partnerships with the Assessor's Office and RVA311 to improve customer satisfaction through: <ul style="list-style-type: none"> ✓ Improved data sharing and interagency communication ✓ Service delivery improvements ✓ Customer feedback collection and analysis 	Cross-Agency Partnerships

EARLY RETURNS (WINS)



Actions/Accomplishments	Strategic Area
<p>Responded to several audit findings and updated policies and procedures to strengthen controls, efficiency, and service delivery.</p>	<p>Governance, Oversight, and Intergovernmental Coordination</p>
<p>Addressed complex legislative and fiscal matters, including the Grimm settlement, GAP Grant enabling legislation, tax rollback rates, janitorial and security legislation, and the Affordable Housing Trust Fund.</p>	
<p>Stabilized the GAP Grant Program by creating an implementation framework, onboarding temporary staff, and increasing the number of residents receiving assistance.</p>	
<p>Moody's Ratings affirmed the City of Richmond's strong credit profile, including its Aa1 issuer rating and Aa1 general obligation unlimited tax (GOULT) rating.</p>	<p>Credit Strength and Strategic Planning</p>
<p>Launched a collaborative Mayor/Council budget process, jointly initiating the budget process and aligning around eight shared priorities.</p>	

Conclusion



Q&A