PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 6, 2026

In the opinion of Bond Counsel, under current law and subject to conditions described in the section "TAX EXEMPTION," interest on the Bonds (as defined herein) (1) is not included in gross income for federal income tax purposes, (2) is not an item of tax preference for purposes of the federal alternative minimum tax, (3) 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) for the alternative minimum tax imposed on such corporations, and (4) is exempt from income taxation by the Commonwealth of Virginia. A holder may be subject to other federal tax consequences as described in "TAX EXEMPTION."

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: Aaa
S&P: AAA
(See "RATINGS")

$24,850,000*
CITY OF CHARLOTTESVILLE, VIRGINIA
General Obligation Public Improvement Bonds, Series 2026

Dated: Date of Delivery **Due: June 15, as Shown on Inside Cover**

This Official Statement has been prepared by the City of Charlottesville, Virginia (the "City"), to provide information on its $24,850,000* General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"), the security therefor, the City 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 Bonds, a prospective investor should read this Official Statement in its entirety.

Security	The Bonds are general obligations of the City and the full faith and credit of the City will be irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds as they become due. In each year while the Bonds, or any of them, are outstanding and unpaid, the City Council of the City is authorized and required to levy and collect annually, at the same time and manner as other taxes of the City are assessed, levied and collected, a tax upon 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, premium, if any, and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated to such purpose.
Redemption	The Bonds are subject to redemption prior to maturity as set forth herein.
Purpose	The proceeds of the Bonds will be used to finance the costs of certain capital improvement projects for the City and pay the costs of issuance (if not otherwise paid from other City funds).
Interest Rates/Yields	See inside cover.
Interest Payment Dates	June 15 and December 15, commencing December 15, 2026.
Record Date	The June 1 and December 1 immediately preceding each interest payment date.
Paying Agent	City's Director of Finance.
Denominations	$5,000 or integral multiples thereof.
Closing/Delivery Date	On or about September 9, 2026.
Registration	Full book-entry only; through the facilities of The Depository Trust Company, New York, New York.
Bond Counsel	Hunton Andrews Kurth LLP.
Financial Advisor	PFM Financial Advisors LLC.
Conditions Affecting Issuance	The 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.

Official Statement dated _______, 2026.

* Preliminary, subject to change.

$24,850,000*
CITY OF CHARLOTTESVILLE, VIRGINIA
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS,
SERIES 2026

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Year (June 15)*	Principal Amount*	Interest Rate	Yield	CUSIP Numbers**
2027	$1,240,000			
2028	1,250,000			
2029	1,250,000			
2030	1,250,000			
2031	1,250,000			
2032	1,250,000			
2033	1,250,000			
2034	1,250,000			
2035	1,245,000			
2036	1,240,000			
2037	1,240,000			
2038	1,240,000			
2039	1,240,000			
2040	1,240,000			
2041	1,240,000			
2042	1,235,000			
2043	1,235,000			
2044	1,235,000			
2045	1,235,000			
2046	1,235,000			

* Preliminary, subject to change.

** CUSIP numbers have been assigned by an organization not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above. No assurance can be given that these CUSIP numbers will remain the same after the date of issuance and delivery of the Bonds.

CITY OF CHARLOTTESVILLE, VIRGINIA

CITY COUNCIL

Juandiego Wade, *Mayor*
Natalie Oschrin, *Vice Mayor*
Jen Fleisher
Michael Payne
Lloyd Snook

Samuel Sanders, Jr.
City Manager

James Freas
Deputy City Manager

Samuel Roman
Assistant City Manager

Christopher V. Cullinan
Director of Finance

Khristina S. Hammill
Director of Budget and Grants Management/Debt Manager

John Maddux
City Attorney

Jason A. Vandever
City Treasurer

Dr. Royal A. Gurley, Jr.
Superintendent of Schools

Hunton Andrews Kurth LLP, *Bond Counsel*
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219-4074
(804) 788-8200

PFM Financial Advisors LLC, *Financial Advisor*
4350 North Fairfax Drive, Suite 590
Arlington, Virginia 22203
(571) 527-5141

The Bonds are exempt from registration under the Securities Act of 1933, as amended. The Bonds also are exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman, or other person has been authorized 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 representations should not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the bonds by any person in any jurisdiction 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 City and the purchasers or owners of any of the 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 since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds, including transactions to (1) overallot in arranging the sales of the Bonds and (2) make purchases and sales of 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 underwriters may determine.

This Official Statement 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” and similar expressions are intended to identify 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.

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OFFICIAL STATEMENT

$24,850,000*
CITY OF CHARLOTTESVILLE, VIRGINIA
General Obligation Public Improvement Bonds,
Series 2026

INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices attached hereto, is to set forth certain information in connection with the issuance of $24,850,000* General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"), by the City of Charlottesville, Virginia (the "City"). This information is qualified in its entirety by information found elsewhere in this Official Statement. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The Bonds will be issued in authorized denominations of $5,000 and integral multiples thereof and will be held through the facilities of The Depository Trust Company, New York, New York ("DTC"), or its nominee, as securities depository with respect to the Bonds. See the section "DESCRIPTION OF THE BONDS - Book-Entry Only System" and **Appendix E**.

The Bonds are general obligations of the City for the payment of which the full faith and credit and unlimited taxing power of the City are irrevocably pledged. The security of the Bonds is more fully described in the section "DESCRIPTION OF THE BONDS - Security for the Bonds." Financial and other information contained in this Official Statement has been prepared by the City from its records (except where other sources are noted). The information is not intended to indicate future or continuing trends in the financial or economic position of the City.

The Bonds will be offered for sale through competitive bidding on August 18, 2026. The Notice of Sale relating to the Bonds and describing the competitive bidding process is attached hereto as **Appendix F**.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated the date of their delivery and will bear interest from their date payable semiannually on each June 15 and December 15, commencing December 15, 2026. The Bonds will mature on June 15 in each of the years as set forth on the inside cover page of this Official Statement. The City's Director of Finance has been appointed registrar and paying agent for the Bonds (the "Registrar" or "Paying Agent"). The City Manager may in his discretion at any time appoint a qualified bank as successor paying agent and registrar for the Bonds. Interest on the Bonds shall be payable by check or draft to the holders of the Bonds as of the June 1 and December 1 immediately preceding each interest payment date at their addresses as they appear on the registration books kept by the Registrar. If such interest payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the interest payment date, and no additional interest shall accrue.

Authorization and Purposes of the Bonds

The Bonds are being issued under a resolution adopted by the City Council on July 20, 2026 (the "Bond Resolution"), pursuant to Article VII, Section 10 of the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2, of the Code of Virginia, 1950, as amended.

The Bond Resolution provides for the sale and issuance of not to exceed $29,000,000 principal amount of bonds to finance the projects described below. The proceeds of the Bonds are proposed to be used: (1) to finance all or a portion of the costs to acquire, construct, renovate, rehabilitate, improve and equip certain capital improvement projects for various City purposes, including (without limitation) (a) transportation and access projects, (b) public facility projects, (c) public school projects, (d) parks and recreation projects, (e) public safety projects, (f) affordable housing and (g) water, wastewater and stormwater projects (collectively, the "Projects"), and (2) to pay related issuance costs (if not otherwise paid from other City funds).

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* Preliminary, subject to change.

Sources and Uses of Funds

The following table sets forth the estimated sources of funds and application of the proceeds of the Bonds:

Sources:	
Principal Amount of Bonds	
[Net] Original Issue [Premium][Discount]	
Total Sources	
Uses:	
Deposit to Capital Projects Fund	
Deposit to Water Fund	
Deposit to Stormwater Fund	
Deposit to Wastewater Fund	
Costs of Issuance (including underwriter's compensation)	
Total	

Security for the Bonds

The Bonds are general obligations of the City, and the full faith and credit and unlimited taxing power of the City are irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds as they become due. In each year while the Bonds, or any of them, are outstanding and unpaid, the City Council is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon 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, premium, if any, and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

Bondholder Remedies in the Event of Default

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed with the Governor of the Commonwealth of Virginia (the "Commonwealth") by any owner of or paying agent for a general obligation bond of a locality of the Commonwealth in default as to payment of principal, premium, if any, or interest, the Governor shall make a summary investigation and, if satisfied that such default has occurred, the Governor shall make an order directing the State Comptroller to withhold all further payment to the locality of all funds, or any part thereof, appropriated and payable by the Commonwealth to the locality so in default for any and all purposes until such default is cured. The Governor shall, while such default continues, direct the payment of all such sums so withheld, or so much thereof as shall be necessary, to the owners of the bonds so in default, or the paying agent therefor so as to cure, or to cure insofar as possible, the default on such bonds and the interest thereon. The Governor shall, as soon as practicable, give notice of such default and of the availability of funds with the paying agent or with the State Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond and, in the case of registered bonds, by mail, to the registered owners of such bonds. Nothing in Section 15.2-2659 creates any obligation on the part of the State Comptroller or the Commonwealth to make any payments on behalf of the defaulting locality other than from funds appropriated and payable to the defaulting locality.

The State Comptroller advises that to date, no order to withhold funds pursuant to Section 15.1-227.61 or Section 15.1-225, the predecessor provisions of 15.2-2659, has ever been issued. Although a Virginia court has not had occasion to address the constitutionality of Section 15.2-2659, the Attorney General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to its predecessor section. For the fiscal year ended June 30, 2025, the Commonwealth appropriated $96,879,670 to the City, of which $30,682,522 was deposited in the General Fund.

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to bondholders if the City defaults in the payment of principal of, premium, if any, or interest on the Bonds, nor do they contain any provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such a default. Upon any default in the payment of principal, premium or interest, a bondholder may, among other things, seek a writ of mandamus from an appropriate court requiring the City Council to levy and collect taxes as described in the section "Security for and Sources of Payment of the Bonds." The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to levy and collect taxes to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws, and by equitable principles, which may limit the specific enforcement of certain remedies.

Although Virginia law currently does not authorize such action, future legislation may enable the City to file a petition of relief under the United States Bankruptcy Code (the "Bankruptcy Code") if it is insolvent or unable to pay its debts. Bankruptcy proceedings by the City could have adverse effects on Bondholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

The City has never defaulted in the payment of either principal of or interest on any indebtedness.

Redemption

*Optional Redemption**

The Bonds maturing on or before June 15, 2035, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 15, 2036, are subject to redemption prior to maturity at the option of the City at any time on or after June 15, 2035, in whole or in part (in integral multiples of $5,000), upon payment of 100% of the principal amount of Bonds to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

*Mandatory Sinking Fund Redemption**

Readers are advised to refer to the final Official Statement for the Bonds for the mandatory sinking fund redemption provisions of the Bonds should the winning bidder structure the principal amortization of any Bonds as term bonds.

Manner of Redemption

If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected by the chief financial officer of the City in such manner as such officer may determine to be in the best interests of the City. If less than all the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, by the Registrar by lot in such manner as the Registrar in his discretion may determine.

Notice of Redemption

The City shall cause notice of the call of redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the redemption date to the registered owner of the Bonds. The City will not be responsible for giving notices of redemption to anyone other than DTC or another securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owners of the Bonds. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

* Preliminary, subject to change.

The City may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

Form and Denomination

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. Prior to closing on the Bonds, there will be deposited with DTC one bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds. The book-entry system will evidence beneficial ownership of the Bonds in principal amounts of $5,000 or multiples thereof, with transfers of beneficial ownership effective on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, premium, if any, and interest payments to beneficial owners (as hereinafter defined) by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (1) DTC determines to discontinue providing its services as securities depository for the Bonds, (2) the chief financial officer of the City determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository with respect to the Bonds is not in the best interest of the City, or (3) the chief financial officer of the City determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interest of the City or the beneficial owners, the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will authenticate and deliver replacement Bonds in the form of fully registered certificates to the beneficial owners or their nominees.

Book-Entry Only System

DTC will act as securities depository for the Bonds pursuant to a book-entry system. Information regarding DTC and its book-entry system appears as **Appendix E**. Such information has been provided by DTC, and the City assumes no responsibility for the accuracy or completeness of such information. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event Bond certificates will be printed and delivered.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel and in accordance with customary opinion practice, under current law, interest[, including any accrued original issue discount ("OID"),] on the 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 Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of 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 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 City has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the

Bonds. Failure by the City to comply with such covenants, among other things, could cause interest[, including any accrued OID,] on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The City may in its discretion, but has 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 interest on the Bonds remain excludable from 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. 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 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 Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the 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 Bonds maturing in the years [____ and ____] (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 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 Bonds will be sold.

Under the Code, for purposes of determining the holder's adjusted basis in an OID Bond, OID treated as having accrued while the holder holds such 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 the 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 Bonds.]

[Original Issue Premium]

[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 Bond must be reduced by the amount of premium that accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such 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 Bonds.]

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the 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 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 Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer, and the owners of the Bonds will have only limited rights, if any, to participate.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the 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 Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the IRS, a general change in interest rates for comparable securities, a change in federal or state income tax rates, 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 Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel 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 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the City upon delivery of the Bonds, in substantially the form set forth as **Appendix C** (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to the authorization and validity of the Bonds and to the tax-exempt status of interest thereon as described in the section "TAX EXEMPTION." Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the 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 matters will be passed on for the City by John Maddux, Esquire, City Attorney.

PENDING LITIGATION

During the normal course of business, the City and its employees have been named as defendants in claims for personal injuries or property damage. The City's potential liability is protected partially by indemnification agreements. It is the opinion of the City Attorney that any possible losses in connection with such litigation will not materially affect the City's financial condition.

No litigation is now pending or, to the knowledge of the City, threatened seeking to restrain or enjoin the issuance and delivery of the Bonds or the levy and collection of taxes to pay the principal of, premium, if any, and interest on the Bonds.

RATINGS

The City has applied to Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York, and S&P Global Ratings, 55 Water Street, New York, New York, for credit ratings on the Bonds. The initial credit ratings are set forth on the cover page of this Official Statement. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by either or both of such rating agencies if, in the judgment of either or both, circumstances so warrant. Such circumstances may include without limitation, changes in or unavailability of information relating to the City. Any downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

General

The City will execute and deliver to the underwriters for the Bonds a Continuing Disclosure Agreement, the form of which is attached as **Appendix D** to this Official Statement, pursuant to which the City will covenant and agree, for the benefit of the holders of the Bonds, consistent with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") to provide to the Municipal Securities Rulemaking Board annual financial information and operating data for the City, including audited financial statements of the City, no later than each March 31 after the end of the City's preceding fiscal year, beginning with the fiscal year ending June 30, 2026, and, in a timely manner not in excess of ten (10) business days after the occurrence thereof, notices of certain events with respect to the Bonds. The continuing obligation of the City to provide annual financial information and notices referred to above will terminate with respect to the Bonds when the Bonds are no longer outstanding.

As described in **Appendix D**, the Continuing Disclosure Agreement 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 Bonds at any particular time. The City may from time to time disclose certain information and data in addition to that required by the Continuing Disclosure Agreement. If the City chooses to provide any additional information, the City shall have no obligation to continue to update such information or to include it in any future disclosure filing. Any failure by the City to comply with the foregoing will not constitute a default with respect to the Bonds. The sole remedy for a default under the Continuing Disclosure Agreement 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.

Prior Compliance

The City represents that, in the five previous years, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule, with the exception of a late filing in fall 2021. The City issued its General Obligation Refunding Bond, Series 2021B, on September 2, 2021, but did not disclose such issuance on the MSRB's Electronic Municipal Market Access system until November 18, 2021.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered for sale at competitive bidding on August 18, 2026, unless such date is postponed or changed as described in the Notice of Sale, attached hereto as **Appendix F**. This Preliminary Official Statement has been deemed final as of its date by the City in accordance with the meaning and requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission ("SEC") under the Securities and Exchange Act of 1934, as amended, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule. After the Bonds have been awarded, the City will complete the Preliminary Official Statement so as to be a "final official statement" within the meaning of the Rule (the "final Official Statement"). The final Official Statement will include, among other matters, the identity of the winning bidders and the managers of the syndicates, if any, submitting the winning bids, the expected selling compensation to the underwriters of the Bonds and other information on the interest rate and offering prices or yields of the Bonds, as supplied by the winning bidders.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

The City will furnish to the successful bidder a certificate dated as of the date of delivery of the Bonds, signed by the City Manager and the Director of Finance, stating that the descriptions and statements contained in the Official Statement (except for the sections "LEGAL MATTERS" and "TAX EXEMPTION," the information in the columns "Yield" and "CUSIP" on the inside cover and the information in Appendices C and E) on the date of sale and on the date of delivery of the Bonds were and are, to the best of their knowledge, true and correct in all material respects and did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. In such certificate, the City Manager and the Director of Finance may state that they did not independently verify the information indicated in the Official Statement as having been obtained or derived from sources other than the City but that they have no reason to believe such information is not accurate.

FINANCIAL ADVISOR

The City has retained PFM Financial Advisors LLC, Arlington, Virginia, as financial advisor (the "Financial Advisor"), in connection with the issuance of the Bonds. Although the Financial Advisor assisted in the preparation and review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is a financial advisory, investment management and consulting organization and is not engaged in the business of underwriting municipal securities.

INDEPENDENT AUDITOR

The City's general purpose financial statements for the fiscal year ended June 30, 2025, have been audited by the independent public accounting firm of Robinson, Farmer, Cox Associates, PLLC, and are included as **Appendix B**. These financial statements, along with the related notes to financial statements, are intended to provide a broad overview of the financial position and operating results of the City's government wide and various fund financial statements and account groups. Robinson, Farmer, Cox Associates, PLLC 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. Robinson, Farmer, Cox Associates, PLLC also has not performed any procedures relating to this Official Statement.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the estimates will be realized.

Additional information concerning this offering may be obtained from the Director of Finance, City Hall, Charlottesville, Virginia 22902, Telephone (434) 970-3200 or from the City's Financial Advisor, PFM Financial Advisors LLC, 4350 North Fairfax Drive, Suite 590, Arlington, Virginia 22203, Telephone (571) 527-5141.

The distribution of this Preliminary Official Statement has been duly authorized by the City Council. The City Council has deemed this Preliminary Official Statement "final" as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule.

CITY OF CHARLOTTESVILLE

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City Manager

APPENDIX A

City of Charlottesville, Virginia

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THE CITY

Introduction

The City of Charlottesville (the "City" or "Charlottesville") is located in central Virginia, approximately 100 miles southwest of Washington, D.C., and 70 miles northwest of Richmond, Virginia. Situated within the upper Piedmont Plateau, at the foothills of the Blue Ridge Mountains and at the headwaters of the Rivanna River, Charlottesville was established as a town in 1762 by the Virginia General Assembly and was incorporated as an independent city in 1888. As a result of eight annexations, the most recent of which was effective in 1968, the City now encompasses a land area of 10.4 square miles.

The City is autonomous and entirely independent of any county or any other political subdivision. It is not coterminous with or subject to taxation by any county or school district, and is not liable for any indebtedness other than City indebtedness.

As the seat of both the City and Albemarle County governments, Charlottesville serves as the economic, cultural, and educational center of a multi-county region in central Virginia. The City is part of the Charlottesville Metropolitan Statistical Area (the "MSA"). The MSA includes the City and the counties of Albemarle, Fluvanna, Greene and Nelson. According to the latest available (2025) estimates from the Weldon Cooper Center for Public Service, the population of the City was 46,923 while the Charlottesville MSA population was approximately 231,920.

Overview of Governmental Organization

The City has been organized according to the Council-Manager form of government since 1913. The City Council, which establishes policies for the administration of the City, is the governing body of the City. The five members of the City Council are elected by City voters for staggered four-year terms, with at least two members elected every two years. The Mayor and Vice Mayor are elected by the members every two years from among members of the City Council.

The City Council appoints a City Manager to serve as the chief executive and administrator of the City. The City Manager serves at the pleasure of the City Council, implements its policies, and directs the City's business and administrative procedures. The City Manager also has the power of appointment and removal of certain department heads and City employees.

The operation of public schools in Charlottesville is the responsibility of a seven-member, separately elected School Board. The local share of the cost of operating public schools in the City is met with an annual appropriation by the City Council from the City's General Fund. Operations of the School Board, however, are independent of the City Council and the City administration, as prescribed by Virginia law. The Superintendent of Schools is appointed by and serves at the pleasure of the School Board to administer the operations of the City's public schools.

In addition to the City Council, other elected City officials include the Commonwealth's Attorney, Commissioner of Revenue, Clerk of the Circuit Court, Sheriff and Treasurer. The Judges of the Circuit Court, General District Court, and Juvenile and Domestic Relations Court are appointed by the Virginia General Assembly. A chart of the City governmental organization is set forth on the following page.

The executive offices of the City are located at the City Hall, 7th and Main Streets, Charlottesville, Virginia 22902. The City's central telephone number is (434) 970-3100.

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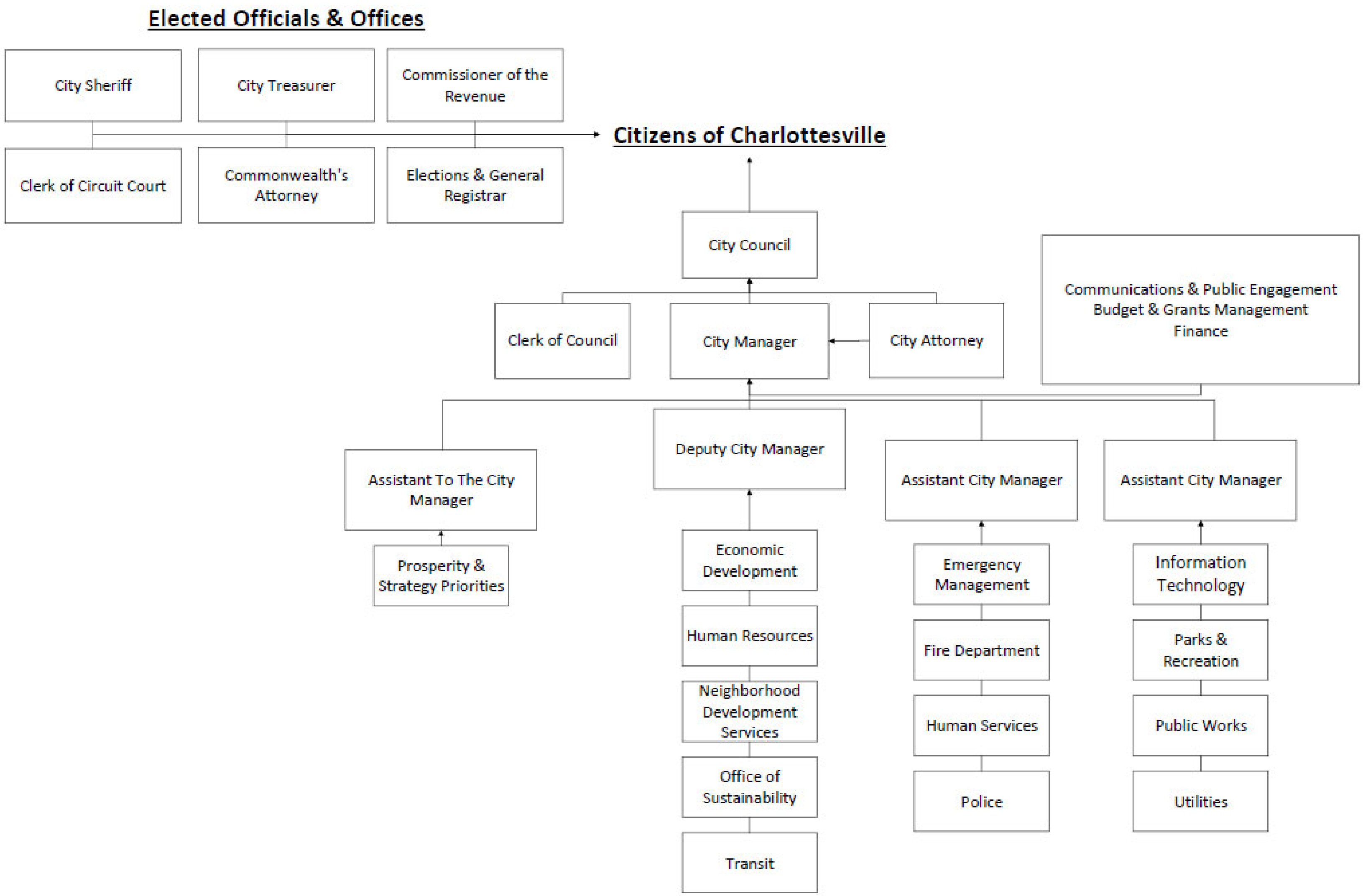
City Organizational Chart



Elected Officials

Juandiego Wade, *Mayor*, was elected in 2021 and again in 2025 to serve two four-year terms on City Council. He graduated from Norfolk State University with a B.A. in Urban Planning, and he went on to earn a master's degree in Urban and Environmental Planning from the University of Virginia. Mr. Wade serves on the Charlottesville Albemarle Convention and Visitors Bureau, Jefferson Area Board for Aging Board of Directors, Minority Business Commission, Retirement Commission, Virginia Career Works – Piedmont Region, and Virginia First Cities.

Natalie Oschrin, *Vice Mayor,* was elected in 2023 to serve a four-year term on City Council. She holds a B.A. in American Studies and History from the University of Virginia and a Masters of International Hospitality and Tourism Management from the University of South Carolina. Ms. Oschrin serves as the council representative to the Charlottesville-Albemarle Regional Transit Authority, Charlottesville Community Scholarship Program, Legislative Committee, Metropolitan Planning Organization, Regional Housing Partnership, and School Capital Projects Workgroup.

Jen Fleisher, *Council Member,* was elected in 2025 to serve a four-year term on City Council. She holds a B.A. in Journalism and Master's of Public Health, both from the University of North Carolina at Chapel Hill. Ms. Fleisher serves on the Charlottesville Area Alliance, Loop de Ville, Piedmont Mobility Alliance, and Bike and Pedestrian Advisory Committee.

Michael Payne, *Council Member*, was elected in 2019 and again in 2023 to serve two four-year terms on City Council. He graduated from Albemarle High School in Charlottesville and received a B.A. in Government from the College of William & Mary. Mr. Payne has worked in affordable housing with Habitat for Humanity Virginia and People and Congregations Engaged in Ministry. Mr. Payne serves on the Charlottesville Redevelopment & Housing Authority Board, Housing Advisory Committee, Local Energy Alliance Program Governance Board, Regional Housing Partnership, Rivanna River Basin Commission, and Thomas Jefferson Planning District Commission.

Lloyd Snook, *Council Member*, was elected in 2019 and again in 2023 to serve two four-year terms on City Council. He graduated from Lane High School in Charlottesville in 1970 and went on to earn an A.B. in Economics from Stanford University, and a J.D. cum laude from the University of Michigan School of Law. Mr. Snook owns a private practice and has been active with local, state and national bar associations. Mr. Snook serves on the Albemarle-Charlottesville Regional Jail Authority Board, Darden Towe Memorial Park Committee, Historic Resources Committee, Legislative Committee, Rivanna Solid Waste Authority Board, Rivanna Water and Sewer Authority Board, School Capital Projects Workgroup, and Virginia First Cities.

Certain City Staff Members

Samuel Sanders, Jr., *City Manager*, was appointed by City Council on August 1, 2023. He served for two years as Deputy City Manager of Operations for the City, after serving as the Executive Director of Baton Rouge, Louisiana's Mid City Redevelopment Alliance. Mr. Sanders previously served as Executive Director for Mid City Redevelopment Alliance in Baton Rouge, Louisiana, where he led comprehensive community development programs focused on affordable housing, economic development, wealth building, and community empowerment since 2003. He has 29 years of nonprofit and government program experience. He holds a B.A. in English from Christopher Newport University, an M.P.A. from Troy University, and a Certificate in *Achieving Excellence,* a NeighborWorks America Executive Education Program from Harvard's Kennedy School of Government.

James Freas, *Deputy City Manager,* was appointed in March 2024. Mr. Freas has direct oversight of Economic Development, Human Resources, Neighborhood Development Services, Sustainability and Transit. Mr. Freas has a bachelor's degree from the University of Virginia and master's degrees in planning and environmental law from the University of Rhode Island and Vermont Law School. Prior to working for the City, Mr. Freas gained over 15 years of experience in city planning in Massachusetts and Virginia. He has an extensive background in building teams to lead collaborative planning and implementation work. In Hampton, Virginia, he led work on environmental policy and the development and implementation of neighborhood master plans as Senior Planner. In the Boston area, he worked for the Metropolitan Area Planning Council as Regional Planner. He then moved on to the City of Newton, Massachusetts, starting as the Chief Planner, and then the Deputy Director of the Department of Planning & Development. In late 2019, he was brought on as the Director of Community & Economic Development for the Town of Natick, Massachusetts. His work included strategies for housing, transportation, climate, and economic development as well as crafting clear and effective policies and zoning.

Samuel Roman, *Assistant City Manager,* oversees the City's public safety and human services portfolio, including Police, Fire, Emergency Management, and Human Services. Mr. Roman brings decades of leadership experience in public safety and local government. Prior to joining Charlottesville, he served as Deputy City Manager for the City of Roanoke, where he oversaw the City's capital improvement program and major infrastructure initiatives, including the $45 million Wasena Bridge replacement project. Earlier in his career, he served as Police Chief in both Roanoke and Lexington, Virginia, leading organizations with a focus on accountability, professional development, and community trust. Throughout his career, Mr. Roman has emphasized collaboration, operational excellence, and meaningful community engagement. He has also championed innovative leadership training through partnerships with the Holocaust Museum and the Anti-Defamation League to strengthen empathy and public service among law enforcement professionals.

Christopher V. Cullinan, *Director of Finance*, was appointed in January 2015. He has over 25 years of public finance experience in both the public and private sectors. His experience also includes serving as the Acting CFO/Budget Group Leader for the Washington Suburban Sanitary Commission, one of the largest water and wastewater utilities in the country, from 2012 to 2014. Mr. Cullinan was a principal in the consulting firm of TischlerBise specializing in the pricing and financing of public services, utilities, and infrastructure for local government clients in 23 states from 2001 to 2012. From 1996 to 2001, he worked for the City of Charlottesville as its Budget Director. He holds a MPA in Public Financial Management from the School of Public and Environmental Affairs at Indiana University-Bloomington and a B.A. in Political Science from Earlham College. Mr. Cullinan is a member of the Government Finance Officers Association and the Virginia Government Finance Officers Association.

Chris J. Engel, *Director of Economic Development*, was appointed in February 2012. Prior to that, he had served as the Assistant Director for the City's Office of Economic Development since 2005. Mr. Engel has a bachelor's degree in geography from Mary Washington College and a master's degree in planning from Virginia Commonwealth University. He is also a graduate of the Economic Development Institute at the University of Oklahoma and is a member of the International Economic Development Council where he is a certified economic developer. From 2001 to 2005, he served as Research Analyst with the Greater Richmond Chamber of Commerce and from 1999 to 2001 he worked as Director of Research for Realticorp, a commercial real estate development firm.

Dr. Royal A. Gurley, Jr., *Superintendent of Schools*, was appointed in October 2021. For two decades, he has worked to remove barriers and provide access and opportunities to all students. A lifelong educator and servant leader, Dr. Gurley has experience as a member of the armed forces, a teacher, an instructional technology integrator, a director of special education, building administrator, and an assistant superintendent. Dr. Gurley holds the following degrees from Virginia State University: Bachelor of Arts in Sociology, Master of Education, and Doctor of Education in Educational Administration and Supervision. Additionally, he earned a Post Baccalaureate Certificate in Instructional Technology and a Post-Master's Certificate in Educational Leadership from Virginia Commonwealth University. Most recently, Dr. Gurley completed the Urban Superintendents Academy at the University of Southern California.

Khristina S. Hammill, *Director of Budget and Grants Management/Debt Manager*, holds a B.S. in Commerce from the University of Virginia and a Master's Certificate in Local Government Management from Virginia Tech's Center for Public Administration and Policy. She has more than 25 years of public finance experience. Mrs. Hammill joined the City of Charlottesville Finance staff in 1998 as a Senior Accountant and, in 2011, she became the Financial and Debt Manager. In November 2018, she became a Senior Budget and Management Analyst in the City's Budget Office, where in April 2022 she was promoted to Director. Mrs. Hammill also still serves as the City's Debt Manager. Prior to working for the City, she was Administrator of Accounting and Operations for Health Data Services, Inc. Mrs. Hammill is a member of the Government Finance Officers Association, the Virginia Government Finance Officers Association and Virginia Women in Public Finance.

Jason A. Vandever, *Treasurer*, has served in that role since October 1, 2012. A 2000 graduate of Charlottesville High School, Mr. Vandever holds a Bachelor's Degree from James Madison University and a Master's in Public Affairs with a concentration in Public Financial Management from the O'Neil School of Public and Environmental Affairs at Indiana University-Bloomington. Prior to becoming Treasurer, Mr. Vandever served for four years as Chief Deputy Treasurer for the City and three years in retail banking. In 2012, he earned a Master's

Certificate in Local Government Management from Virginia Tech's Center for Public Administration and Policy, and in 2015 he earned his Master Governmental Treasurer Certification from the Treasurers' Association of Virginia. Additionally, he holds a Certified Public Funds Investment Manager Certificate from the Association of Public Treasurers, and a Certificate in Public Plan Policy in Pensions from the International Foundation of Employee Benefit Plans.

Todd D. Divers, *Commissioner of Revenue*, received a B.A. in Sociology and a Master of Teaching degree from the University of Virginia in 1995. After spending a number of years teaching in the Greene County and Albemarle County School systems, Mr. Divers spent ten years working for a local small business. Elected in 2013, he has achieved the designation of Master Commissioner of the Revenue from the Commissioner of the Revenue Association of Virginia and currently serves as the Fifth Vice President of that statewide association. He is an active participant on the Career Development Program Committee and has served as Chair of the West Central District of the Commissioners' Association. Additionally, he is an active member of the Virginia Association of Local Tax Auditors.

John Maddux, *City Attorney*, was appointed effective June 6, 2025. Mr. Maddux most recently served as Deputy City Attorney for the City of Asheville, North Carolina, where he spent over a decade advising and litigating on a variety of municipal legal matters including employment law, land use, public safety, and constitutional law. Before joining the City of Asheville, Mr. Maddux worked in business litigation in New York City with the firm of Menaker & Herrmann. Mr. Maddux holds undergraduate degrees in Music Performance and Music Industry Studies from Appalachian State University, a Juris Doctor from Campbell University School of Law, and an LL.M. from New York University School of Law. He is a member of the bar in Virginia, North Carolina, and New York.

Government Services and Facilities

The City delivers a full spectrum of public services consistent with its legal responsibilities under Virginia law and its key role as a service hub for Central Virginia. These essential services are designed to support a growing and increasingly urban community, creating an environment that efficiently meets the educational, physical, social, and cultural needs of all residents.

Charlottesville has established a positive reputation for innovation in both management and programming, earning national recognition for efforts that improve how services are delivered. The City has developed targeted programs for residents with unique needs, including seniors, people with disabilities, and youth. It has also paved the way for forward-thinking initiatives, from environmental sustainability and transportation improvements to workforce development, technology integration, and affordable housing solutions.

Charlottesville's commitment to public service excellence has led to several Management Innovation Awards from the International City/County Management Association, along with accolades from the Virginia Municipal League, the Virginia Government Finance Officers Association, the Virginia Economic Development Association, and the Alliance for Innovation. These honors reflect the City's success in enhancing service delivery while generating measurable cost savings for taxpayers.

Likewise, the City's sustainability leadership continues to be recognized at both state and national levels. In 2025, Charlottesville was named a Virginia Environmental Excellence Program Sustainability Partner by the Department of Environmental Quality for the 13th consecutive year. The Water Conservation Program earned its 10th straight U.S. EPA WaterSense Sustained Excellence Award in 2024 (the program was terminated in 2025). The Arbor Day Foundation has designated Charlottesville a Tree City USA for 19 consecutive years. The City was the first locality in Virginia to receive SolSmart's Silver designation from the U.S. Department of Energy, received a Mid-Atlantic APWA award in 2022 for outstanding community engagement in the development of its Climate Action Plan, and was awarded "Best New Environmental Sustainability Initiative" by the Virginia Recreation and Park Society for projects in both 2024 and 2025. The City was also accepted as a member of the international Biophilic Cities Network in 2025, and was also designated as a Bee City USA affiliate in 2025.

In the realm of finance, the City's Finance Department and Office of Budget and Grants Management consistently earn top honors from the Government Finance Officers Association for excellence in annual reporting and budgeting.

Charlottesville's attributes extend beyond public service. The City continues to receive national recognition as a great place to live, work, and visit. It was included among the "17 Most Beautiful College Campuses in the U.S." by Matador Network, one of "America's Next Great Food Cities" by Food & Wine, and one of the "Best Cities to Live in the USA" by Livability.com.

Schools

The Charlottesville School Division is directed by a seven-member elected School Board. The School Board functions independently of the City but is required to prepare and submit an annual budget to the City Council. Because the School Board can neither levy taxes nor incur indebtedness under Virginia law, the local costs of the school division are funded by an annual appropriation from the General Fund of the City, supplemented by state and federal funds. The capital improvement costs related to providing or improving school facilities are funded by capital appropriations from the City and by general obligation bonds issued by the City. For Fiscal Year 2025, approximately 20.4% of the School Division's operating funds were provided by the Commonwealth of Virginia, approximately 15.9% were provided from federal and other funds, and the remaining 63.7% were provided by an appropriation and a transfer of local revenues from the City's General Fund.

The City's public schools provide a comprehensive program of education including vocational education, career and college preparation, technical education, special education, adult education, pre-school programs, and basic and general interest educational programs.

The School Board operates six elementary schools (PreK-4), one upper elementary school (5-6), one middle school (7-8), one high school (9-12) and one alternative education program, and shares in the cost of operating a technical education center and a regional special education center. The School Division employs approximately 914 professional and nonprofessional personnel within the local operating budget. Starting fall enrollment for the 2025-2026 school year was 4,376 pupils (Pre-school to Grade 12). There are 40 languages spoken by the students and the teachers average 14.1 years of experience in the classroom.

Public Safety

The Charlottesville Police Department is an accredited law enforcement agency responsible for the protection of persons and property from criminal activity, the safe and orderly control of vehicular traffic throughout the City and the handling of all disputes and public disorder issues that impact the safety and quality of life of citizens.

The City and the County of Albemarle (the "County" or "Albemarle County"), through the Albemarle-Charlottesville Regional Jail Authority, operate a regional jail facility. The City also participates with the County and the University of Virginia in a jointly operated center for dispatching all law enforcement personnel. The center serves as the central receiving point for a "911" emergency telephone number, providing direct and immediate access to all emergency services.

Fire suppression and emergency services are provided by approximately 121 full-time sworn and seven civilian employees operating from three City-staffed and operated fire stations, including four engine companies, one ladder company, one tower ladder, two advanced life support ambulances and two on-duty battalion chiefs. A new Fire Station 1 was completed in March of 2025.

The Fire Department is one of the few departments in the country to equip every in-service fire suppression unit with a thermal imaging camera and active shooter equipment. All firefighters and emergency services providers receive comprehensive training each year, including, but not limited to, firefighting strategy and tactics, hazardous material response, technical and vehicle rescues, and related prehospital emergency medical services ("EMS"). The minimum certifications required for the department's firefighters are Firefighter I-II, Hazardous Materials – Operations (Emergency Vehicle Operator Course), and Emergency Medical Technician ICS 100, 200, 700, 800.

The Citywide EMS system is inclusive of both the Charlottesville-Albemarle Rescue Squad ("CARS") and Charlottesville Fire Department and is supported by an EMS Cost Recovery Program. CARS is a non-profit organization operationally staffed entirely by volunteers. CARS contributes to the EMS system by providing volunteers trained at both the basic and advanced life support levels who respond to calls and staff special events within the City's EMS system inclusive of the University of Virginia grounds.

Public Works

The Department of Public Works is the largest department within the City, providing numerous public works services directly to residents and internally to other City departments. The Public Works Administration Office oversees the operations of five divisions, comprising Public Service, Facilities Development, Facilities Maintenance, Fleet Management and Engineering.

The Public Service division is responsible for services related to the City's rights-of-way including, but not limited to, street and sidewalk maintenance and repairs, emergency weather response, solid waste management, stormwater infrastructure maintenance, traffic operations, and street lighting operations. The division maintains the City's 160 miles of streets, 75 traffic signals and 159 miles of sidewalk. The refuse collection program is responsible for administering and monitoring the City's contract with private firms for collection of domestic refuse and recyclables. The City also provides litter collection, carcass removal, street sweeping and by-appointment-only large item pickup service for residents.

The Facilities Development division is responsible for the efficient and cost-effective planning, design and construction of projects related to the approximately 70 City-owned public buildings and 12 City School campuses. Facilities Development leads the City's efforts associated with all new capital construction and development, facility renovations, expansion of facilities and major repairs.

Facilities Maintenance provides routine repair and preventive maintenance services to buildings either owned or leased by the City, as well as Charlottesville City School campuses. Custodial Services are provided to select City-owned facilities. The division is also responsible for the execution of capital projects associated with heating, ventilation, air conditioning and electrical systems.

Fleet Management Operations is responsible for the upkeep and repair of 670 City-owned vehicles and equipment, and provides recommendations on the purchase of replacement vehicles and equipment.

Engineering provides design services, standards and regulations, and project administration to support the execution and oversight of infrastructure projects and services, and administration of the Water Resources Protection Program.

Public Utilities

The Department of Utilities provides the Charlottesville community with natural gas, water, wastewater, and stormwater services.

- Charlottesville Gas has provided residents of Charlottesville and urban areas of Albemarle County with natural gas service for over 150 years. Charlottesville Gas has approximately 21,600 customers and maintains approximately 346 miles of gas lines and over 306 miles of gas service lines.

- Charlottesville Water is responsible for the operation and maintenance of the City's water distribution system. There are approximately 1,204 fire hydrants, 3,960 valves, and 179 miles of water mains and one booster pump station within the City's system. Charlottesville Water has approximately 14,800 customers and maintains the water service connection from the water main to the water meter.

- Charlottesville Wastewater's collection system has 168 miles of gravity wastewater lines and 5,909 manholes. This system collects the wastewater from residential areas and businesses, transporting it to the Rivanna Water and Sewer Authority's Moore's Creek Treatment Plant. Charlottesville Wastewater operates the collection system, including general maintenance and emergency situations.

- The Stormwater Utility is responsible for managing and implementing the Water Resources Protection Program (the "WRPP"). The WRPP is responsible to rehabilitate the City's aging stormwater conveyance system, comply with federal and state stormwater regulations, address drainage problems, and pursue environmental stewardship.

Charlottesville Area Transit

This City department consists of two divisions – Charlottesville Area Transit and Charlottesville Pupil Transportation.

Charlottesville Area Transit ("CAT") provides fixed route bus service seven days a week within the City, to certain areas of Albemarle County and to the University of Virginia's grounds. CAT maintains a network of over 329 bus stops and provides over 1.3 million passenger trips annually. The division maintains and operates 43 transit buses equipped with a full array of Intelligent Transportation System technologies geared to assist both managers and the riding public with CAT information.

Pupil Transportation provides student transportation services to and from the City schools and several alternative education sites, activity transportation service, and field trip transportation service under contract to the Charlottesville City Schools. Pupil Transportation also contributes revenue to its operation through the provision of local charter bus service for special events. The division operates 40 Pupil Transportation buses.

Social Services

The Charlottesville Department of Social Services provides a variety of public assistance programs to help low-income citizens meet their basic needs for food, shelter, medical care and social services to protect vulnerable children and adults and promote self-sufficiency. As one of the Commonwealth's 120 local agencies under the supervision of the Virginia Department of Social Services, the department administers legally mandated public assistance programs, such as Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), Medicaid and child care assistance, and family services programs, such as protective services for abused and neglected children and adults, prevention services, foster care and adoption.

Parks and Recreation

The City offers a diverse array of recreational facilities and activities through its Department of Parks and Recreation. Residents and visitors can explore 27 parks, nearly six miles of paved trails, and approximately 30 miles of nature trails. The city also features four indoor recreation centers, four pools, four spray grounds, a regional skate park, tennis and basketball courts, and the Meadowcreek Golf Course. Additionally, the City, in collaboration with Albemarle County, jointly owns Darden Towe Memorial Park and the Ivy Creek Natural Area. Ragged Mountain, which houses one of the region's reservoirs, is also under the management of the Parks Department.

The Parks and Recreation Department offers a wide range of programs catering to both youth and adults. These include team sports, youth activities, summer camps, fitness classes, and individual wellness programs focused on movement, yoga, and mind-body health. The department also provides adaptive recreation programs for disabled individuals and senior citizens. Many of these programs are entirely self-supporting, ensuring they meet the community's needs directly.

The City is dedicated to expanding its parks and recreational spaces. Over the past five years, an additional 153 acres have been added to the park system, demonstrating a strong commitment to enhancing the quality of life for all residents.

Economic Development

The Office of Economic Development ("OED") is the City's primary vehicle for providing economic development services. The OED team works to enhance Charlottesville's economy, create quality jobs, increase per capita income, and improve the quality of life for residents. Economic Development staff promotes Charlottesville as a premier location for business and regularly works with entrepreneurs and existing businesses seeking to grow in the City. Staff members provide unique assistance at the municipal level, acting as facilitators between the business community and City, state agencies, private and public sector, academia, and more. It is the intent of the team to craft business-driven strategies that enhance workforce and business development throughout Charlottesville and the region. The Office also coordinates and administers the functions of the Charlottesville Economic Development Authority ("CEDA"). CEDA issues revenue bonds for manufacturing and nonprofit projects and assists with public-private partnerships.

Neighborhood Development Services

The Department of Neighborhood Development Services provides planning and development services for the City. It assists in improving the quality of life and the environment for City residents and facilitates equitable access to opportunities within the City through comprehensive physical, social and economic planning actions. Services of the department include development, engineering, inspections and enforcement services relating to the Comprehensive Plan, land use planning and regulation, transportation, housing and community development, neighborhood planning, economic and social planning, grant planning and HUD entitlement administration, research and historic preservation. The Department also coordinates planning activities with other City departments, agencies and committees.

Cooperative Service Agreements

The City, together with Albemarle County, and in some cases other neighboring counties, has agreed to provide several services on a regional basis. Accounting and reporting responsibilities for these services are assigned on an alternating basis. The City is currently responsible for maintaining certain financial records of the Jefferson-Madison Regional Library.

Jefferson-Madison Regional Library

The Jefferson-Madison Regional Library, which serves the City and four neighboring counties, consists of a central library, seven branches and a bookmobile. The operating costs of the library are allocated based on book circulation. Currently, approximately 44.8% of the City's residents are cardholders. The City contributed $2,227,365 to the Library for Fiscal Year 2025.

Cyber-Security

The City maintains a robust and current cyber-security posture with solid management support. Some highlights are listed below.

- User Training: City IT administers an annual cyber-security training program with updated content every year. Thanks to heightened awareness and executive sponsorship of the program, the City had 100% participation and completion for the last two years. In addition, City IT utilizes a Security Awareness Training Platform to send regular email phishing simulations and remedial micro-training is assigned to anyone failing the test email. All employees with access to IT resources are included in all training campaigns.

- Security Policy: The City maintains a current IT Security and Acceptable Use Policy and Written Information Security Program.

- Security Committee and Action Team: Dedicated teams (IT Security Action Team and IT Security Committee) in the City's IT Department meet weekly and bi-weekly respectively to assess risks and take active measures to continually and effectively police and reduce cyber-security risks. The City's IT department also has a dedicated security position to address cybersecurity alerts and data protection issues as well as administer the City's security training campaigns.

- Regular External Assessment and Risk Mitigation: The City annually hires a third-party security firm to perform bi-annual penetration tests in which external risks are identified and mitigated.

- Payment Processing: All City departments work closely with the City's IT department to adhere to best practices.
- Patching and Updates: All servers, personal computers and other systems on the City network are updated regularly. The City's IT department performs critical system maintenance every quarter on a regular maintenance schedule.
- Backup and Recovery: The City's IT department maintains robust and modern backup systems and tests them regularly.
- Vendor Access: All vendor access requires multi-factor authentication and vendors are only permitted to access the system they need to access.
- Email and Web filtering: Enterprise-grade tools used to filter out spam email and phishing attempts as well as web filtering tools to protect from attacks.
- Endpoint Detection and Response: City IT utilizes an industry leading solution to secure City endpoints and provide managed security services.
- Multi-Factor Authentication is required of anyone accessing City IT resources.

Separate Authorities Related to the City

Charlottesville Economic Development Authority

Charlottesville Economic Development Authority ("CEDA") was created by ordinance of the City Council on July 19, 1976, pursuant to provisions of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code of Virginia, 1950, as amended. A board of seven directors appointed by City Council governs. The bonds, notes and other obligations issued by CEDA are payable solely from and secured by revenues derived from leases and contracts on the lands, buildings and equipment financed. The City has no obligation to repay any indebtedness of CEDA.

In furtherance of its mission, CEDA routinely enters into unique public-private partnerships. In support of affordable housing efforts undertaken by Piedmont Housing Alliance ("PHA"), CEDA has entered into multiple agreements with PHA to serve as the City's fiscal partner for Kindlewood Phases 1, 2, and 3, as well as the redevelopment of 501 Cherry Avenue. As part of the multi-party stacked funding model PHA is using for these projects, CEDA will serve as the City's fiscal conduit to provide reimbursement of a portion of incremental taxes based upon a predefined percentage and time of payment limits.

In support of the local culinary entrepreneurship ecosystem, CEDA has applied for multiple state grants on behalf of BEACON Kitchen, a local community kitchen project run by New Hill Development Corporation. Previous grant funds have been utilized to purchase industry-grade kitchen equipment necessary to allow food and beverage entrepreneurs to expand their offerings both in complexity and quantity. In 2022, the state announced CEDA as the recipient of a $50,000 Agricultural & Forestry Industries Development grant to assist BEACON Kitchen with purchase of volume packaging equipment and sealers. In February 2026, Governor Spanberger announced a $962,958 state grant award associated with physical improvements to BEACON Kitchen that will continue to make the facility more accessible to members of Charlottesville's food entrepreneur community.

In the fourth quarter of 2024, CEDA applied for a Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund grant on behalf of Stadium Row, LLC, owner of the Maury Avenue Center retail development. The successful application received $50,000 in grant funding that was used to complete remediation of harmful volatile organic compounds from the ground under the retail shops. Completed in early 2026, this work has led to measurable environmental benefits for current tenants. In addition, the work has helped mitigate an environmental hazard that could impede any future redevelopment efforts should such opportunities arise.

CEDA also serves a property management role for multiple City-owned facilities including the S&P Building located at 700 E. Jefferson Street. The S&P Building is currently an active mix of private-business occupants and City offices, for whom CEDA provides access control, parking, maintenance, and custodial services, either in association with other City staff or outside contractors. In November 2023, the City acquired an approximately 22-acre parcel of mostly undeveloped land on E. High Street, immediately adjacent to the Rivanna River. As part of the management agreement for the High Street property, CEDA administers an assumed long-term lease with a privately-owned, recreational business already operating from the site at the time of the City's acquisition.

Rivanna Solid Waste Authority

The Rivanna Solid Waste Authority (the "Solid Waste Authority") was created by ordinances of the governing bodies of both the City and Albemarle County on August 6, 1990. Organized pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2, Code of Virginia, 1950, as amended (the "Water and Waste Authorities Act"), and chartered by the State Corporation Commission on September 4, 1990, the Solid Waste Authority was created as a political subdivision to acquire, finance, construct, operate and maintain those facilities needed for the disposal of solid waste as well as those needed for recycling or other alternatives. The Solid Waste Authority is governed by a board of seven directors: four ex-officio directors from the City and the County, one member of City Council, one member of the Board of Supervisors, and one director who is appointed by mutual consent of the City and the County's governing bodies. The Solid Waste Authority is subject to the jurisdictions of the Virginia Division of Waste Management and Department of Health under the provisions of the State and federal laws. The Solid Waste Authority operates under terms of the Operating Agreement ratified by the City, the County and the Solid Waste Authority on November 4, 1990.

According to the Water and Waste Authorities Act, the Solid Waste Authority is authorized, among other things, to issue revenue bonds to pay all or any part of the cost of a garbage and refuse disposal system. All indebtedness incurred by the Authority is payable solely from the revenues derived from user fees set by the Solid Waste Authority. The Solid Waste Authority has the power to raise its fees to such a level as is necessary to cover the debt service on its obligations as well as to pay its operating expenses and provide cash reserves. At present, the Solid Waste Authority's customers are the City and those private haulers who serve areas of Albemarle County and the City. Neither the City nor the County, however, has any direct obligation for the indebtedness of the Solid Waste Authority. As of June 30, 2025, the Solid Waste Authority had no debt outstanding, and $4,296,536 in landfill closure/post-closure care cost obligations, $2,771,265 of which is guaranteed by the County and $1,525,270 of which is guaranteed by the City. Additionally, the Solid Waste Authority has set aside a cash account restricted for payment of the transfer station closure costs in the amount of $187,220.

Rivanna Water and Sewer Authority

The Rivanna Water and Sewer Authority (the "Water and Sewer Authority") was created by ordinances of the governing bodies of both the City and the County on June 7, 1972. Organized pursuant to the Water and Waste Authorities Act and chartered by the State Corporation Commission on June 7, 1972, the Water and Sewer Authority was created as a political subdivision to acquire, finance, construct, operate and maintain those facilities needed for the production, storage and transmission of potable water, as well as those facilities needed for the interception, treatment and discharge of wastewater. The Water and Sewer Authority is governed by a board of seven directors, four of whom are ex-officio members from the City and County, two of whom are elected officials appointed by their respective bodies, one each from the City Council and the Board of Supervisors, and a seventh who is appointed by mutual consent of the City and County's governing bodies. The Water and Sewer Authority is subject to the jurisdiction of the Virginia State Water Control Board under the provisions of the Virginia and federal water control laws.

Since July 1, 1973, the Water and Sewer Authority has provided wholesale water and sewer services to the City and the Albemarle County Service Authority after assuming responsibility for the operations of certain existing facilities of the City and the Albemarle County Service Authority. Service to the City and the Albemarle County Service Authority is currently provided in a percentage of approximately 49/51, respectively, for water and 48/52, respectively, for wastewater service.

According to the Water and Waste Authorities Act, the Water and Sewer Authority is authorized, among other things, to issue revenue bonds of the Water and Sewer Authority to pay all or any part of the cost of water or wastewater discharge systems. All indebtedness incurred by the Authority is payable solely from the revenues of its water or sewerage system. The Water and Sewer Authority has the power to raise its rates to such a level as is necessary to cover the debt service on its obligations. At present, the Water and Sewer Authority has two customers, the City and the Albemarle County Service Authority. As of June 30, 2025, the outstanding principal amount of bonds issued by the Water and Sewer Authority was $252,822,068.

Albemarle-Charlottesville Regional Jail Authority

The Albemarle-Charlottesville Regional Jail Authority (the "Jail Authority") was created by ordinances adopted by the governing bodies of both the City and the County of Albemarle on November 15, 1995. Organized under the authority of Chapter 3, Article 3.1 of Title 53.1 of the Code of Virginia, 1950, as amended (the "Enabling Legislation"), the Jail Authority was created as a political subdivision to acquire, finance, construct, operate and maintain a regional jail. On July 1, 1998, Nelson County became a member of the Jail Authority. The Jail Authority is governed by a board of eleven directors, four each from the City and Albemarle County (three of whom are ex-officio; the fourth is a citizen appointed by his or her respective governing body), two from Nelson County, and one who is jointly appointed by mutual consent of the governing bodies of the three member localities. The Jail Authority's operations are subject to the limitations of Virginia statutes and regulations promulgated and enforced by the Virginia Department of Corrections.

According to its Enabling Legislation, the Jail Authority is empowered, among other things, to issue revenue bonds to pay all or any part of the cost of a regional jail facility. All indebtedness incurred by the Jail Authority is payable from the Jail Authority's revenues, which primarily include (i) payments from the Commonwealth for a portion of personnel and other operating costs, and (ii) Facilities Charge payments from all three member localities, representing allocations of the Jail Authority's Net Operating Expenses and Debt Service based upon the number of prisoners each member commits to the jail facility. The Jail Authority's bonds are backed by these revenues and do not pledge the full faith and credit of any of the member localities.

The Jail facility is currently undergoing a facility renovation, which is expected to cost approximately $50,000,000 and will be financed with revenue debt of the Jail Authority. Approximately $37 million of the renovation project is financed on a long-term basis through the Virginia Resources Authority pooled loan program. The balance of the project is expected to be financed on a short-term basis through a bank loan payable from grant reimbursements expected from the Virginia Department of Corrections upon completion of the project. Both the long-term and short-term financings are expected to be supported by moral obligation support agreements from the member jurisdictions to the extent revenues are not sufficient to pay debt service; however, the revenues of the Jail Authority, including payments by members, are expected to be sufficient to pay debt service without resort to the support agreements.

Charlottesville-Albemarle Airport Authority

The Charlottesville-Albemarle Airport Authority (the "Airport Authority") was created in 1984 by the Virginia General Assembly as a political subdivision of the Commonwealth of Virginia with the authority to direct the operations of the Charlottesville-Albemarle Airport. The former governing body of the Airport, the Charlottesville-Albemarle Airport Board, transferred all airport property to the Airport Authority and was then dissolved by joint resolutions of the City and County's governing bodies. Neither the City nor the County is responsible for any operational expense or indebtedness of the Airport Authority.

The Airport Authority consists of three members: the City Manager (or his principal assistant, as chosen by the City Council), the County Executive (or his principal assistant, as chosen by the County Board of Supervisors) and a member of the Joint Airport Commission. The seven-member Joint Airport Commission is composed of three County residents, three City residents, and one member appointed by mutual consent of the City and County's governing bodies. This jointly appointed member is the third member of the Authority Board. The Joint Airport Commission is advisory to the Airport Authority and elects its own Chairman.

The Airport Authority is a self-supporting, public entity. Annual revenues are derived from parking fees, airline rents and landing fees, rental car concessions and other fees paid to the Authority by concessions/tenants operating at the Airport. Bond covenants require that Airport Authority revenues exceed bond financing expenses by 25% each fiscal year. Since 1988, the Airport Authority has issued several series of bonds to refund outstanding debt and to fund several major capital improvements, such as the construction of a 58,000-square foot terminal facility and site improvements, the construction of a new corporate hangar and office complex, the expansion and reconfiguration of the Airport parking facilities and revenue control system, and the addition of two surface parking lots. As of June 30, 2025, the Airport Authority's only debt was a loan from Virginia Resources Authority in the outstanding principal amount of $1,182,411, and maturing in 2031.

Charlottesville Redevelopment and Housing Authority

The Charlottesville Redevelopment and Housing Authority (the "CRHA"), a political subdivision of the Commonwealth of Virginia, was created by City-wide referendum in 1954 pursuant to the Housing Authorities Act, Chapter 1 of Title 36 of the Code of Virginia, 1950, as amended (the "Housing Authorities Act"). The CRHA Board of Commissioners is composed of one member of City Council, two residents of Public Housing and four At-Large members who are appointed by City Council to serve as Commissioners.

The Housing Authorities Act authorizes and empowers the CRHA to acquire, own and operate various public housing developments within the City. Acting pursuant to the Act, CRHA owns and operates 273 units of public housing within the corporate limits of the City.

CRHA operates with revenues generated in the form of rents collected and government subsidy. The agency also secures funds annually from HUD to renovate existing housing.

CRHA currently has approximately $5 million in principal amount of outstanding indebtedness, the repayment of which is secured by related project revenues.

DEMOGRAPHIC AND ECONOMIC FACTORS

Historical Population

Charlottesville's population remained generally steady with modest growth for a period of 30 years between 1970 and 2000. However, the City has experienced a recent increase in residents, growing over 25% since 2000. Population data for the City as of July 1 in each of the years listed is shown in the following table:

Year	Population
1960	29,427
1970	38,880
1980	39,916
1990	40,475
2000	40,099
2010	43,475
2020	46,513
2021	46,597
2022	46,289
2023	45,863
2024	45,437
2025	46,923

Source: 1960-2020 – U.S. Census Bureau; 2021-2024 – ACS 5-Year Estimates; 2025 – Weldon Cooper Center for Public Service.

Public School Enrollment

The City Public Schools have shown increases in enrollment during most of the last five school years. The following table provides information about the City Schools' enrollment growth.

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Total Membership	4,265	4,391	4,444	4,443	4,376

Source: Superintendent of Schools, City of Charlottesville.

Employment

Employment levels in the Charlottesville area have continued to grow modestly, with growth occurring primarily in the hospitality, administrative, healthcare and education sectors. The City has maintained its position as the economic center of a five-county area in Central Virginia. Charlottesville is home to firms specializing in renewable energy research and development, software development, life sciences and financial services, among others.

Charlottesville is viewed by many regional goods and services providers as a favorable location in which to conduct business. The transportation network includes passenger, charter and freight air service at Charlottesville-Albemarle Airport, rail passenger service by Amtrak, and rail freight service by Norfolk Southern and CSX Railroads. The major arterial highway in the area is Interstate 64, a major east-west divided four-lane route, and the City is also served by U.S. 29, a divided six-lane north-south route, and U.S. 250, an east-west arterial route, which runs parallel to I-64.

The University of Virginia (the "University"), including its Health System, is the area's largest employer, providing approximately 30,900 jobs. Given the presence of the University, the City serves as a regional center for tourism, retail sales, and financial services, as well as education and health care. These factors also contribute to a heavy preponderance of professional people residing or working in the area.

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The following tables present information concerning employment in the Charlottesville area:

Employment by Industry and Location
4th Quarter, 2025

	Charlottesville		Albemarle	
	Number	**Percent of Total**	**Number**	**Percent of Total**
State Government	6,587	17.68%	19,758	29.74%
Accommodation and Food Services	5,749	15.43	4,584	6.90
Health Care and Social Assistance	3,657	9.82	8,661	13.04
Local Government	3,214	8.63	4,631	6.97
Retail Trade	2,883	7.74	5,555	8.36
Professional, Scientific, and Technical Services	2,919	7.84	4,004	6.03
Other Services (except Public Administration)	1,950	5.23	1,820	2.74
Administrative and Support and Waste Management	1,858	4.99	2,189	3.30
Construction	1,415	3.80	2,261	3.40
Finance and Insurance	1,211	3.25	1,035	1.56
Educational Services	978	2.63	1,123	1.69
Manufacturing	911	2.45	2,403	3.62
Wholesale Trade	763	2.05	655	0.99
Arts, Entertainment, and Recreation	763	2.05	1,760	2.65
Information	586	1.57	828	1.25
Real Estate and Rental and Leasing	566	1.52	1,184	1.78
Management of Companies and Enterprises	516	1.39	1,211	1.82
Federal Government	405	1.09	927	1.40
Transportation and Warehousing	203	0.54	931	1.40
Unclassified	120	0.32	179	0.27
Utilities	-	-	-	-
Agriculture, Forestry, Fishing and Hunting	-	-	732	1.10%
Mining, Quarrying, and Oil and Gas Extraction	-	-	-	-
Total*	37,254	100.00%	66,431	100.00%

Source: Virginia Employment Commission, "Quarterly Census of Employment and Wages."
*NOTE: Totals May Not Reconcile Due to Disclosure Issues and Rounding.

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Major Employers Located in the City

Employer Name	Product/Service	Number of Employees
University of Virginia/Blue Ridge Hospital	Hospital	1,000+
UVA Health Services Foundation	Healthcare	1,000+
City of Charlottesville	Government Support	1,000+
Charlottesville City School Board	Educational Services	1,000+
Servicelink Management Com Inc.	Financial Services	500 to 999
Morrison Crothall Support	Healthcare	250 to 499
County of Albemarle	Government Support	250 to 499
ADP Totalsource	Human Resource Management	250 to 499
General Atomics	Technology	250 to 499
Integrity Cleaning Service LLC	Cleaning Service	250 to 499

Source: City of Charlottesville Annual Comprehensive Financial Report for fiscal year ended June 30, 2025.

Average Annual Unemployment Rates
2016-2025

Year	Charlottesville (City)	Virginia	United States
2016	3.4%	4.0%	4.9%
2017	3.1	3.6	4.4
2018	2.6	3.0	3.9
2019	2.4	2.8	3.7
2020	6.9	6.5	8.1
2021	3.7	3.9	5.3
2022	2.5	2.7	3.6
2023	2.3	2.7	3.6
2024	2.5	2.9	4.0
2025*	2.9	3.4	4.3

Source: Virginia Employment Commission, Bureau of Labor Statistics.
* Annual estimates for 2025 are 11-month averages that exclude October. Data for October 2025 were not collected due to the federal government shutdown.

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Income

The following table shows a comparison of per capita income for the Charlottesville Metropolitan Statistical Area ("MSA") with other MSAs in central Virginia. The Charlottesville MSA includes the City of Charlottesville, and the counties of Albemarle, Fluvanna, Greene and Nelson.

Per Capita Income Comparison By Metropolitan Statistical Area

	Charlottesville	Lynchburg	Roanoke	Harrisonburg	Virginia	U.S.
2015	$ 60,637	$34,840	$47,069	$36,627	$51,617	$48,062
2016	63,647	34,840	47,625	35,715	52,656	48,974
2017	68,773	35,674	48,260	37,621	54,377	51,006
2018	72,446	36,987	49,584	39,153	56,130	53,311
2019	75,651	38,047	50,540	40,517	58,362	55,567
2020	75,950	41,622	53,398	42,832	61,449	59,151
2021	88,988	45,118	57,372	48,447	67,223	64,692
2022	95,588	46,141	59,516	51,008	69,562	66,298
2023	104,898	49,013	63,343	51,497	73,890	70,002
2024	110,137	50,729	66,590	53,670	77,351	73,204

Source: Bureau of Economic Analysis.

Per Capita Taxable Sales

The following table shows retail sales in the City for the last ten years.

Per Capita Taxable Sales

Calendar Year	Taxable Sales	Population	Per Capita Taxable Sales
2016	$1,006,303,597	48,210	$20,873
2017	971,359,090	49,071	19,795
2018	972,265,842	49,132	19,789
2019	988,912,453	49,281	20,067
2020	821,026,208	46,513	17,652
2021	995,966,121	46,597	21,374
2022	1,108,763,612	46,289	23,953
2023	1,164,744,868	45,863	25,396
2024	1,143,094,034	45,437	25,158
2025	1,169,025,976	46,923	24,914

Source: Virginia Department of Taxation; U.S. Census Bureau; Weldon Cooper Center for Public Service. Latest information available.

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Development Activity in Charlottesville

Throughout 2024, multi-family commercial development continued to be the primary driving force in development and redevelopment activities in the City of Charlottesville. A number of proposed projects began to see active construction activity commence, while additional projects were proposed and received approval from the City to proceed.

Construction on the new Virginia Guesthouse Hotel & Conference Center was completed in 2025, and it opened in the first quarter of 2026. This facility adds an additional 217 hotel rooms to the City's lodging portfolio. In addition, the 10,000 square-foot ballroom and 15,000 square-feet of additional meeting space substantially increase the City's available conference and event space, which will allow the City to better compete against peer communities for mid-sized professional conferences and events. The project represents a $132 million investment by the University of Virginia Foundation.

The conversion of the former Friendship Court public housing project into the Kindlewood development continued through 2025. The project is being completed in four phases, and aims to provide new, affordable housing options for residents of the former Friendship Court development, with zero displacement. Phase 2 of the project saw substantial construction activity take place over the course of the year on both the townhome-style buildings and the larger multifamily apartment-style building. Phase 2 is expected to be completed in the third quarter of 2026, which will bring an additional 104 residential units to the development. Kindlewood Phases 3 and 4 continue to work through planning, design, and permitting, and remain on a timeline to be developed in sequential order after completion of Phase 2.

Private investment in multi-family developments substantially ramped up construction activity in 2025. VERVE Charlottesville represents the largest private, multi-family investment in the City's history with two buildings providing a total of 550 units with associated parking and amenities. Units will comprise a mix of types from studio apartments to 4-bedrooms. Blume on Ivy is a 231-unit multi-family development that will include a mix of unit types, all of which will be fully furnished. On-site parking and upscale amenities are included in this development as well. 2005 JPA rounds out the major private multi-family projects. This $63 million project will include 199 units in 240,000 square-feet of total space. Given their proximity to the University of Virginia's main campus, as well as the University of Virginia Medical Center complex, all three of these projects will provide additional housing options for students and young professionals. Estimated completion dates for these projects vary but predominantly fall in the mid-2027 timeframe.

On the public side, the University of Virginia broke ground in 2025 on student housing and new programming space as part of its vision for the Ivy Corridor. Incorporating three buildings, the project will offer over 750 new beds for UVA student housing. In addition to the student housing and programmatic space, the project will include first floor space for complementary retail uses. Construction also began in 2025 for UVA's Aggarwal Hall, which will serve as a replacement for the former Alumni Hall. Anticipated to open in Spring 2027, the $63 million facility will have 50,000 square-feet of hospitality space. Flexible, multi-use spaces in the building will accommodate events for 50 to 500 guests. The upgraded exterior will also present a better aesthetic at the gateway to UVA's central campus from the Emmet Street transportation corridor.

Plans have been approved and demolition of existing structures is underway to facilitate construction of a new AC Hotel on the Downtown Mall. When completed, the hotel will add 156 modern guest rooms in the heart of the City. In addition to standard hotel amenities, the hotel will include 4,500 square-feet of restaurant/retail space.

Seminole Square Shopping Center began renovation of its existing façade and began welcoming new retail tenants in 2025, as part of a long-awaited redevelopment project for a portion of the space. Plans call for renovation of one side of the 1980s era shopping center, converting the space into over 350 one- and two-bedroom apartments. Approximately 50,000 square-feet of new commercial office space and renovated retail is included in the project.

Building Permits

Building permits issued by the City in the ten preceding fiscal years and the corresponding value of such permits are presented below:

	Institutional and Other		Commercial		Residential		Total	
Calendar Year	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2016	19	$ 600,000	492	$ 73,000,000	1,496	$ 51,100,000	2,007	$124,700,000
2017	33	1,700,000	574	88,600,000	1,580	70,200,00	2,187	160,500,000
2018	37	3,000,000	475	58,100,000	1,608	116,100,000	2,120	177,200,000
2019	15	600,000	427	145,500,000	1,636	77,800,000	2,078	223,900,000
2020	14	1,100,000	440	73,000,000	1,340	156,000,000	1,794	230,100,000
2021	35	13,900,000	464	83,300,000	1,293	92,100,000	1,792	189,300,000
2022	25	9,100,000	379	51,900,000	1,265	78,400,000	1,669	139,300,000
2023	30	98,500,000	361	57,500,000	1,342	84,900,000	1,733	240,900,000
2024	57	3,155,251	402	254,143,227	1,282	42,030,455	1,741	299,328,933
2025	53	2,179,340	639	68,588,835	1,578	48,504,874	2,270	119,273,049

Source: Department of Neighborhood Development Services.

Travel and Tourism

The tourism and hospitality industry remains a key component of Charlottesville's economy. According to 2024 figures from Virginia Tourism Corporation, tourism had a direct spending impact of an estimated $989.7 million in Charlottesville and neighboring Albemarle County. The indirect and induced impacts of tourism in Charlottesville and Albemarle County add an additional estimated $484.6 million. Whether coming to experience the beauty of the area or to enjoy its many cultural and historic sites, visitors contribute significant expenditures at the area's many hotels, restaurants, and specialty shops, while directly supporting nearly 7,200 jobs in the area, plus an additional 2,675 through indirect and induced impact.

Charlottesville is a destination of choice for both in-state and out-of-state travelers. The popularity of Virginia wines has remained a significant attraction for the area, thanks in part to continued exposure as *Wine Enthusiast* magazine's 2023 Wine Region of the Year. The Charlottesville region has also developed a positive reputation as a very inclusive wine region, welcoming individuals of all backgrounds to enjoy a glass of an old favorite, or perhaps a new one, in some of the state's most beautiful environs. One of Charlottesville's well-known wine shops, Crush Pad Wines, added to the region's wine-centric accolades when it was recognized as one of the *USA Today* 10Best Readers Choice wine shops in all of the United States. The area's historical resources play a strong role in attracting visitors from all over the world as they flock to well-known sites such as Monticello, Ash Lawn-Highland, Michie Tavern, Montpelier, and the University of Virginia each year. This is expected to continue through 2026 in conjunction with the United States' semiquincentennial.

Charlottesville's event scene remains a strong draw throughout the year with events such as The Festival of the Book, Tom Tom Festival, and the Virginia Film Festival consistently drawing large crowds to Charlottesville. The Downtown Mall, which is home to shops, art galleries, restaurants, outdoor cafés, street vendors, street musicians and the First Amendment monument, has also become a key part of any visit to Charlottesville. Named to the National Register of Historic Places in 2024, the historic Downtown Mall is anticipated to experience a number of visitors in 2026 as it celebrates its upcoming 50th anniversary. Special events have been planned to help encourage residents and visitors alike to celebrate this milestone. Live music also drives visitation to Charlottesville, with approximately 300 live music events per year across its performing arts venues including, John Paul Jones Arena (UVA), Ting Pavilion, The Paramount Theater, The Jefferson, The Southern, and The Front Porch.

Transportation

The City and the surrounding areas are served by I-64 as a main east/west highway, connecting to I-81 and I-95, and by U.S. Highway 29 north/south and 250 east/west. The Charlottesville area is served by the Charlottesville-Albemarle Airport, which has daily flights from a number of major airlines, as well as commuter flights to Chicago, Washington, D.C., Charlotte, Philadelphia, Atlanta, New York, and other cities. Rail transportation is provided by direct Amtrak passenger service to Hampton Roads in the east, Washington, D.C., in the north, and Chicago in the Midwest. Charlottesville Area Transit is the public transportation provider for the greater Charlottesville urban area, providing service seven days a week on thirteen bus routes.

Colleges and Universities

The primary institution of higher education in the area is the University of Virginia, a comprehensive State university. Founded in 1819 by Thomas Jefferson and situated on approximately 188.8 acres within and adjacent to the City's corporate limits, the University has a current enrollment of over 26,000 students, and is an important economic and cultural component of the City and the surrounding area. In its 2026 edition of "America's Best Colleges" published by *U.S. News and World Report*, the University of Virginia tied for fourth among all public colleges and universities, tied for No. 26 in the Top National Universities category, which includes public and private institutions, and was ranked No. 27 in the Best Value Schools category.

The University of Virginia Medical Center is an integrated network of primary and specialty care services ranging from wellness programs and routine checkups to the most technologically advanced care. The hub of the Medical Center is a 679-bed hospital with a Commonwealth-designated Level 1 trauma center located in the City. *Newsweek* has ranked the University of Virginia Medical Center as the No. 1 hospital in Virginia in its "World's Best Hospitals 2026" guide.

Approximately 29,000 persons visit the University of Virginia each year to participate in alumni-affairs and advancement events. The availability of faculty with a wide range of knowledge and experience is ideal for many business and professional people who turn to the University for assistance on technical, organizational, production, and marketing problems.

The University, which employs over 3,000 full-time faculty members, and University Health System combine to account for approximately $11.9 billion in direct, indirect, and induced economic benefits in the Commonwealth of Virginia, the majority of which is directed in the greater Charlottesville area. Over half of that total amount ($6.6 billion) comes in the form of direct economic benefit to the state. With ongoing advances within the University Health System, completion of the School of Data Science at the University, and the new Paul and Diane Manning Institute of Biotechnology, the University is expected to continue to play a strong, steady role in the region's economy. In fact, proximity to the new Paul and Diane Manning Institute of Biotechnology was mentioned as one of the factors leading to AstraZeneca's decision to invest $4.5 billion in a new facility located just north of the City in neighboring Albemarle County.

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CITY INDEBTEDNESS AND CAPITAL PLANS

Issuance and Authorization of Bonded Indebtedness

Article VII, Section 10(a) of the Constitution of Virginia, 1971, and Section 15.2-2634 of the Code of Virginia, 1950, as amended, contain a limitation on the principal amount of indebtedness that may be incurred by cities. This limitation is expressed as 10% of the assessed value of real estate subject to taxation by the City. As of June 30, 2026, the legal debt margin of the City was calculated as follows:

Legal Debt Margin

Total assessed value of real estate	$11,690,032,600
Legal debt limit (10%)	1,169,003,260
Less: Amount of debt applicable to debt limit*	207,097,266
Legal margin for creation of additional debt	$ 961,905,994

Source: City of Charlottesville.
*Outstanding debt as of June 30, 2026.

Debt Information

As of June 30, 2026, the City had the following general obligation indebtedness outstanding:

General obligation bonds:	
General government/schools	$148,619,095
Utilities*	58,478,171
Total general obligation indebtedness	207,097,266
Less self-supporting utility indebtedness*	58,478,171
Net general obligation indebtedness	$148,619,095

Source: City of Charlottesville Finance Department.
* Utility indebtedness consists of general obligation bonds issued to finance utility projects, the debt service on which is expected to be paid in full from utility system revenues.

The rapidity with which the net general obligation debt is scheduled to be repaid is as follows:

Year	Amount Maturing	Percent of Principal Repaid
Five years	$ 55,196,895	37%
Ten years	99,969,095	67
Fifteen years	134,154,095	90
Twenty years	148,619,095	100

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The following table sets forth the annual principal and interest payments on the outstanding general obligation long-term bonded indebtedness of the City. General obligation debt service on self-supporting utility indebtedness is excluded.

Net Tax-Supported Debt Service Requirements*

Fiscal Year Ending June 30	Current Debt Principal	Current Debt Interest	Series 2026 Bonds Principal	Series 2026 Bonds Interest	Total*
2027	$ 12,251,539	$ 6,210,182			
2028	11,606,868	5,680,684			
2029	11,066,660	5,181,406			
2030	10,365,799	4,723,557			
2031	9,906,029	4,292,647			
2032	9,448,600	3,887,458			
2033	9,443,600	3,498,837			
2034	8,710,000	3,128,057			
2035	8,710,000	2,766,763			
2036	8,460,000	2,408,538			
2037	7,615,000	2,075,829			
2038	7,055,000	1,764,175			
2039	6,825,000	1,464,769			
2040	6,350,000	1,173,594			
2041	6,340,000	896,375			
2042	5,310,000	627,875			
2043	4,395,000	401,750			
2044	3,675,000	212,100			
2045	1,085,000	54,250			
	$148,619,095	$50,448,846			

*May not total due to rounding.

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Current debt service requirements for general obligation indebtedness allocable to the self-supporting water, wastewater and stormwater utilities of the City are shown below.

Debt Service Requirements of Water Utility (1) *

Fiscal Year Ending June 30	Current Debt Principal	Current Debt Interest	Series 2026 Bonds Principal	Series 2026 Bonds Interest	Total*
2027	$ 2,470,207	$ 1,089,906			
2028	2,385,767	987,885			
2029	2,307,100	888,878			
2030	2,212,813	795,312			
2031	2,137,305	705,655			
2032	1,910,700	623,469			
2033	1,905,700	551,211			
2034	1,675,000	486,756			
2035	1,675,000	425,450			
2036	1,530,000	366,138			
2037	1,530,000	311,281			
2038	1,440,000	257,663			
2039	1,255,000	208,375			
2040	1,155,000	162,375			
2041	1,155,000	119,375			
2042	640,000	80,800			
2043	415,000	52,450			
2044	415,000	33,100			
2045	275,000	13,750			
2046	-	-			
	$28,489,592	$8,159,829			

(1) The bonds are secured by the full faith and credit of the City. While no revenues from the water utility have been pledged to the payment of debt service on the bonds, it is the City's practice to pay debt service on these bonds solely from the revenue generated from the water utility activities.

*May not total due to rounding.

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Debt Service Requirements of Wastewater Utility (1) *

Fiscal Year	Current Debt		Series 2026 Bonds		
Ending June 30	Principal	Interest	Principal	Interest	Total*
2027	$2,215,618	$698,850			
2028	2,150,651	618,232			
2029	2,085,568	540,839			
2030	1,976,884	467,971			
2031	1,828,458	400,208			
2032	1,395,700	342,913			
2033	1,395,700	294,295			
2034	1,025,000	250,744			
2035	1,015,000	212,559			
2036	765,000	178,713			
2037	625,000	152,075			
2038	625,000	127,684			
2039	580,000	104,025			
2040	465,000	81,125			
2041	465,000	61,675			
2042	320,000	44,400			
2043	230,000	29,950			
2044	230,000	19,100			
2045	165,000	8,250			
2046	-	-			
	$19,558,579	$4,633,608			

(1) The bonds are secured by the full faith and credit of the City. While no revenues from the wastewater utility have been pledged to the payment of debt service on the bonds, it is the City's practice to pay debt service on these bonds solely from the revenue generated from the wastewater utility activities.

*May not total due to rounding.

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Debt Service Requirements of Stormwater Utility (1) *

Fiscal Year	Current Debt(1)		Series 2026 Bonds		
Ending June 30	Principal	Interest	Principal	Interest	Total*
2027	$730,000	$425,056			
2028	725,000	389,531			
2029	720,000	353,831			
2030	685,000	319,056			
2031	685,000	287,181			
2032	685,000	256,856			
2033	680,000	229,891			
2034	675,000	205,600			
2035	675,000	181,275			
2036	665,000	156,988			
2037	645,000	133,750			
2038	605,000	111,375			
2039	525,000	90,925			
2040	460,000	71,900			
2041	460,000	54,750			
2042	260,000	38,800			
2043	195,000	26,800			
2044	195,000	17,400			
2045	160,000	8,000			
2046	-	-			
	$10,430,000	$3,358,965			

(1) The bonds are secured by the full faith and credit of the City. While no revenues from the stormwater utility have been pledged to the payment of debt service on the bonds, it is the City's practice to pay debt service on these bonds solely from the revenue generated from the stormwater utility activities.
*May not total due to rounding.

Installment Loans and Capital Lease Obligations

The City currently has no debt service requirements for installment loans or capital lease obligations.

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Key Debt Ratios
2016 – 2025

Fiscal Year	Population[1]	Real Estate Assessed Value	Gross Bonded Governmental Debt	Net Bonded Governmental Debt[2]	Total Governmental Debt Service[2]	General Fund Expenditures and Net Other Financing Sources	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Ratio of Debt Service to Total General Fund Expenditures and Transfers
2016	48,210	$ 5,953,910,000	$ 84,094,947	$72,132,467	$ 8,971,613	$143,564,346	1.21%	$1,496	6.27%
2017	49,071	6,740,234,600	88,098,432	76,218,419	9,979,175	152,655,215	1.13	1,553	6.25
2018	49,132	7,060,139,700	85,291,055	73,385,687	10,517,156	173,345,973	1.04	1,494	6.54
2019	49,281	7,647,893,000	87,670,733	74,840,659	10,181,886	180,019,008	0.98	1,519	6.07
2020	46,513	8,187,130,300	80,104,675	66,693,885	10,721,937	176,593,648	0.81	1,434	5.66
2021	46,597	8,410,772,999	93,866,215	80,640,739	10,415,180	173,634,208	0.96	1,731	6.07
2022	46,289	9,312,647,000	104,330,720	91,343,610	11,329,465	189,170,040	0.98	1,973	6.00
2023	45,863	10,408,254,800	109,397,151	86,106,479	13,124,456	215,959,180	0.83	1,877	6.08
2024	45,437	10,901,035,400	99,530,872	80,875,251	13,940,784	234,725,542	0.74	1,780	5.94
2025	46,923	11,690,032,600	139,361,073	124,001,976	17,813,375	268,464,307	1.06	2,643	6.64

Source: Office of the Director of Finance.
(1) U.S. Census Bureau; Weldon Cooper Center for Public Service.
(2) Excludes self-supporting utility indebtedness, net of balance available in Debt Service Fund.

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Commitments and Contingencies

Sick leave earned, but not taken, by general City and School System employees on June 30, 2025, is approximately $13,603,083 and $9,301,878, respectively. Upon retirement, no cash payments are made for sick leave. Therefore, an accrued balance is not recorded in the financial statements.

Capital Improvements Program

City Council has adopted a five-year Capital Improvements Program listing the potential capital improvements that the City plans to undertake during the next five years (Fiscal Years 2027 through 2031). Projects totaling approximately $196.2 million have been identified. Funding for the projects in the Capital Improvements Program is provided primarily from two sources: General Fund revenues (including monies from the City-County revenue sharing agreement) and borrowing (including the issuance of additional general obligation bonds). The City Council has adopted a policy of reserving at least 3% of the General Fund revenues in each fiscal year for capital improvements. In addition, there is a policy whereby if the General Fund generates a surplus, any amount of unappropriated fund balance above 17% of budgeted operating expenditures will be transferred to the Capital Improvements Program. Under these policies, General Fund revenues should provide at least the following percentages of capital projects funding for each of the next five years:

Fiscal Year	Percentage of Total Sources of Funds
2026	17.8%
2027	14.7
2028	23.7
2029	41.0
2030	26.9
Average	24.8%

In the Fiscal Year 2027 budget, a capital improvements budget of approximately $47.4 million was approved by the City Council on April 9, 2026.

The formulation of the Capital Improvements Program begins in July of each year, with the development of project requests. Over the next several months, a staff/citizen committee reviews the project requests and assigns priorities. Once the capital needs assessment is completed, the five-year Capital Improvements Program is submitted, first to the Planning Commission for review and approval and then to the City Council for review and adoption.

Projects are reviewed and updated on an annual basis, and funds to support defined projects are appropriated as part of the annual budget process.

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Capital Improvements Program
Fiscal Year 2026 Adopted Budget and Projected Plan

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Totals
Sources of Funds:						
General fund transfer	$8,429,212	$8,309,954	$9,794,908	$12,439,110	$5,492,515	$44,465,699
General fund surplus transfer	1,964,486	700,000	716,749			3,381,235
Bond issues	36,789,579	47,463,544	30,542,723	17,670,057	14,676,397	147,142,300
Contribution from Schools	200,000	200,000	200,000	200,000	200,000	1,000,000
Other	40,000	40,000	40,000	40,000	40,000	200,000
Total sources	$47,423,277	$56,713,498	$41,294,380	$30,349,167	$20,408,912	$196,189,234
Uses of funds:						
Education	$15,650,000	$25,650,000	$5,650,000	$4,150,000	$4,150,000	$55,250,000
Facilities Capital Projects	4,066,264	3,243,930	12,943,950	3,492,165	2,329,430	26,075,739
Public safety and justice	1,886,465	910,864	1,901,806	1,178,958	674,300	6,552,393
Transportation and access	$11,149,494	11,964,527	10,632,123	9,143,000	7,988,215	50,877,359
Parks and recreation	2,756,250	3,623,750	2,514,467	2,991,434	2,326,967	14,212,868
Affordable Housing	11,474,804	11,030,427	7,362,034	9,103,610	2,650,000	41,620,875
Technology Infrastructure	440,000	290,000	290,000	290,000	290,000	1,600,000
Total uses	$47,423,277	$56,713,498	$41,294,380	$30,349,167	$20,408,912	$196,189,234

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FINANCIAL INFORMATION

Basis of Accounting, Reporting Entity and Accounting Structure

The financial statements of the City of Charlottesville are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the City's more significant accounting policies.

The Financial Reporting Entity

As required by GAAP, these financial statements present the City (the "Primary Government") and its component units. As such, the City of Charlottesville Public Schools (the "School Board" or "Schools") and the Charlottesville Economic Development Authority ("CEDA") are reported as separate and discretely presented component units in the City's reporting entity. The Primary Government is hereafter referred to as the "City" and the reporting entity, which includes the City and its component units, is hereafter referred to as the "City Reporting Entity."

The accompanying financial statements include all activities of the City, such as general operations and support services. The component units discussed below are included in the City Reporting Entity because the City appoints a majority of the CEDA board members, approves the budgetary request of the School Board and provides a significant amount of funding for each of these entities.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the City's two component units. Each is presented in a separate column to emphasize that these units are legally separate from the City, and each represents a functionally independent operation. These component units are fiscally dependent on the City and provide services primarily to the citizens of Charlottesville. A description of the discretely presented component units follows:

School Board

The City provides education through its own school system administered by the School Board. The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate but financially dependent. The City Council administers the School Board's appropriation of funds at the category level, approves transfers between categories, and authorizes school debt. School Board members are elected. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

Economic Development Authority

CEDA was created to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate or remain in the City. City Council appoints the seven board members of CEDA. By statute, CEDA has the power to cause the issuance of tax-exempt industrial revenue bonds for qualifying enterprises wishing to utilize that form of financing. The City is involved in the day-to-day operations of CEDA, including the determination of its operating budget and annual service fee rates. Financial statements of CEDA are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete audited financial statements of CEDA can be obtained from the Office of Economic Development, City of Charlottesville, PO Box 911, Charlottesville, VA 22902 or Room B230 at City Hall.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government and its component units. Governmental activities, generally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from legally separate component units for which the primary government (City) is financially accountable. Inter-fund activity and balances have been eliminated from the statements to avoid duplication.

The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. The City reports investment in capital assets net of depreciation, including infrastructure, in the Statement of Net Position. Depreciation expense, the cost of "using up" capital assets, is included in the Statement of Activities. Noncurrent liabilities including bonds, notes and loans payable are included, separated into due within one year and due in more than one year. The net position of the City is reported in three categories – (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

The Statement of Activities reports expenses before revenues of the primary government (governmental and business-type activities) and its discretely presented component units. This order emphasizes that governments identify the service needs of citizens and then raise the resources needed to meet those needs. This presentation demonstrates the degree to which direct expenses of a clearly identifiable function or segment are reduced by program revenues associated with that function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a program. All taxes and other items not included among program revenues, are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, as well as the proprietary fund and fiduciary fund financial statements, report all their activities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of intergovernmental revenues. In the first type, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon when the expenditures are recorded. In the second type, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to meet prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City Reporting Entity considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. 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 and the government-wide Statement of Activities is presented in a schedule accompanying the governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances, respectively. These differences stem from governmental statements using a different measurement focus than government-wide statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's gas, water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Real and personal property taxes are recorded as revenues and receivables when levied, net of allowances for uncollectible amounts. Property tax receivables not collected within 45 days after year-end are reflected as deferred revenue. Sales and utility taxes, which are collected by the Commonwealth or utility companies by year-end and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or utility company, which is generally in the month preceding receipt by the City.

Fees and permits, fines, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available. Unbilled accounts receivable are recorded in the Enterprise Funds when earned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the City's enterprise and internal service funds are charges to customers for goods and services. Operating expenses for these funds include the cost of sales and service, administrative expenses and depreciation of capital assets. Any revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City's fiduciary (pension) funds are presented in the Fiduciary Fund financial statements. By definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government; therefore, these funds are not incorporated into the government-wide statements.

The focus of the reporting model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and proprietary categories, as well as the fiduciary funds and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds, the operations of which are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and all of the individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

The City reports the following major governmental funds:

The General Fund is used to account for and report all of the financial resources except for those not accounted for and reported in another fund. It is the City's primary operating fund. Revenues are derived primarily from property and other local taxes, state funds (including pass through of federal funds), federal distributions, licenses, permits, charges for services, fees, Albemarle County Revenue Sharing and other revenue sources. A significant portion of the General Fund's revenue is transferred to other funds and the School Board (a component unit) to finance operations.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Revenues for this fund are obtained from bond issues, a transfer from the General Fund, federal and state highway funds, PEG fee revenue and contributions from the School Board and other local governments for shared facilities.

The Debt Service Fund is used to account for and report all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Payments are made on long-term general obligation debt of governmental funds including bonds, notes and other evidence of indebtedness and the cost of issuance of debt issued by the City.

The Social Services Fund, which is a special revenue fund, accounts for the financial resources associated with the Charlottesville Department of Social Services ("CDSS"). CDSS provides state and federal income support, employment assistance and social work service programs to alleviate poverty and other social problems, which is matched or 100% funded by the City.

Proprietary Funds

Proprietary funds, all of which are considered major funds, are used to account for and report on their activities using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The purpose of a proprietary fund is to provide a service or product to the public or other governmental entities at a reasonable cost. The City reports the following enterprise funds as proprietary fund types:

The Water Fund accounts for the operations of the City's water distribution system.

The Sewer Fund accounts for the operations of the City's wastewater collection system.

The Gas Fund accounts for the operations of the City's natural gas distribution system.

The Stormwater Fund accounts for the operations of the City's stormwater collection system.

The Golf Course Fund accounts for the operations of the City's 18-hole municipal golf course.

Non-Major Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The City has established special revenue funds to account for the Community Development Block Grant, Community Attention Programs, Comprehensive Services Act, Virginia Juvenile Community Crime Control Act, transit operations, cemetery perpetual care and various other grants to support projects undertaken.

Internal Service Funds are used to account for and report the financing of goods and services provided by one department primarily or solely to other departments of the City. Information Technology, Risk Management, Warehouse and Departmental Services are accounted for and reported as Internal Service Funds. In the government-wide Statement of Net Position, the assets and liabilities of these funds are allocated to both governmental and business-type activities, based on the predominate use of the fund's services. Specifically, the assets and liabilities of the Warehouse Internal Service Fund are allocated completely to the City's Enterprise Funds based on predominate usage. The remaining Internal Service Fund balances are allocated to governmental activities. In the government-wide Statement of Activities, certain transactions are assigned directly to governmental activities and the remaining net income or loss is allocated to both governmental and business-type activities, based on actual charges for services.

Fiduciary Funds

The Fiduciary Fund is used to report assets held in a trustee capacity for the two pension trust funds for retirement and postemployment benefits. The pension trust fund is accounted for and reported similarly to proprietary funds since the economic resources measurement focus is also the same. Fiduciary funds cannot be used to finance the City's operating programs.

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Five-Year Summary of General Fund Revenues, Expenditures and Fund Balance

The financial data shown in the following table present a summary of revenues, expenditures and other financing sources and uses of the City's General Fund for each of the five fiscal years through the period ended June 30, 2025. The summaries for the fiscal years have been compiled from the financial statements of the City for the respective years and should be read in conjunction with the financial statements for the year ended June 30, 2025, and notes thereto appearing in Appendix B.

Summary of General Fund Accounts
Fiscal Years 2021 Through 2025
($000)

	2021	2022	2023	2024	2025
Revenues and other financing sources:					
Revenues					
Taxes	$135,496	$146,878	$162,261	$171,702	$181,388
Licenses and permits	2,784	10,935	11,376	11,749	14,309
From the state	11,993	12,288	13,110	12,952	14,342
From other governmental units	15,923	16,807	17,042	17,147	23,530
Charges for services	6,149	7,588	8,369	8,671	9,887
Fines and forfeitures	157	302	358	306	243
Miscellaneous revenue	1,597	1,094	3,108	6,950	7,860
Total Revenues	$174,099	$195,892	215,624	$229,477	$251,559
Transfers from other funds	5,776	6,138	6,208	6,832	8,688
Total Revenues and other financing sources	$179,875	$202,030	$221,832	$236,309	$260,247
Expenditures and other uses:					
Expenditures:					
General Government	$ 23,696	$ 23,732	$ 24,732	$30,251	$31,231
Public safety	36,621	38,981	40,464	43,930	50,268
Community services	8,019	8,277	9,927	11,307	12,251
Health and welfare	5,419	5,688	6,990	8,098	9,083
Culture and recreation	10,376	12,795	13,406	14,205	15,870
Education	57,041	58,132	62,030	65,701	77,398
Conservation and development	6,909	6,869	6,411	7,878	10,698
Other activities	1,905	1,277	3,083	3,946	5,006
Total Expenditures	$149,987	$155,751	$167,043	$185,316	$211,805
Transfers to other funds:					
Capital Projects Fund	$ 4,995	$ 13,824	$ 20,619	$23,804	$35,125
Social Services Fund	3,474	3,552	3,772	4,047	4,930
Debt Service Fund	10,354	11,215	17,567	13,559	13,726
Other transfers	4,825	4,828	6,956	7,999	11,566
Total Expenditures and other uses	$173,635	$189,170	$215,959	$234,725	$277,152
Revenues over (under) expenditures	$ 6,241	$ 12,860	$ 5,874	$ 1,584	$(16,905)
Beginning fund balance	47,173[1]	53,414	66,274	72,288	73,872
Restatement and Adjustments	-	-	-	-	1,370
Ending fund balance	$ 53,414	$ 66,274	$ 72,148	$ 73,872	$58,337

Source: Office of the Director of Finance.

The General Fund balance at the end of each fiscal year (2021-2025) is comprised of the following components:

General Fund Balance as of June 30
($000)

	2021	2022	2023	2024	2025
Nonspendable	$ 9	$ 9	$ 0	$ 31	$ 0
Restricted	415	603	559	666	676
Committed	14,484	6,336	6,289	9,428	4,444
Assigned	3,186	37,972	1,908	2,612	4,088
Unassigned	35,320	21,355	63,392	61,135	49,129
Ending fund balance	$53,414	$66,274	$72,148	$73,872	$58,337

Source: Office of the Director of Finance.
*NOTE: Totals may not reconcile due to rounding.

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General Fund Budget

Shown below are the City's budgeted revenues and expenditures for the General Fund for Fiscal Year 2027 as compared with the amended General Fund budgeted revenues and expenditures for Fiscal Year 2026.

General Fund
Comparison of Fiscal Year 2026 Budget and Fiscal Year 2027 Budget
($000)

	Amended FY 2026 Budget	Adopted FY 2027 Budget
Revenues and other financing sources:		
Revenues		
Taxes	$189,048	$198,526
Licenses and Permits	12,021	12,436
From the State	14,477	14,684
From Other Governmental Units	21,101	22,951
Charges for Services	7,066	15,639
Fines and Forfeitures	-	-
Miscellaneous Revenue	3,789	3,928
Total Revenues	247,502	268,164
Transfers from Other Funds and Issuance of Debt	7,856	998
Total Revenues and Other Financing Sources	$255,358	$269,162
Expenditures and other uses:		
Expenditures:		
General Government	$ 44,596	$ 37,862
Public Safety	56,723	59,071
Community Services	12,434	12,451
Health and Welfare	10,664	11,735
Culture and Recreation	14,653	15,470
Education	69,257	81,707
Conservation and Development	8,336	8,661
Other Activities	103	93
Total Expenditures	$216,766	$227,050
Transfers to Other Funds:		
Capital Projects Fund	8,302	8,429
Social Services Fund	4,272	5,135
Debt Service Fund	15,120	15,850
Other Transfers	10,898	12,698
Total Expenditures and Other Uses	$255,358	$269,162
Net Change in Fund Balance	-	-
Beginning Fund Balance	$ 58,337	$ 58,337
Ending Fund Balance	$ 58,337	$ 58,337

Source: Office of the Director of Finance.
*NOTE: Totals may not reconcile due to disclosure issues and rounding.

Fiscal Year 2026 Budget and Preliminary Projections

On April 14, 2025, the City Council adopted the Fiscal Year 2026 operating budget. The Adopted Budget for Fiscal Year 2026 totals $265,248,446 and represents a $13.3 million or 5.28% increase over the Fiscal Year 2025 operating budget. Important budget highlights include:

- The Fiscal Year 2026 budget includes $2.6 million in funding for collective bargaining contracts for the three certified bargaining units of Police, Fire, and Transit that were approved in 2025 and $1.9 million for a Labor and Trades contract that became effective in Fiscal Year 2026 and represents the City's fourth bargaining unit.

- $1.3 million was allocated to implement a step plus 1% pay scale adjustment for all unaffiliated employees.

- The Fiscal Year 2026 budget continued a commitment to the City Schools by allocating a total funding amount of $79,026,522, which represents an increase of $4.9 million over the funding amount provided in Fiscal Year 2025. Through the City's Capital Improvement Program ("CIP"), $6.0 million is provided in Fiscal Year 2026 for school related projects, and the five-year CIP includes $55.1 million, which includes $30 million for the Walker School Pre-k Center.

- $3.2 million is funded for rent and tax relief programs.

- For Fiscal Year 2026, the total CIP is $36.0 million and includes $10.0 million for school related projects, $3.1 million for various city facility projects, $6.0 million for transportation related projects, $2.4 million for parks and recreation projects and $12.7 million for affordable housing projects.

- At the end of the third quarter, approximately 67.3% of the budgeted revenue for Fiscal Year 2026 has been collected. Real Estate and Personal Property tax payments for the 1st half of 2026 are due on June 5th and revised revenue estimates for real estate and personal property taxes are based on the 2026 general reassessment, which indicates residential values increased 4.74% and commercial values increased 2.20% in 2026. Overall, total assessed values are up 3.72% over 2025. Revised revenue projections indicate that revenues are tracking slightly above the adopted budget of $265,248,446, by $5.0 million or 1.93%.

- As of the end of the third quarter of Fiscal Year 2026, 78.36% or $205,741,743 of the total General Fund budget has been spent or encumbered. Salary/Benefit Expenses account for $59.1 million and other expenses totaled $146.6 million. Nearly every General Fund department has spent around 75% of its discretionary funds by the third quarter. This level of expenditure suggests that departments are generally following their budget plans and spending is well aligned with expectations for the year.

Fiscal Year 2027 Budget Discussion

On April 9, 2026, the City Council approved the operating budget for Fiscal Year 2027. The budget totals $279,414,659, which is a 5.34% increase—or $14.2 million—more than the Fiscal Year 2026 budget. It includes a $0.01 increase in the real estate tax rate, moving it from $0.98 to $0.99 per $100 of assessed value, while all other tax rates remain unchanged. Major spending priorities include funding schools, improving transportation, and enhancing housing affordability. These focus areas were chosen by the Council as part of their Strategic Outcomes and guided decisions on additional expenditures.

General Fund Revenues

The General Fund is the primary operating fund maintained by the City to account for revenue derived from City-wide *ad valorem* taxes, other local taxes, licenses, fees, permits, and certain revenue from federal, State and other local governments. A summary of the relative contribution of each of the General Fund revenue sources for Fiscal Year 2025 follows:

General Fund
Sources of Revenues (Fiscal Year 2025)

Source	Percentage
Real estate and personal property tax	49.4%
Local sales tax	5.6
Utility tax	2.0
Restaurant meals tax	8.4
Business/professional licenses and permits	5.7
Other taxes	6.7
City-County revenue sharing	7.1
Revenue from the Commonwealth	5.7
Charges for services, fines and forfeitures and miscellaneous revenues	9.4
	100.0%

Source: Office of the Director of Finance.

Real Estate and Personal Property Taxes

An annual *ad valorem* tax is levied by the City on the assessed value of real and tangible personal property located within the City. Real property is assessed at 100% of its fair market value. Real and personal property are assessed as of January 1 of the calendar year and the taxes are due on June 5 and December 5 of the same year.

In cases of real estate on which delinquent taxes are not paid within two years, the City may sell the property at public auction to pay the amounts due. There is no limit on the property tax rates that may be established by the City. For Fiscal Year 2025, all property taxes (including penalties and interest on delinquent taxes) represented approximately 49.4% of total General Fund revenues. As of January 1, 2026, the current real property tax rate in the City is \$0.99 per \$100 assessed value.

The personal property assessment valuation method is clean trade-in on motor vehicles. Other types of personal property are taxed only when used for business purposes and are assessed at a declining percentage of cost. Personal property taxes are collected twice a year, with one-half payment by June 5, and the balance by December 5. The penalty for late payment is 10% of the tax due, with interest charges on unpaid balances commencing on the first day of the following month at a rate of 10% per annum. As of January 1, 2026, the current personal property tax is \$4.40 per \$100 assessed value. The City pro-rates personal property taxes for property that is owned for a period less than the whole year.

Certain classes of public service corporation property are required by Virginia law to be assessed at different ratios.

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The City's real and personal property tax levies and collections for the past ten fiscal years are as follows:

Property Tax Levies And Collections

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	**Total Tax Levy for Fiscal Year**	**Amount Collected**	**Percentage of Levy**	**Collections in Subsequent Years**	**Amount Collected**	**Percentage of Levy**
2016	$ 65,952,891	$ 65,027,636	98.60%	$ 850,676	$ 65,878,312	99.89%
2017	71,965,946	71,139,950	98.85	784,747	71,924,697	99.94
2018	77,696,498	76,521,606	98.49	1,131,067	77,652,665	99.94
2019	83,339,710	82,035,675	98.44	1,217,998	83,253,673	99.88
2020	88,263,566	86,287,564	97.76	1,885,895	88,173,460	99.88
2021	92,084,435	90,266,459	98.03	1,715,193	91,981,652	99.85
2022	101,074,101	98,874,159	97.82	2,055,415	100,929,574	99.77
2023	112,113,975	110,046,896	98.16	1,814,265	111,861,161	99.51
2024	120,307,773	118,063,282	98.13	1,694,246	119,757,528	98.13
2025	127,364,442	124,713,342	97.02	-	124,713,342	97.92

Source: Treasurer of the City of Charlottesville

A listing of the City's ten largest real estate taxpayers as of June 30, 2025, follows:

Largest Real Estate Taxpayers

Owner	Type of Business	2025 Assessed Valuation[1]	Tax Amount[2]	Percentage of Total Assessed Valuation
Woodard United, LLC	Apartments	$ 166,922,700	$1,602,458	1.43%
Federal Realty Investment Trust	Shopping Center	166,743,800	1,600,740	1.43
Neighborhood Development, Inc.	Apartments	151,085,800	1,450,424	1.29
Pavilion UVA, LLC & Pavilion UVA II, LLC	Apartments	122,418,200	1,175,215	1.05
KRE UP III Pavilion Owner, LLC	Apartments	109,693,700	1,053,060	0.94
Piedmont Hospital, LLC	Apartments	103,326,300	991,932	0.88
853 West Main, LLC	Apartments	102,162,700	980,762	0.87
Oxford Hill, LLC	Apartments	98,830,900	948,777	0.85
Madison Loft, LLC	Apartments	92,169,200	884,824	0.79
Dairy Central Phase 2, LLC	Apartments	84,798,800	814,068	0.73
		$1,198,152,100	$11,502,260	10.26%

Source: City Assessor and Commissioner of Revenue.
(1) Represents percentage of total City valuation of taxable property, real estate only.
(2) Tax rate of $0.98 in fiscal year 2025.

The estimated value of tax-exempt property within the City is shown below:

Estimated Value of Tax-Exempt Property
Fiscal Year 2025

Federal	$ 52,523,000
State and regional	930,934,000
Local	751,078,100
Religious, charitable, educational, and other	1,842,237,200
Total tax-exempt property	$3,576,772,300

Source: Office of the City Real Estate Assessor.

The assessed and estimated actual value of real property for the last ten calendar years follows:

Assessed and Estimated Market Value of Real Property
Last Ten Calendar Years

Taxable Year	Real Estate	Public Service Real Estate	Total Taxable Real Property Assessed Value	Real Property Direct Tax Rate	Tax-Exempt Real Property	Total Value Real Property
2016	$ 5,953,910,000	$140,924,014	$6,094,834,014	0.95	$1,135,055,400	$ 7,229,889,414
2017	6,740,234,600	143,303,198	6,883,537,798	0.95	1,746,952,600	8,630,490,398
2018	7,060,139,700	151,135,069	7,211,274,769	0.95	1,917,683,250	9,128,958,019
2019	7,647,893,000	152,574,032	7,800,467,032	0.95	2,046,675,800	9,847,142,832
2020	8,187,130,300	161,534,532	8,348,664,832	0.95	2,260,050,500	10,608,715,332
2021	8,410,772,999	166,301,295	8,577,074,294	0.95	2,528,582,300	11,105,656,594
2022	9,312,647,000	168,894,020	9,481,541,020	0.96	2,649,257,800	12,130,798,820
2023	10,408,254,800	180,850,860	10,589,105,660	0.96	2,247,884,800	12,836,990,460
2024	10,901,035,400	198,703,792	11,086,656,835	0.98	3,323,966,600	14,410,623,435
2025	11,690,032,600	212,895,516	11,902,928,116	0.98	3,576,772,300	15,479,700,416

Source: Records of the City Assessor and State Corporation Commission.
Notes: The City has no overlapping property taxes with another local jurisdiction.
Assessed values of all classes of property approximate market value.

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The City's historical tax rates for real and personal property for the most recent ten calendar years follow:

Direct Property Tax Rates
(Per $100 of Assessed Value)

Year	Real Property(1)	Personal Property(2)	Machinery & Tools(2)	Total Direct Tax Rate of City Assessed Property	Public Service Real Property(3)	Public Service Personal Property(3)	Total Direct Tax Rate of State Assessed Property
2016	$0.95	$4.20	$4.20	$9.35	$0.95	$4.20	$5.15
2017	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2018	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2019	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2020	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2021	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2022	0.96	4.20	4.20	9.36	0.96	4.20	5.16
2023	0.96	4.20	4.20	9.36	0.96	4.20	5.16
2024	0.98	4.40	4.40	9.78	0.98	4.40	5.38
2025	0.98	4.40	4.40	9.78	0.98	4.40	5.38

Source: Office of the Director of Finance.
Note: The City has no overlapping property taxes with another local jurisdiction.
(1) Assessed by the City of Charlottesville Real Estate Assessor.
(2) Assessed by the City of Charlottesville Commissioner of Revenue.
(3) Assessed by the State Corporation Commission.

Local Sales Tax

A 1% local retail sales tax is added to the 4% State sales tax and is collected with the State sales tax. The tax monies for the local portion are remitted to the City by the State during the month following receipt. Revenues from the City sales tax amounted to approximately 5.6% of the General Fund revenues for Fiscal Year 2025. City revenues from this tax for the past five years are as follows:

City Sales Tax Revenues

Fiscal Year	Amount
2021	$12,202,161
2022	14,526,660
2023	14,377,795
2024	15,173,277
2025	14,174,823

Source: Office of the Director of Finance.

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Utility Taxes

The City collects a tax on all electric, gas and water bills paid by City residents. These receipts amounted to approximately 2.0% of total General Fund revenues in Fiscal Year 2025. The utility tax figures shown below also include the collection of the state Telecommunications Sales Tax whereby tax on cable television and local service telephone bills is remitted directly to the State. The City receives a payment from the State for the City's prorated share of the total communications sales tax collections on a monthly basis. Revenues from utility taxes for the past five years are as follows:

City Utility Tax Revenues

Fiscal Year	Amount
2021	$4,477,998
2022	4,611,301
2023	4,584,020
2024	4,684,886
2025	4,933,233

Source: Office of the Director of Finance.

Restaurant Meals Tax

In 1983, the City imposed a 3% tax on all restaurant meals served in the City. In the Fiscal Year 2004 budget process, this tax was raised to 4%, with the additional one-percent increase to be used to fund the debt service on bonds to finance additional capital improvements. The Fiscal Year 2016 budget raised the tax to its current rate of 5%. In the Fiscal Year 2025, this revenue source produced $21,205,537 representing 8.4% of total General Fund revenues.

Business and Professional License Taxes

The City levies taxes for the privilege of conducting business and engaging in certain professions, trades and occupations in the City. Both flat license taxes and rates established as a percentage of gross receipts are used. All license taxes are due on June 1 of each year and are calculated on the preceding calendar year's gross receipts. Persons liable for the payment of the license tax make application for the license to the Commissioner of the Revenue, and in cases where the tax is based on gross receipts, the applicant must furnish to the Commissioner of Revenue a sworn statement of the amount of gross receipts from the previous year. For Fiscal Year 2025, business and professional licenses, along with a variety of other permits and licenses, represented approximately 4.3% of total General Fund revenues.

The following table shows revenue from business and professional license taxes over the past five years and the percentage change in each of those years over the prior year:

Business And Professional License Taxes

Fiscal Year	Amount
2021	$ 7,648,188
2022	8,712,415
2023	10,070,322
2024	10,056,140
2025	10,767,041

Other Taxes

Revenues received from various other local taxes include a franchise tax, tax on bank stock, cigarette tax, tax on wills and deeds, rolling stock tax and a transient room tax. For Fiscal Year 2025, this classification represented approximately 6.7% of total General Fund receipts.

City-County Revenue Sharing Agreement

As an alternative to future annexations by the City of portions of Albemarle County, the governing bodies of the two jurisdictions have entered into a revenue-sharing agreement. The agreement was adopted in 1982 after public hearings by both the City Council and the County Board of Supervisors, and approved in a referendum in May 1982 by County voters. No referendum by City voters was required.

Under this agreement, the City has permanently foregone its annexation rights to County territory. In return, the two jurisdictions annually pool a fixed percentage of their real estate tax proceeds. The pooled revenues are then re-divided under a formula based on population and relative real estate tax effort. The formula has produced a payment by the County to the City in each year since its inception. Payments for the last ten years are as follows:

Fiscal Year	Amount
2016	$16,058,668
2017	15,767,084
2018	15,855,485
2019	15,696,360
2020	14,199,607
2021	14,589,313
2022	15,411,834
2023	15,545,227
2024	15,715,740
2025	17,760,728

For the Fiscal Year 2026, this payment is budgeted to be $20,175,533.

Revenue from the Commonwealth

The City is reimbursed by the Commonwealth of Virginia for a portion of certain shared office and employee expenses involving the Clerk of the Circuit Court, Commonwealth's Attorney, Treasurer, Commissioner of the Revenue, Sheriff and law enforcement functions. In addition, the State provides the City with revenue from the collection of gasoline taxes to be used in the maintenance of streets in the City, and a share of net profits of the State Alcoholic Beverage Control Board derived from liquor sales. As previously disclosed, beginning in 1999, the State also reimburses the City for a portion of personal property taxes levied. Revenue received from the Commonwealth for the Fiscal Year 2025 was $14,342,691, which represented 5.7% of total General Fund revenues.

Revenue from the Federal Government

The City General Fund receives no direct federal operating assistance. Federal revenues are received by the Transit Fund from the Department of Transportation for the operation of the City's transit system and by the Community Development Block Grant Fund for neighborhood improvements. Federal revenues passed through the state are received by the Schools Fund to support education and the Social Services Fund to support families and individuals in need. The Grants Funds receive both direct and pass-through federal funds to participate in various awards supporting public safety, community services, conservation, and at-risk youth programs.

Charges for Services, Fines and Forfeitures, and Miscellaneous Revenues and Operating Transfers

Charges for services encompass all revenues derived from service or user charges levied by the City, including solid waste disposal fees, monies received from Albemarle County and the University of Virginia for fire protection services provided by the City, revenues from the Courts and recreation income. Fines and forfeitures are imposed for moving traffic violations, parking violations and other City ordinance violations. Miscellaneous revenues include income from the investment of idle funds, and a variety of small revenue producing sources. Operating transfers include payments in lieu of taxes from the City's three utilities, as classified under GASB Statement #34.

General Fund Expenses

The City pays the costs of general City government from the General Fund. General Fund expenditures include the costs of general City government, transfers to the City Schools to pay the local share of operating City public schools, transfers to Special Revenue Funds in support of certain City services, transfers to the Debt Service Fund, and transfers to the Capital Projects Fund. For Fiscal Year 2025, these expenditures included the following major classifications:

Classification	Percent of Expenses
General government	11.3%
Public safety	18.1
Community services	4.4
Health and welfare	3.3
Culture and recreation	5.7
Education	27.9
Conservation and development	3.9
Other	1.8
Transfers to other funds	23.6
Total Expenditures	100.0%

Transfers to Other Operating Funds

The City transfers from the General Fund to the City Schools amounts to pay the City's share of the costs of operating public schools in the City. This expenditure represented approximately 27.9% of the total General Fund expenditures for Fiscal Year 2025, and approximately 63.7% of total revenues of the School Fund, net of transfers to the City, which provide pupil transportation, facilities maintenance and energy management services to the Schools ($9,154,259 in Fiscal Year 2025). The principal sources of other revenue credited directly to the City Schools are revenues from the State and federal governments and revenue derived locally from charges to students.

The City transfers from the General Fund to the Capital Projects Fund amounts sufficient to fund various capital projects. Transfers to the Capital Projects Fund represented approximately 12.7% of the total General Fund expenditures for Fiscal Year 2025.

The City makes transfers from the General Fund to the Social Services Fund, Transit Fund and certain other Special Revenue funds in support of the City's various social services and transit system, respectively. Transfers to all other funds approximated 4.3% of total General Fund expenditures for Fiscal Year 2025.

The City transfers from the General Fund to the Debt Service Fund amounts sufficient to pay, together with other available funds, principal and interest on general long-term debt, except that which is paid by the Enterprise Funds. Transfers to the Debt Service Fund represented approximately 5.0% of the total General Fund expenditures for Fiscal Year 2025.

Public Utilities

The City operates utilities for water, wastewater, natural gas and stormwater. These utilities are funded by the utility rates and include funding for administration, operations, and maintenance of the four systems as well as funding for infrastructure improvements, technology advances, environmental components and debt payments. The utilities budgets are separate from the City's General Fund and are not supported by taxes. These budgets and the respective rates are considered and adopted by the City Council in May and June of each year.

Employee Retirement Plans

City employees are participants in the federal Social Security System and most are also members of a City supplemental retirement system, which provides pension benefits and post-retirement healthcare and life insurance benefits for eligible employees through the City Retirement Fund and Post-employment Benefits Fund, respectively. Further information regarding the City retirement system is provided in Note 10 in "Notes to the Financial Statements" in Appendix B. At June 30, 2025, the City's Retirement Fund and Post-employment Benefits Fund had a net position available for payment of future benefits of $263,443,729, at market value. Actuarial valuations for post-employment benefits other than pensions determine annual required contributions for the City Retirement Fund. The City has historically fully funded the Annual Required Contribution (the "ARC"). The unfunded actuarial liability for pension benefits for retirees, terminated employees and beneficiaries currently receiving or entitled to benefits was approximately $60.7 million at June 30, 2025.

Historically, the City has maintained a defined benefit plan for its employees (the "DB Plan"). Effective July 1, 2001, the City also established a defined contribution plan (the "DC Plan") for City employees who elect to participate. Current employees were given a one-time opportunity to elect to participate in this plan and to freeze their defined benefit; new hires are given the choice of participating in either the DC Plan or the DB Plan. As of June 30, 2025, there were 471 active City employees and a total of 624 participants, including terminated employees enrolled in the DC Plan. For the same time period, there were 678 active City employees and a total of 1,852 participants, including terminated employees enrolled in the DB Plan. The City's contribution rate to this plan is 8%, and there is a three-year vesting period. Participants in this plan are not eligible for post-retirement healthcare benefits.

The School System does not participate in the City retirement plan. Employees of the School System participate in the Virginia Retirement System (VRS).

See Notes 10, 11 and 12 in Appendix B for further information.

Post-Employment Benefits Other Than Pensions (OPEB)

A post-employment benefits trust was established and adopted by City Council on July 1, 2007. The unfunded actuarial liability for post-employment benefits for retirees, terminated employees and beneficiaries currently receiving or entitled to benefits was approximately $4.4 million at June 30, 2025. The City fully funded the Annual Required Contribution (the "ARC") for Fiscal Year 2026 and is budgeted to fully fund the ARC for Fiscal Year 2027.

Employees of the School System are not eligible for post-retirement healthcare benefits, but may be eligible for a medical plan subsidy.

See Notes 13 and 14 in Appendix B for further information.

Budgetary Procedure

The City Charter requires that the City Manager submit a balanced General Fund budget to the City Council. In the fall of each fiscal year, each department within the City government is required to submit its estimate for the ensuing year's revenues and expenditures to the City administration by a date established by the Budget Manager. The City Manager reviews the estimates and other data and recommends an annual budget to the City Council. This budget may not exceed the estimated General Fund revenues.

All City budgets are presented at the departmental level, to allow for the reallocation of resources from low to high priority programs and to provide departments with flexibility of operations. Further, budgetary compliance is monitored by each department at the operating cost center level, and control is exercised at the department level, as specified by the City Code.

The budgets for the General Fund and Special Revenue Funds are maintained on the modified accrual basis of accounting, adjusted for encumbrances. General Fund appropriations lapse at year-end. Special Revenue Funds have appropriations that lapse at year-end or project appropriations that lapse at the end of the respective projects following City Council approval to continue them. Encumbrances are recorded upon the execution of appropriate documents and are accounted for as a reduction of the available budget amount.

Two public hearings on the budget are held after a synopsis of the budget is published in a local newspaper. After the public hearings, the City Council may change any item in the budget (other than debt service or items required by law), and an appropriation ordinance must be adopted by the City Council by April 15.

Employee Relations

As part of the 2020 legislative session, the Virginia General Assembly voted to provide localities the ability to collectively bargain with some public employees. The legislation was subsequently signed by the Governor with an amendment making this legislation effective May 1, 2021.

In October 2022, City Council passed a collective bargaining ordinance, authorizing six bargaining units: Police, Fire, Transit, Labor and Trades, Administrative and Technical, and Professional. For at least one year following the adoption of the ordinance, the City will recognize up to three of the potential bargaining units for the purpose of collective bargaining. The three units recognized by the City will be the first three to achieve certification under the procedures outlined in the ordinance. Beginning in the second year following the adoption of the ordinance, additional bargaining units may be recognized by the City at a rate of one new bargaining unit per calendar year. The ordinance authorized the creation of a Labor Relations Administrator ("LRA"), who will be responsible for administrating the provisions of the ordinance, including the process for certification and decertification of bargaining agents, resolving labor-management disputes, and assisting with the selection of mediators or arbitrators as needs arise under the ordinance or under any collective bargaining agreement.

The LRA was appointed in March 2023, and adopted administrative procedures on April 11, 2023. In June 2023, three separate labor unions were certified by the LRA as exclusive bargaining representatives for the Police, Fire and Transit bargaining units. Subsequently, each of these three labor unions entered into collective bargaining agreements with the City with an effective date of July 1, 2024 (Fiscal Year 2025). The City entered into a second collective bargaining agreement with Police, effective July 1, 2026, for a duration of three years (expiring June 30, 2029) while the Fire and Transit collective bargaining agreements are for a duration of three years (expiring June 30, 2027). In March 2024, the exclusive bargaining representative for the Labor and Trades bargaining unit was certified and the two parties negotiated a collective bargaining agreement with an effective date of July 1, 2025 (Fiscal Year 2026), for a duration of four years (expiring June 30, 2029). As of June 30, 2025, no other bargaining units have been certified.

In March 2023, the Charlottesville School Board adopted a Collective Bargaining Resolution covering all Charlottesville City Schools staff, which established two bargaining units – Licensed Personnel and School Support Professionals. Charlottesville City Schools entered into an agreement with the exclusive bargaining representative for the Licensed Personnel bargaining unit with an effective date of July 21, 2025 (Fiscal Year 2026) for a duration of three years (expiring June 30, 2028).

Published Financial Information

The City Code requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants selected by the City Council. The most recently completed examination, which was for Fiscal Year 2025, was performed by Robinson, Farmer, Cox Associates, PLLC, Charlottesville, Virginia. Robinson, Farmer, Cox Associates, PLLC, has not been requested to review the information in this Official Statement. The City's annual financial reports are available for inspection at the Office of the Director of Finance, which is located at City Hall, 7th and Main Streets, Charlottesville, Virginia 22902.

APPENDIX B

General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2025

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Independent Auditors' Report

**To the Honorable Members of
the City Council
City of Charlottesville, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2025, 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 School Activity Funds, which represent 2.13 percent, 1.29 percent, and 1.21 percent, respectively, of the governmental fund assets, governmental activities assets, and revenues of the discretely presented component unit – Charlottesville School Board as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors.

Basis for Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards 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 City of Charlottesville, Virginia, 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.

Change in Accounting Principle

As described in Note 29 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 30 to the financial statements, in 2025, the City restated beginning balances to reflect the requirements of GASB Statement No. 101 and to correct errors related to prior year intergovernmental revenue and interest revenue. 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 City of Charlottesville, Virginia'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 generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* 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 generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 Charlottesville, Virginia'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 Charlottesville, Virginia'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 the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Charlottesville, Virginia's basic financial statements. The accompanying supplementary section is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the supplementary section is 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 January 30, 2026, on our consideration of City of Charlottesville, Virginia'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 City of Charlottesville, Virginia'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 Charlottesville, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 30, 2026

As management of the City of Charlottesville, Virginia, we offer readers this narrative overview and analysis of the financial activities of the City of Charlottesville, Virginia for the fiscal year ended June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section. The intent of this discussion and analysis is to evaluate the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Government-wide

- The City's total net position, on a government-wide basis excluding component units, totaled $362.4 million as of June 30, 2025.
- The City's net position for the combined governmental and business-type activities, increased by $19.8 million over the prior year. This an increase of $14.8 million, as restated, for the governmental net position and a $5 million increase in business-type net position. Primarily due to a 5% increase in general revenues.
-

Government Funds

- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $116.4 million, an increase of $18 million over the prior year, primarily due to an increase in general revenues which included a 6% increase in property tax revenue. Approximately 43.5 percent, or $50.7 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported revenues $7.5 million over budget. Several tax revenues (real estate, personal property tax, and meals) as well as Building Permits performed better than expected. The expenditures and other financing sources (net) finished out the year $17.5 million under budget primarily due to vacancies. In addition, City departments continued diligently monitoring their budgets.

Long-term Liabilities

- The City's total long-term liabilities, consisting of general obligation bonds, compensated absences, pension, leases, and OPEB obligations increased by $34.8 million during the current fiscal year primarily due to the issuance of general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Charlottesville's basic financial statements. The City's basic financial statements comprise the following three components:
- *Government-wide financial statements, Exhibits A and B*
- *Fund financial statements, Exhibits C,D, E, and F*
- *Notes to the financial statements*

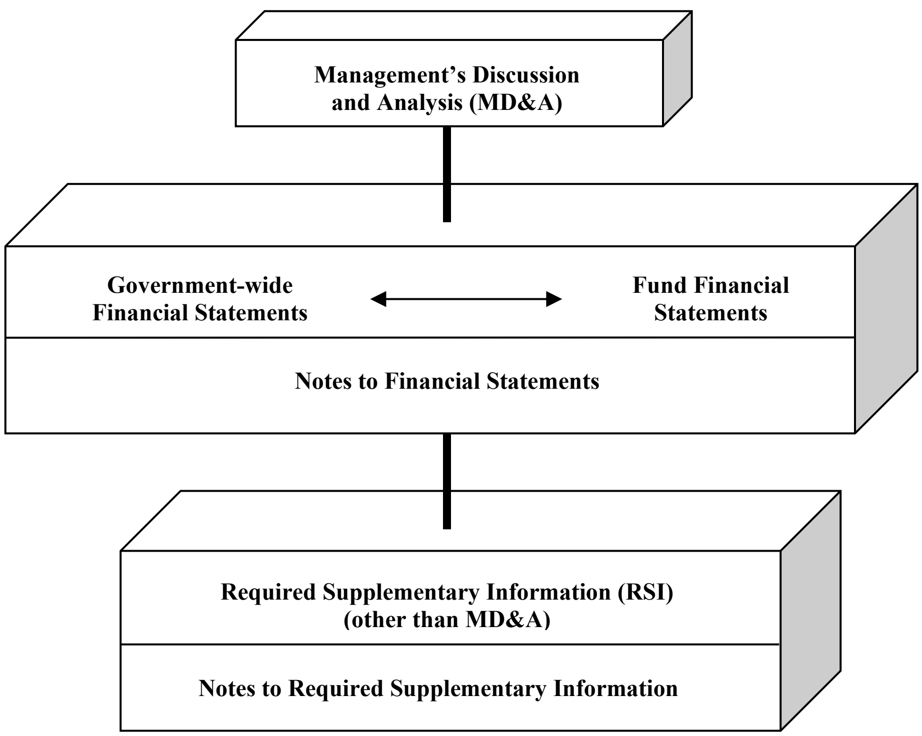
This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements presenting different views of the City:
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall financial status.*

- The remaining statements are *fund financial statements* that focus on *individual parts* of the City's government, reporting the City's operations in *more detail* than the government-wide statements.
  - *Governmental fund* statements tell how *general government* services such as public safety were financed in the *short term* as well as what amounts remain for future spending.
  - *Proprietary fund* statements offer *short*- and *long-term* financial information about the activities the government operates *like businesses,* such as the public utility systems (water, sewer, and gas) and the golf course.
  - *Fiduciary fund* statements provide information about the financial relationship in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong, such as the City's retirement and post-employment benefit plans.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A shows how the required parts of this *Management's Discussion and Analysis* and the City's *basic financial statements* are arranged and relate to one another.

Figure A
Required Components of City's Financial Statements



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 City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (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.

The S*tatement of Net Position* presents financial information on all of the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The S*tatement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused accrued vacation leave.)

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).*

In the Statement of Net Position and the Statement of Activities, the City is divided into three categories:

- *Governmental activities* – Most of the City's basic services are included here, such as the activities of the police, fire, public works, social services, parks and recreation departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to cover the cost of certain services it provides. The City's water, sewer, gas and stormwater systems as well as the golf course are included here.
- *Component units* – The City includes two separate legal entities in its report – the City of Charlottesville Economic Development Authority and the Charlottesville Public Schools. Although legally separate, these "component units" are important because the City is financially accountable for them and provides operating funding.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Charlottesville, Virginia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ***Governmental Funds****.* Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide financial statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund financial statements.

- ***Proprietary Funds****.* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide financial statements, provide both short-term and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, with the exception of the Internal Service Funds' allocation, but they provide more detail and additional information, such as a *statement of cash flows*. The City also uses internal service funds (another kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities – such as the Risk Management Fund and the Information Technology Fund.

- ***Fiduciary Funds****.* Fiduciary funds are used to report assets held in a trustee or agency capacity for others outside the government. The City maintains two pension trust funds for retirement and post-employment benefits. These activities are reported in a separate statement of fiduciary net assets. The City excludes this activity from its government-wide financial statements because the City cannot use these assets to finance its operations.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of or following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bond and others) into the Governmental Activities column (in the government-wide statements).

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Exhibit F-2 at the end of the basic financial section of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information and notes.* The General, American Rescue Plan Act and Social Service are major funds. Their budget and actual reports are presented on a budgetary reporting basis as Exhibits G-1, G-2 and G-3. Progress in funding its obligations to provide pension and other post-employment benefits (OPEB) plans to its employees is provided as Exhibits H-1, H-2, H-3, H-4, and H-5.

The supplementary section has other major fund budget and actual reports for Capital Project and Debt Service are presented on a budgetary reporting basis as Exhibits I-1 and I-2, as well as individual fiduciary statements in Exhibits I-3, and I-4. Non-major governmental funds are presented in Exhibits J, K, K-1, K2, K-3, K-4, K-5, and K-6. Proprietary fund statements are presented as Exhibits E-1, E-2, and E-3. Internal Service funds are presented as Exhibits L-1, L-2, and L-3.

Financial Statements for the Charlottesville School Board – Component unit are presented in Exhibits M-1, M-2, M-3, M-4, M-5, M-6 and M-7. Progress in funding School Board obligation to provide pension and other postemployment benefits (OPEB) plans to its employees is provided as Exhibits H-5, H-6, H-7, H-8, H-9, H-10, and H-11.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

City of Charlottesville, Virginia
Condensed Statement of Net Position
June 30, 2025 and 2024 **Table I**

Assets:	2025	2024	2025	2024	2025	2024
Current and other assets	$ 237,073,188	$ 216,702,213	$ 36,146,480	$ 29,781,730	$ 273,219,668	$ 246,483,943
Capital assets	378,163,519	336,731,881	113,889,810	11,301,141	492,053,329	348,033,022
Total assets	615,236,707	553,434,094	150,036,290	41,082,871	765,272,997	594,516,965
Deferred Outflow of resources	44,687,476	57,317,600	4,544,886	5,848,554	49,232,362	63,166,154
Liabilities:						
Long-term liabilities	229,897,796	191,063,245	60,893,868	61,261,567	290,791,664	252,324,812
Other liabilities	59,283,455	54,259,408	16,154,141	11,275,687	75,437,596	65,535,095
Total liabilities	289,181,251	245,322,653	77,048,009	72,537,254	366,229,260	317,859,907
Deferred inflow of resources	81,420,755	87,120,659	2,561,198	3,523,034	83,981,953	90,643,693
Net Position:						
Net investment in capital assets	219,892,493	231,154,494	57,941,492	55,270,401	277,833,985	286,424,895
General government	251,957	293,592	-	-	251,957	293,592
Public safety	464,498	713,180	-	-	464,498	713,180
Health and welfare	999,138	513,503	-	-	999,138	513,503
Parks, recreation and culture	8,242	165,659	-	-	8,242	165,659
Conservation and development	193,015	149,592	-	-	193,015	149,592
Nonspendable permanent fund	162,502	162,502	-	-	162,502	162,502
Unrestricted	67,350,332	45,155,860	17,030,477	15,600,736	84,380,809	60,756,596
Total net position	$ 289,322,177	$ 278,308,382	$ 74,971,969	$ 70,871,137	$ 364,294,146	$ 349,179,519

Net position (the difference between assets and liabilities plus deferred outflows of resources less deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, the net position was $364.3 million at the close of fiscal year 2025.

Governmental Activities

The net position of the City's governmental activities increased from $ $278.3 million to 289.3.

Business-type Activities

The City's business-type activities net position increased by $4.1 million corresponding with a 11% increase in charge for services. Business-type activity resources are not to be used to make up for a net position deficit in the governmental activities. In general, the City can only use the unrestricted net position of business-type activities to finance the continued operations of its enterprise operations, which include the Water, Sewer, Stormwater, Gas and Meadowcreek Golf Course funds.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business-type activities:

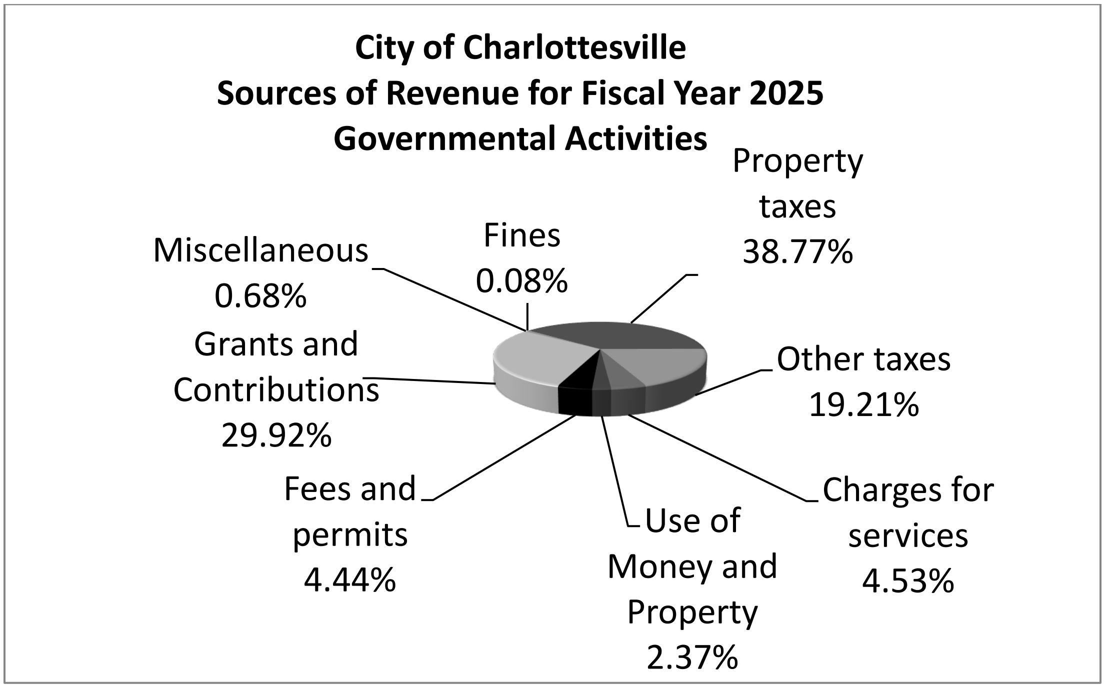
City of Charlottesville, Virginia
Changes in Net Position
For the Years Ended June 30, 2025 and 2024 **Table II**

	Governmental		Business-type		Total		Percent Change
Revenues:	2025	2024	2025	2024	2025	2024	
Program revenues							
Charges for services	$ 26,623,016	$ 21,929,594	$ 69,798,572	$ 62,888,757	$ 96,421,588	$ 84,818,351	13.68%
Operating grants an contributions	52,509,377	48,534,336	367,331	314,368	52,876,708	48,848,704	8.25%
Capital grans and contributions	64,783	140,552	-	-	64,783	140,552	-53.91%
General revenues							
Property taxes	125,234,061	117,980,334	-	-	125,234,061	117,980,334	6.15%
Other taxes	54,856,623	52,332,903	-	-	54,856,623	52,332,903	4.82%
Grants/contributions	44,074,432	42,058,938	-	-	44,074,432	42,058,938	4.79%
Miscellaneous	1,612,511	1,551,902	1,809	16,772	1,614,320	1,568,674	2.91%
Use of money/property	8,475,595	7,364,667	652,106	219,168	9,127,701	7,583,835	20.36%
Total revenues	313,450,398	291,893,226	70,819,818	63,439,065	384,270,216	355,332,291	8.14%
Expenses:							
General government	39,028,191	43,974,181	-	-	39,028,191	43,974,181	-11.25%
Public safety	53,021,127	40,416,952	-	-	53,021,127	40,416,952	31.19%
Community services	34,800,290	27,853,469	-	-	34,800,290	27,853,469	24.94%
Health and welfare	42,572,287	34,511,833	-	-	42,572,287	34,511,833	23.36%
Parks, recreation and culture	21,950,758	18,330,724	-	-	21,950,758	18,330,724	19.75%
Education	81,587,257	69,903,190	-	-	81,587,257	69,903,190	16.71%
Conservation and development	27,553,553	18,366,910	-	-	27,553,553	18,366,910	50.02%
Interest on long-term debt	4,376,156	2,626,108	-	-	4,376,156	2,626,108	66.64%
Water	-	-	16,300,145	13,567,474	16,300,145	13,567,474	20.14%
Sewer	-	-	14,715,273	13,815,189	14,715,273	13,815,189	6.52%
Gas	-	-	25,159,606	22,090,866	25,159,606	22,090,866	13.89%
Stormwater	-	-	2,434,738	1,607,910	2,434,738	1,607,910	51.42%
Golf	-	-	395,668	1,091,337	395,668	1,091,337	-63.74%
Total expenses	304,889,619	255,983,367	59,005,430	52,172,776	363,895,049	308,156,143	18.09%
Change in net position before transfers	8,560,779	35,909,859	11,814,388	11,266,289	20,375,167	47,176,148	-56.81%
Transfers	6,799,124	6,832,218	(6,799,124)	(6,832,218)	-	-	-
Change in net position	15,359,903	42,742,077	5,015,264	4,434,071	20,375,167	47,176,148	
Net position - beginning	278,308,382	232,349,921	70,871,137	66,437,077	349,179,519	298,786,998	16.87%
Restatements	(4,346,108)	3,216,384	(914,432)	(11)	(5,260,540)	3,216,373	
Net Position - As Restated	273,962,274	235,566,305	69,956,705	66,437,066	343,918,979	302,003,371	
Net position end of year	$ 289,322,177	$ 278,308,382	$ 74,971,969	$ 70,871,137	$ 364,294,146	$ 349,179,519	16.87%

Governmental Activities

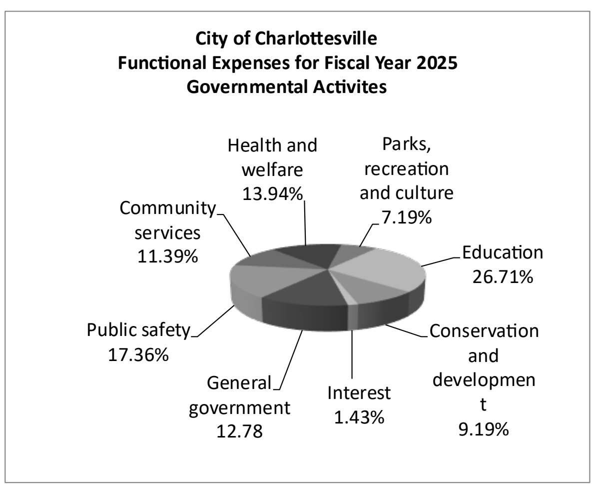
The City's total revenues from governmental activities were $313.5 million for the fiscal year ended June 30, 2025. Approximately 57.5% or $180.1 million of the City's revenue from governmental activities comes from property and other taxes (56.2% in 2024).

Revenues by Source – Governmental Activities



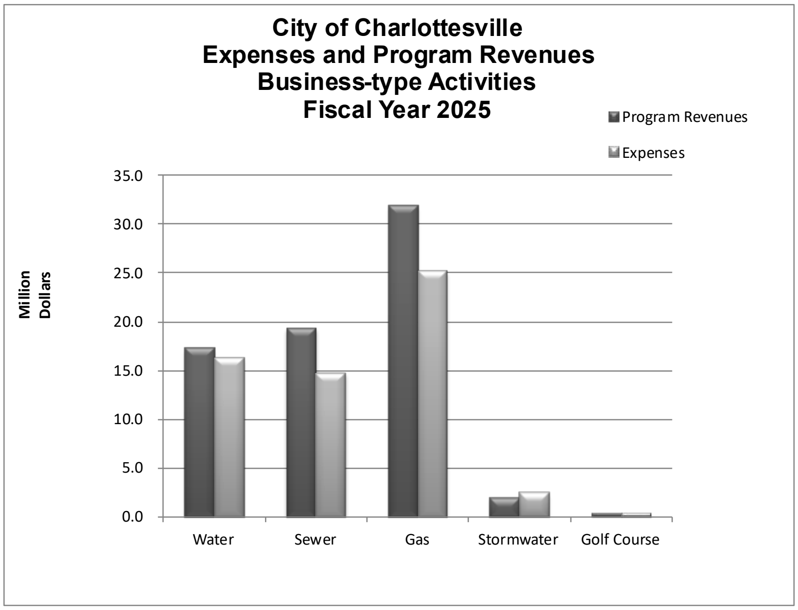
The City's governmental activity expenses were $305.4 million for the fiscal year ended June 30, 2025. This was an increase of $50.6 million from 2024. Expenses for fiscal year 2025 cover a wide range of services, with 13.94% or $42.6 million related to health and welfare, 26.71% or $81.6 million for education (primarily payments to the City's Public Schools, a component unit), and 17.36% or $53.0 million related to public safety.

Expenses by Function – Governmental Activities



Business-Type Activities

Net position for the City's business-type increased by $4.1 million primarily due to a 13.68% increase in charge for services



Proprietary Funds

The City of Charlottesville's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund had an increase in net position of $318.8 thousand. The Sewer Fund had an increase in net position of $2.3 million. The Gas Fund had an increase in net position of $2.3 million. The Stormwater Fund had an increase in net position of $261.6 thousand. The Golf Fund had a decrease in net position of $71.3 thousand. The decrease can be attributed to the first full year of outsourcing the operations of the golf course.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

This section of the MD&A discusses the City's fund financial statements.

Governmental Funds

The City of Charlottesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of Charlottesville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City reports fund balance in accordance with generally accepted accounting principles (GAAP), which categorizes fund balance into five classifications based upon constraints placed on the use of resources. Note 2 provides additional information on the fund balance categories.

For the fiscal year ended June 30, 2025, the governmental funds reported combined ending fund balances of $116.4 million, an increase of $15.4 million. The increase was mostly due to the increase in tax revenue and charges for services.
Approximately $61.0 million of the combined total fund balances constitutes committed and assigned fund balance, which generally is available for spending at the government's discretion. This balance includes $15.4 million committed for debt service.

Nonspendable fund balance is $162.5 thousand in the Cemetery Permanent Fund and $754.1 thousand in prepaid items. This amount represents assets that are not readily available to the City for current expenditures.

The City also has $3.8 million in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received contributions and grant funds that must be used for specific purposes but have not yet been spent.

The remaining fund balance as of June 30, 2025, indicated as unassigned, is $49.1 million in the General Fund. This amount represents 23.2% of General Fund expenditures and is a measure of the General Fund's liquidity. Total fund balance of the General Fund decreased by $16.9 million in fiscal year 2025.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund
For the Year Ended June 30, 2025 **Table III**

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Real Estate taxes	$ 108,438,706	$ 108,438,706	$ 110,202,436	$ 1,763,730
Other taxes	71,759,327	71,759,327	71,186,020	(573,307)
Licenses/permits	11,490,300	11,490,300	14,309,292	2,818,992
Intergovernmental	37,987,798	38,408,553	37,871,900	(536,653)
Charges for services	9,309,437	9,315,037	9,886,632	571,595
Other revenues	4,434,024	4,597,912	8,102,610	3,504,697
Total	243,419,592	244,009,835	251,558,890	7,549,054
Expenditures and net transfers				
Expenditures	230,339,480	233,450,087	211,804,947	21,645,137
Transfers (net)	26,767,453	52,742,501	56,659,360	(3,916,859)
	257,106,933	286,192,588	268,464,307	17,728,278
Change in Fund Balance	$ (13,687,341)	$ (42,182,753)	$ (16,905,417)	$ (10,179,224)

Factors to explain economic performance for FY2025:
The City's budget ordinance includes, as part of the original budget for expenditures, the amount of $4.1 million for encumbrances re-appropriated from June 30, 2025. Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled $3.2 million. This difference is primarily due to supplemental appropriations during the year in Conservation and Development due to an increase in operating our parking structures.

Actual total revenues were higher than the amended budget by $7.6 million. Significant positive variances between budgeted and actual revenue were in real estate tax, personal property tax, building permits, and business licenses. Some revenues underperformed their budgeted amounts, namely parking-related revenues. Expenditures and transfers were below budget by $17.7 resulting from vacant positions and lower expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Charlottesville's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to $336.7 million (net of depreciation). This investment includes land, municipal and school buildings and improvements, water, sewer and gas distribution systems, machinery and equipment, roads, and bridges.

City of Charlottesville's Capital Assets
(Net of accumulated depreciation)

June 30, 2025 and 2024 **Table IV**

	Governmental		Business-type		Total		Percent Change
	2025	2024	2025	2024	2025	2024	
Land	$ 32,454,131	$ 32,341,622	$ 2,064,048	$ 2,064,048	$ 34,518,179	$ 34,405,670	0.33%
Assets under construction	114,768,933	71,392,664	-	-	114,768,933	71,392,664	60.76%
Buildings and Improvements	106,962,090	107,698,602	279,941	306,671	107,242,031	108,005,273	-0.71%
Vehicles	15,737,879	11,360,473	2,134,681	2,032,287	17,872,560	13,392,760	33.45%
Equipment	3,049,304	3,158,882	308,841	247,203	3,358,145	3,406,085	-1.41%
Streets	41,487,279	44,731,419	-	-	41,487,279	44,731,419	-7.25%
Bridges	33,550,494	33,366,938	-	-	33,550,494	33,366,938	0.55%
Infrastructure	21,339,728	22,356,574	109,092,763	106,633,686	130,432,491	128,990,260	1.12%
Leases	7,019,263	8,008,283	9,537	17,246	7,028,800	8,025,529	-12.42%
Subscription	1,794,418	2,316,424	-	-	1,794,418	2,316,424	-22.53%
Total	$ 378,163,519	$ 336,731,881	$ 113,889,811	$ 111,301,141	$ 492,053,330	$ 448,033,022	9.83%

Major capital asset additions during the fiscal year included the following:

- Belmont Bridge
- Bufford Walker School Pre-K Center
- General District Courthouse

The City's fiscal year 2025 capital improvement funds provided approximately $67.5 million for various capital projects. Some of the major categories include $3.1 million in Education related projects, $2.7 million for general government projects, $2.8 million for community services and $3.8 million for conservation and development. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five-year capital plan.

Additional information about the City of Charlottesville's capital assets can be found in note 8 of the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the City of Charlottesville had total bonded debt (including unamortized premiums and notes payable) outstanding of $191.3 million. This entire amount is backed by the full faith and credit of the City and $51.9 million is being repaid by the City's utilities.

City of Charlottesville's Outstanding Debt
General Obligation Bonds
June 30, 2025 and 2024 **Table V**

	Governmental		Business-type		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	$ 139,361,073	$ 99,530,872	$ 51,897,539	$ 51,947,394	$ 191,258,612	$ 151,478,266

Charlottesville's total debt increased by $39.8 million during the fiscal year. On its most recent bond issue in June 2025, the City's bond rating was reaffirmed by S & P Global Ratings and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is $950 million. This is significantly more than the City's current total outstanding debt.

Additional information on the City of Charlottesville's long-term liabilities can be found in note 9 of the notes to the financial statements.

ECONOMIC FACTORS EFFECTNG NEXT YEAR'S BUDGET AND RATES

As noted above, many of the City's locally derived taxes performed better than expected. In addition, several of the City's economic indicators show positive improvement:

- The City's unemployment rate increased from 2.6% in July 2024 to 3.1% in July 2025. However, this rate is lower than the national unemployment rate of 4.2%, and the state's rate of 3.6%.
- The City has an estimated population of 51,743 according to the Weldon Cooper Center for Public Service.

The budget for 2026 was developed building upon the strong performance of the City economy and the City's operations and vacancies filled. Amounts available for appropriation in the General Fund budget for 2026 are $265.2 million, an increase of 5.3% over the 2025 budget of $251.9 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, 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. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Charlottesville, 605 East Main Street, Charlottesville, Virginia 22902.

STATEMENT OF NET POSITION

JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash, cash equivalents and investments (note 3)	$ 111,273,271	$ 19,652,131	$ 130,925,402	$ 2,809,335	$ 40,297,808
Interest receivable	524,788	-	524,788	-	-
Accounts receivable, net	14,128,530	7,690,699	21,819,229	-	535,572
Taxes receivable, net	64,722,036	-	64,722,036	-	-
Leases receivable	591,333	-	591,333	3,326,872	-
Loans receivable (note 5)	3,310,397	-	3,310,397	480,814	-
Due from other governments (note 6)	24,136,911	-	24,136,911	-	2,446,780
Inventories	145,189	1,087,989	1,233,178	-	8,097
Prepaid Items	847,221	2,964,644	3,811,865	11	-
Restricted cash and investments (note 3)	17,398,677	4,751,016	22,149,693	-	-
Net Pension Assets	-	-	-	-	2,249,313
Capital assets (note 8):					
Capital assets not being depreciated	147,223,064	2,064,048	149,287,112	-	982,889
Capital assets being depreciated	230,940,455	111,825,763	342,766,218	-	16,290,702
Total assets	615,241,872	150,036,290	765,278,162	6,617,032	62,811,161
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding resulting in loss transactions	147,873	20,797	168,670	-	-
Deferred charges - Net Pension (notes 11 and 15)	36,039,225	3,710,571	39,749,796	-	15,803,503
Deferred charges - Net OPEB (notes 13 and 14)	8,500,378	813,518	9,313,896	-	1,829,551
Total deferred outflows of resources	44,687,476	4,544,886	49,232,362	-	17,633,054
Total Assets And Deferred Outflows of Resources	$ 659,929,348	$ 154,581,176	$ 814,510,524	$ 6,617,032	$ 80,444,215

Continued

STATEMENT OF NET POSITION

JUNE 30, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
LIABILITIES					
Accounts payable	15,594,469	5,757,406	21,351,875	-	4,224,047
Accrued liabilities	22,052,203	3,889,604	25,941,807	96,895	4,246,955
Customer deposits	15,291	982,153	997,444	-	-
Due to other governments	928,546	-	928,546	-	1,464,765
Unearned revenue	1,270,297	65,556	1,335,853	-	14,208
Accrued interest payable	793,260	469,291	1,262,551	115,395	-
Long-term liabilities (note 9):					
Due within one year:	16,660,533	4,984,284	21,644,817	130,000	1,116,225
Lease liabilities due within one year	1,061,593	5,847	1,067,440	-	-
Subscription liabilities due within one year	912,428	-	912,428	-	-
Due in more than one year:	151,202,532	52,315,029	203,517,561	-	8,185,653
Lease liabilities due in more than one year	6,039,346	2,470	6,041,816	-	-
Subscription liabilites due in more than one year	908,410	-	908,410	-	-
Net pension liability (notes 9,11 and 15)	68,105,445	7,769,794	75,875,239	-	41,883,564
Net OPEB liability (notes 9, 13 and 15)	3,642,063	806,575	4,448,638	-	9,775,201
Total liabilities	289,186,416	77,048,009	366,234,425	342,290	70,910,618
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	62,952,827	-	62,952,827	-	-
Deferred charges on refunding resulting in gain transactions	107,821	231,294	339,115	-	-
Deferred charges - Net pension (notes 11 and 15)	10,184,347	1,356,831	11,541,178	-	8,807,220
Deferred charges - Net OPEB (notes 13 and 14)	7,592,110	973,073	8,565,183	-	2,354,071
Deferred inflows-leases	583,650	-	583,650	2,062,556	-
Total deferred inflows of resources	81,420,755	2,561,198	83,981,953	2,062,556	11,161,291
NET POSITION					
Net Investment in capital assets	219,892,493	57,941,492	277,833,985	804,233	17,273,591
Restricted for:					
General government	251,957	-	251,957	-	20,262,458
Public safety	464,498	-	464,498	-	-
Community services	999,138	-	999,138	-	-
Health and welfare	8,242	-	8,242	-	-
Conservation and development	193,015	-	193,015	-	-
Permanent fund, nonexpendable	162,502	-	162,502	-	-
Unrestricted	67,350,332	17,030,477	84,380,809	3,407,953	(39,163,743)
Total net position	289,322,177	74,971,969	364,294,146	4,212,186	(1,627,694)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 659,929,348	$ 154,581,176	$ 814,510,524	$ 6,617,032	$ 80,444,215

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	$ 39,028,191	$ 12,883,638	$ 13,265,587	$ 64,783
Public safety	53,021,127	432,266	6,112,144	-
Community services	34,800,290	662,691	18,789,603	-
Health and welfare	42,572,287	4,445,513	1,912,178	-
Parks, recreation and culture	21,950,758	1,263,494	928,001	-
Education	81,587,257	137,696	4,619,077	-
Conservation and development	27,553,553	6,797,718	6,882,787	-
Interest on long term debt	4,376,156	-	-	-
Total governmental activities	304,889,619	26,623,016	52,509,377	64,783
Business-type activities:				
Water	16,300,145	17,560,487	-	-
Sewer	14,715,273	17,908,867	-	-
Gas	25,159,606	32,053,612	14,112	-
Stormwater	2,434,738	1,954,282	350,219	-
Golf	395,668	321,324	3,000	-
Total business-type activities	59,005,430	69,798,572	367,331	-
Total Primary Government	$ 363,895,049	$ 96,421,588	$ 52,876,708	$ 64,783
COMPONENT UNITS				
Economic Development Authority	$ 497,775	$ 518,050	$ -	$ -
School Board	98,293,043	5,767,850	10,395,933	-
Total Component Units	$ 98,790,818	$ 6,285,900	$ 10,395,933	$ -

Continued

	Net (Expense) Revenue and Changes in Net Position				
				Component Units	
Functions/Programs	Governmental Activities	Business Type Activities	Total Primary Government	Economic Development Authority	School Board
PRIMARY GOVERNMENT					
Governmental activities:					
General government	$ (12,814,183)	$ -	$ (12,814,183)		
Public safety	(46,476,717)	-	(46,476,717)		
Community services	(15,347,996)	-	(15,347,996)		
Health and welfare	(36,214,596)	-	(36,214,596)		
Parks, recreation and culture	(19,759,263)	-	(19,759,263)		
Education	(76,830,484)	-	(76,830,484)		
Conservation and development	(13,873,048)	-	(13,873,048)		
Interest on long term debt	(4,376,156)	-	(4,376,156)		
Total governmental activities	(225,692,443)	-	(225,692,443)		
Business-type activities:					
Water	-	1,260,342	1,260,342		
Sewer	-	3,193,594	3,193,594		
Gas	-	6,908,118	6,908,118		
Stormwater	-	(130,237)	(130,237)		
Golf	-	(71,344)	(71,344)		
Total business-type activities	-	11,160,473	11,160,473		
Total Primary Government	(225,692,443)	11,160,473	(214,531,970)		
COMPONENT UNITS					
Economic Development Authority				$ 20,275	$ -
School Board				-	(82,129,261)
Total Component Units				20,275	(82,129,261)
GENERAL REVENUES					
General property taxes	125,234,061	-	125,234,061	-	-
Sales tax	14,174,823	-	14,174,823	-	-
Utility tax	4,933,233	-	4,933,233	-	-
Meals tax	21,205,537	-	21,205,537	-	-
Lodging tax	8,983,836	-	8,983,836	-	-
Public service corporation tax	2,041,089	-	2,041,089	-	-
Wills and deeds tax	793,001	-	793,001	-	-
Rolling stock tax	16,927	-	16,927	-	-
Short-term rental tax	61,231	-	61,231	-	-
Cigarette tax	457,275	-	457,275	-	-
State recordation tax	660	-	660	-	-
Bank stock tax	1,264,385	-	1,264,385	-	-
Plastic bag Tax	71,331	-	71,331	-	-
Business license tax	853,295	-	853,295	-	-
Grants & contributions not restricted to specific programs	44,074,432	-	44,074,432	-	-
State Aid-formula grants	-	-	-	-	20,723,777
Payment from City	-	-	-	-	64,613,080
Unrestricted revenue from use of money and property	823,550	2,522	826,072	9,600	-
Interest on investment earnings	7,652,046	649,584	8,301,630	100,352	-
Miscellaneous	1,612,510	1,809	1,614,319	-	-
Transfers, net	6,799,124	(6,799,124)	-	-	-
Total general revenues and transfers	241,052,346	(6,145,209)	234,907,137	109,952	85,336,857
Change in net position	15,359,903	5,015,264	20,375,167	130,227	3,207,596
Net Position - July 1, 2024	278,308,382	70,871,137	349,179,519	4,081,959	(4,835,290)
Restatements and Adjustments	(4,346,108)	(914,432)	(5,260,540)	-	-
Net Position - July 1, 2024 Restated	273,962,274	69,956,705	343,918,979	4,081,959	(4,835,290)
Net Position - June 30, 2025	$ 289,322,177	$ 74,971,969	$ 364,294,146	$ 4,212,186	$ (1,627,694)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	American Relief Program Act Fund	Social Services Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
ASSETS							
Cash, cash equivalents and investments	$ 44,513,344	$ 2,496,306	$ 69,720	$ 44,260,308	$ 15,359,722	$ 1,001,984	$ 107,701,384
Interest receivable	524,788	-	-	-	-	-	524,788
Accounts receivable, net	1,150,326	-	11,220	3,997	-	708,435	1,873,978
Taxes receivable, net	64,722,036	-	-	-	-	-	64,722,036
Leases receivable	591,333	-	-	-	-	-	591,333
Due from other governments (note 6)	3,341,811	-	697,105	4,659,066	-	15,438,929	24,136,911
Due from other funds (note 7)	12,254,552	-	-	-	-	-	12,254,552
Loans receivable (note 5)	-	-	-	2,530,000	-	780,397	3,310,397
Prepaid items	-	5,692	-	748,401	-	-	754,093
Total assets	$ 127,098,190	$ 2,501,998	$ 778,045	$ 52,201,772	$ 15,359,722	$ 17,929,745	$ 215,869,472
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 1,334,773	$ 76,051	$ 12,298	$ 11,974,068	$ 625	$ 659,390	$ 14,057,205
Accrued liabilities	3,336,885	-	637,750	2,064,292	-	3,265,105	9,304,032
Deposits	-	-	-	750,789	-	-	750,789
Due to other governments	-	-	-	-	-	928,546	928,546
Due to other funds (note 7)	-	-	127,997	-	-	8,599,899	8,727,896
Unearned revenue-other	412,340	881,898	-	-	-	33,719	1,327,957
Total liabilities	5,083,998	957,949	778,045	14,789,149	625	13,486,659	35,096,425
DEFERRED INFLOWS OF RESOURCES							
Unavailable tax revenue	63,093,076	-	-	-	-	-	63,093,076
Unavailable lease revenue	583,650	-	-	-	-	-	583,650
Unavailable opioid remediation revenue	-	-	-	-	-	705,356	705,356
Total deferred inflows of resources	63,676,726	-	-	-	-	705,356	64,382,082
FUND BALANCES (Note 2b):							
Nonspendable	-	5,692	-	748,401	-	162,502	916,595
Restricted	676,328	-	-	-	-	3,088,947	3,765,275
Committed	4,443,631	-	-	-	15,359,097	-	19,802,728
Assigned	4,088,362	1,538,357	-	36,664,222	-	486,281	42,777,222
Unassigned	49,129,145	-	-	-	-	-	49,129,145
Total fund balances	58,337,466	1,544,049	-	37,412,623	15,359,097	3,737,730	116,390,965
Total liabilities, deferred inflows of resources and fund balances	$ 127,098,190	$ 2,501,998	$ 778,045	$ 52,201,772	$ 15,359,722	$ 17,929,745	$ 215,869,472

Continued

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Total fund balances per the Balance Sheet for Governmental Funds	$	116,390,965
Amounts reported in the Statement of Net Position (Exhibit A) are different because:		
Capital assets are not financial resources and therefore are not reported in the funds statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation:		378,163,519
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the governmental funds and are not included in fund balance:		
Deferred Inflows-Pensions		(10,184,347)
Deferred Inflows-OPEB		(7,592,110)
Deferred Outflows-Pensions		36,039,225
Deferred Outflows-OPEB		8,500,378
Internal service funds area used by management to charge the cost of certain activities such as insurances and telecommunication to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Position:		
Internal Services		12,535,953
Some of the city's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and the City's opioid settlement funds are currently unavailable and therefore both are unavailable in the funds:		
Deferred taxes		140,249
Deferred opioid settlement funds		763,017
Some liabilities, including general bonds payable, are not due as payable in the current period and therefore are not reported as fund liabilities. All liabilites are included in the Statement of Net Position:		
Bonds payable		(139,361,073)
Accrued interest payable		(793,260)
Unamortized premiums on bonds		(12,458,664)
Net deferred amount on refunding		40,052
Net pension liability		(68,105,445)
Net OPEB liability		(3,642,063)
Compensated absences		(12,192,442)
Lease Liability		(7,100,939)
Subscription-Based IT Arrangements Liability		(1,820,838)
Net position per the Statement of Net Position (Exhibit A)	$	289,322,177

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

CITY OF CHARLOTTESVILLE, VIRGINIA **EXHIBIT D**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	American Relief Program Act Fund	Social Services Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Taxes	$ 181,388,456	$ -	$ -	$ -	$ -	$ -	$ 181,388,456
Fees and permits	14,309,292	-	-	42,129	-	-	14,351,421
Intergovernmental	37,871,900	5,670,055	10,977,462	11,778,788	-	26,913,854	93,212,059
Charges for services	9,886,632	-	44	-	-	4,499,706	14,386,382
Fines	242,967	-	-	-	-	-	242,967
Leases	258,925	-	-	-	-	-	258,925
Investment earnings	6,192,446	271,091	-	-	1,161,197	27,312	7,652,046
Miscellaneous	1,408,272	-	4,345	167,602	-	616,523	2,196,742
Total revenues	251,558,890	5,941,146	10,981,851	11,988,519	1,161,197	32,057,395	313,688,998
Current:							
General government	31,231,076	221,363	-	2,669,444	370,286	604,704	35,096,873
Public safety	50,268,259	1,032,846	-	491,137	-	1,115,918	52,908,160
Community services	12,250,622	-	-	2,755,182	-	15,831,588	30,837,392
Health and welfare	9,082,999	609,314	15,906,188	-	-	16,306,682	41,905,183
Parks, recreation and culture	15,869,709	66,962	-	1,248,587	-	796,290	17,981,548
Education	77,397,979	-	-	3,065,538	-	-	80,463,517
Conservation and development	10,698,073	3,321,558	-	3,796,984	-	1,697,161	19,513,776
Debt service:							
Retirement of principal	1,789,301	149,244	5,797	-	12,139,189	28,693	14,112,224
Interest	205,843	19,071	184	-	5,674,186	4,350	5,903,634
Capital outlay	3,011,086	249,697	-	53,468,540	-	4,549,856	61,279,179
Total expenditures	211,804,947	5,670,055	15,912,169	67,495,412	18,183,661	40,935,242	360,001,486
Revenues over (under) expenditures	39,753,943	271,091	(4,930,318)	(55,506,893)	(17,022,464)	(8,877,847)	(46,312,488)
Transfers in (note 7)	8,688,204	-	4,930,318	35,125,186	13,725,940	11,508,430	73,978,078
Transfers out (note 7)	(65,347,564)	-	-	(5,331,390)	-	-	(70,678,954)
Issuance of debt (note 9)	-	-	-	51,950,000	-	-	51,950,000
Premium on issuance of debt (note 9)	-	-	-	6,405,313	-	-	6,405,313
Total other financial sources (uses)	(56,659,360)	-	4,930,318	88,149,109	13,725,940	11,508,430	61,654,437
Net change in fund balance	(16,905,417)	271,091	-	32,642,216	(3,296,524)	2,630,583	15,341,949
Fund Balance July 1, 2024	73,872,455	-	-	4,770,407	18,655,621	1,107,147	98,405,630
Restatements and Adjustments	1,370,428	1,272,958	-	-	-	-	2,643,386
Fund Balance July 1, 2024 as Restated	75,242,883	1,272,958	-	4,770,407	18,655,621	1,107,147	101,049,016
Fund Balance June 30, 2025	$ 58,337,466	$ 1,544,049	$ -	$ 37,412,623	$ 15,359,097	$ 3,737,730	$ 116,390,965

Continued

Net change in fund balances - total governmental funds (Exhibit D)	$ 15,341,949
Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:	
Governmental funds report the cost of equipment and facilities required as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenses over the life of the assets:	
Capital outlay	61,270,471
Depreciation expense	(15,222,071)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position	
Net gain (loss) on disposal of assets	(5,077,978)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:	
Change in deferred property taxes	(73,288)
Change in Opioid Settlement funding	28,830
Debt proceeds provide current financing resources to governmental funds but debt issues increase long-term liabilities in the Statement of Net Position. Principal and refunding payments are expenditures in governmental funds but reduce long-term liabilities in the Statement of Net Position. Payments to reduce Lease and Subscription liabilities are only included in the Statement of Net Position:	
New debt issued	(51,950,000)
Principal payments	12,119,799
Payments to reduce lease liability	1,050,398
Payments to reduce subscription liability	942,751
Governmental funds report interest on long-term debt as expenditures when payments are due, while the Statement of Activities reports interest expense on the accrual basis:	
Change in accrued interest	27,975
Change in amortization of bond premium	(5,147,975)
Interest earned on bond refunding	10,666
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Change in compensated absences	(1,900,916)
Change in net pension liability	9,266,401
Net change in deferred outflows and deferred inflows of resources related to net pension liability	(8,656,324)
Change in net OPEB liability	1,286,667
Net change in deferred outflows and deferred inflows of resources related to net OPEB liability	5,168,245
The change in net position of internal service funds, less amounts reflected in long term assets and liabilities, and deferred outflows of resources, and deferred inflows of resources, is combined with governmental activites on the Statement of Activities.	(3,125,697)
Change in net positon per the Statement of Activities (Exhibit B)	$ 15,359,903

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

CITY OF CHARLOTTESVILLE, VIRGINIA **EXHIBIT E-1**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	$ -	$ 5,390,835	$ 9,559,719	$ 4,730,719	$ 856,664	$ 20,537,937	$ 20,970,565
Accounts receivable, net	1,068,660	833,907	840,198	354,294	174,625	3,271,684	61,263
Unbilled accounts receivable	1,508,650	1,425,444	1,423,659	-	-	4,357,753	-
Inventories	-	-	-	-	18,613	18,613	1,214,566
Prepaid Items	-	-	2,914,703	-	49,941	2,964,644	93,128
Restricted cash and investments	1,834,932	586,596	-	1,443,682	-	3,865,210	-
Total current assets	4,412,242	8,236,782	14,738,279	6,528,695	1,099,843	35,015,841	22,339,522
Noncurrent assets:							
Land	-	-	584,291	-	1,337,432	1,921,723	-
Easements	12,625	95,600	34,100	-	-	142,325	-
Buildings and improvements	-	39,014	-	-	1,828,030	1,867,044	48,364
Vehicles	901,694	1,381,781	3,002,559	860,800	94,436	6,241,270	25,200
Transmission lines and mains	67,256,248	57,731,886	44,863,204	1,016,826	-	170,868,164	-
Storm drainage	-	-	-	14,338,867	-	14,338,867	-
Equipment	442,359	421,005	1,794,562	19,374	373,547	3,050,847	10,336,669
Lease assets	32	32	2,417	-	3,334	5,815	7,426
SBITA assets	-	-	-	-	-	-	2,449
Accumulated depreciation	(23,615,393)	(18,059,930)	(38,284,889)	(2,734,523)	(1,855,232)	(84,549,967)	(10,279,557)
Total noncurrent assets	44,997,565	41,609,388	11,996,244	13,501,344	1,781,547	113,886,088	140,551
Total assets	49,409,807	49,846,170	26,734,523	20,030,039	2,881,390	148,901,929	22,480,073
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on refunding losses	4,094	16,703	-	-	-	20,797	-
Deferred charges-pension	628,282	509,863	2,171,064	270,181	82,752	3,662,142	812,608
Deferred charges-OPEB	148,518	112,544	460,805	65,494	14,919	802,280	141,654
Total deferred outflows of resources	780,894	639,110	2,631,869	335,675	97,671	4,485,219	954,262
LIABILITIES							
Current liabilities:							
Accounts payable	1,895,388	1,916,239	1,568,867	118,540	16,485	5,515,519	1,799,689
Accrued liabilities	381,208	1,224,463	1,498,398	292,216	173,533	3,569,818	3,973,811
Accrued interest payable	211,102	188,172	-	70,017	-	469,291	-
Customer deposits	297,805	-	684,348	-	-	982,153	-
Due to other funds	-	-	-	-	-	-	3,526,656
Liabilities due in less than one year	2,227,597	2,056,065	116,790	579,520	-	4,979,972	26,246
Total current liabilities	5,013,100	5,384,939	3,868,403	1,060,293	190,018	15,516,753	9,326,402
Noncurrent liabilities:							
Liabilites due in more than one year	24,732,634	18,477,798	858,869	8,216,577	2,089	52,287,967	199,444
Net pension liability	1,316,929	986,327	4,834,816	57,606	452,384	7,648,062	2,665,908
Net OPEB liability	173,692	75,817	526,031	(97,583)	120,863	798,820	999,827
Total noncurrent liabilities	26,223,255	19,539,942	6,219,716	8,176,600	575,336	60,734,849	3,865,179
Total liabilities	31,236,355	24,924,881	10,088,119	9,236,893	765,354	76,251,602	13,191,581
DEFERRED INFLOWS OF RESOURCES							
Deferred charges on refunding gains	79,681	151,612	-	-	-	231,293	-
Deferred charges-pension	172,603	232,810	845,679	60,230	20,123	1,331,445	287,447
Deferred charges-OPEB	134,322	158,561	610,174	27,824	15,526	946,407	181,147
Total deferred inflows of resources	386,606	542,983	1,455,853	88,054	35,649	2,509,145	468,594
NET POSITION							
Net investment in capital assets	18,336,267	21,049,107	11,993,836	4,782,869	1,779,413	57,941,492	133,580
Unrestricted	231,474	3,968,310	5,828,585	6,257,897	398,645	16,684,911	9,640,582
Total net position	$ 18,567,741	$ 25,017,417	$ 17,822,421	$ 11,040,766	$ 2,178,058	$ 74,626,403	$ 9,774,162

Total net position	$ 74,626,403
Allocated internal services:	
Warehouse assets	1,134,359
Warehouse deferred outflows	59,667
Warehouse liabilities	(796,407)
Warehouse deferred inflows	(52,053)
Total allocation of warehouse net position	345,566
Net position of business-type activities	$ 74,971,969

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING REVENUES							
Utility charges	$ 17,003,029	$ 19,259,649	$ 31,730,888	$ 1,933,561	$ -	$ 69,927,127	$ -
Charges for services	270,363	69,365	177,687	20,721	324,324	862,460	27,564,209
Total operating revenues	17,273,392	19,329,014	31,908,575	1,954,282	324,324	70,789,587	27,564,209
OPERATING EXPENSES							
Purchases for resale	10,145,840	10,433,083	12,960,357	-	1,534	33,540,814	1,558,681
Personnel costs	1,590,844	1,541,374	6,601,624	1,010,301	14,201	10,758,344	1,844,588
Materials and supplies	718,509	154,953	971,398	90,063	51,460	1,986,383	571,788
Contractual services and charges	1,362,359	2,529,262	3,274,974	595,664	271,130	8,033,389	5,554,110
Depreciation	1,795,625	1,483,976	1,188,296	520,751	57,341	5,045,989	142,111
Claims incurred	-	-	-	-	-	-	21,286,733
Insurance premiums	-	-	-	-	-	-	3,881,640
Total operating expenses	15,613,177	16,142,648	24,996,649	2,216,779	395,666	59,364,919	34,839,651
Operating income (loss)	1,660,215	3,186,366	6,911,926	(262,497)	(71,342)	11,424,668	(7,275,442)
NONOPERATING REVENUES (EXPENSES)							
Gain/Loss on capital asset disposition	-	(4,325)	47,201	-	-	42,876	-
State Grants	-	-	-	350,219	-	350,219	-
Interest expense	(626,487)	(408,627)	(25,161)	(210,556)	-	(1,270,831)	-
Interest income	66,869	138,514	235,235	208,966	-	649,584	215,811
Bond issuance expense	(19,887)	(8,922)	-	(3,786)	-	(32,595)	-
Capacity fees	252,650	435,975	-	-	-	688,625	-
Insurance recovery	1,808	-	-	-	-	1,808	392,404
Total nonoperating revenues (expenses), net	(325,047)	152,615	257,275	344,843	-	429,686	608,215
Income (loss) before contributions and transfers	1,335,168	3,338,981	7,169,201	82,346	(71,342)	11,854,354	(6,667,227)
Transfers in	1,858,544	2,937,858	143,633	758,416	-	5,698,451	3,500,000
Transfers out	(2,874,909)	(3,995,492)	(5,048,027)	(579,147)	-	(12,497,575)	-
Total transfers, net	(1,016,365)	(1,057,634)	(4,904,394)	179,269	-	(6,799,124)	3,500,000
Change in net position	318,803	2,281,347	2,264,807	261,615	(71,342)	5,055,230	(3,167,227)
Total net position - July 1, 2024	18,381,313	22,804,302	16,208,433	10,819,360	2,249,400	70,462,808	13,148,976
Restatements and Adjustments	(132,375)	(68,232)	(650,819)	(40,209)	-	(891,635)	(207,587)
Total net position - July 1, 2023 as Restated	18,248,938	22,736,070	15,557,614	10,779,151	2,249,400	69,571,173	12,941,389
Total net position - June 30, 2025	$ 18,567,741	$ 25,017,417	$ 17,822,421	$ 11,040,766	$ 2,178,058	$ 74,626,403	$ 9,774,162

Total business-type change in net position	$ 5,055,230
Warehouse sales operating revenues	1,051,219
Expenses associated with warehouse sales	(1,091,185)
Net internal service fund allocation	(39,966)
Change in net position of business-type activities	$ 5,015,264

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2025

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING ACTIVITIES							
Receipts from customers	$ 17,313,675	$ 17,408,444	$ 31,144,891	$ 2,305,124	$ 239,926	$ 68,412,060	$ 27,526,734
Payments to suppliers	(11,405,336)	(9,826,446)	(16,352,302)	(544,126)	(382,620)	(38,510,830)	(29,918,766)
Payments to employees	(1,639,839)	(1,615,645)	(6,837,804)	(1,012,368)	-	(11,105,656)	(2,038,809)
Net cash provided by (used for) operating activities	4,268,500	5,966,353	7,954,785	748,630	(142,694)	18,795,574	(4,430,841)
NONCAPITAL FINANCING ACTIVITIES							
Insurance recovery	1,809	-	-	-	-	1,809	392,404
Transfers in	1,858,544	2,937,858	143,633	758,416	-	5,698,451	3,500,000
Transfers out	(2,874,909)	(3,995,492)	(5,048,027)	(579,147)	-	(12,497,575)	-
Net cash provided by (used for) noncapital financing activities	(1,014,556)	(1,057,634)	(4,904,394)	179,269	-	(6,797,315)	3,892,404
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets	(2,957,528)	(2,418,804)	(478,018)	(1,780,048)	(60,767)	(7,695,165)	(18,195)
Capacity fees	252,650	435,975	-	-	-	688,625	-
Bond proceeds	2,874,276	1,348,953	-	716,133	-	4,939,362	-
Bond principal paid	(2,200,523)	(2,080,132)	-	(570,000)	-	(4,850,655)	-
Interest paid	(987,664)	(680,228)	(25,161)	(320,545)	-	(2,013,598)	-
Bond issuance expenses	(19,887)	(8,922)	-	(3,786)	-	(32,595)	-
Premium on bonds issued	345,133	162,026	-	86,133	-	593,292	-
Net cash provided by (used for) capital and related financing	(2,693,543)	(3,241,132)	(503,179)	(1,872,113)	(60,767)	(8,370,734)	(18,195)
INVESTING ACTIVITIES							
Interest on investments	66,869	138,514	235,235	208,966	-	649,584	215,811
Net cash provided by investment activities	66,869	138,514	235,235	208,966	-	649,584	215,811
Net increase (decrease) in cash and cash equivalents	627,270	1,806,101	2,782,447	(735,248)	(203,461)	4,277,109	(340,821)
Balances - July 1, 2024	1,207,662	4,158,629	6,682,870	6,909,650	1,060,125	20,018,936	21,315,740
Balances - June 30, 2025	$ 1,834,932	$ 5,977,431	$ 9,559,719	$ 6,174,401	$ 856,664	$ 24,403,147	$ 20,970,565
Reconciliation of operating income (loss) to net cash used in operating activities							
Operating Income (Loss)	$ 1,660,215	$ 3,186,364	$ 6,911,926	$ 87,722	$ (71,344)	$ 11,774,883	$ (7,275,440)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	1,795,625	1,483,976	1,188,296	520,751	57,341	5,045,989	142,111
(Increase) decrease in accounts receivable	(37,572)	(58,098)	(880,745)	622	(47,133)	(1,022,926)	(37,475)
(Increase) decrease in inventories	-	-	-	-	(2,926)	(2,926)	(266,197)
(Increase) decrease in prepaid expenses	-	-	(794,217)	-	(15,308)	(809,525)	-
Increase (decrease) in accounts payable	855,819	1,428,383	1,763,114	173,601	(40,260)	4,180,657	2,282,099
Increase (decrease) in accrued liabilities	11,287	26,408	41,351	2,585	-	81,631	(101,122)
Increase (decrease) in customer deposits	43,409	-	2,591	-	-	46,000	-
Increase (decrease) in unredeemed gift certificates	-	-	-	-	(37,265)	(37,265)	-
Increase (decrease) in compensated absences	44,072	(2,897)	73,682	13,945	-	128,802	(73,524)
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	946,560
Net pension liability change for measurement year	(3,177)	4,295	1,816	(5,328)	20,903	18,509	50,195
Net OPEB liability change for measurement year	(101,178)	(102,078)	(353,029)	(45,268)	(6,702)	(608,255)	(98,048)
Net cash provided by (used for) operating activites	$ 4,268,500	$ 5,966,353	$ 7,954,785	$ 748,630	$ (142,694)	$ 18,795,574	$ (4,430,841)

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

		Pension Trust Funds
ASSETS		
Cash and cash equivalents (note 3b)		15,171,647
Interest receivable	$	368,578
Investments (note 3b):		
Common stocks		87,363,312
Corporate fixed income securities		13,427,825
Government and agency fixed income securities		22,713,294
Mutual Funds:		
Domestic		57,012,479
International		34,121,604
Alternative Investments:		
Agriculture		13,900,908
Real Estate		19,468,844
Total investments		248,008,266
Total assets		263,548,491
LIABILITIES		
Accounts payable		104,762
Total liabilities		104,762
NET POSITION		
Net position - restricted for OPEB		68,422,372
Net position - restricted for Pension	$	195,021,357
Total net position	$	263,443,729

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

CITY OF CHARLOTTESVILLE, VIRGINIA **Exhibit F-2**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 19,881,262
Plan members	2,554,394
Total contributions	22,435,656
Investment earnings:	
Net increase in fair value of investments	23,978,726
Interest	1,582,236
Dividends	1,396,591
Total investment earnings	26,957,553
Less investment expenses	983,904
Net investment earnings	25,973,649
Total additions	48,409,305
DEDUCTIONS	
Pension benefits	15,885,374
Refund of plan member contributions	216,381
Other post-retirement benefits	4,739,514
Administrative expenses	376,420
Total deductions	21,217,689
Increase in net position	27,191,616
Net Position - July 1, 2024	236,252,113
Net position - June 30, 2025	$ 263,443,729

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, *the primary government* is reported separately from certain legally separated component units for which the primary government is financially accountable.

(b) Reporting entity

The City of Charlottesville, Virginia (the City) is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Council consists of five members elected at large. The mayor is then selected among the Council members. The Council is responsible for appointing the City Manager. The City has taxing powers subject to statewide restrictions and tax limits. The accompanying financial statements include all activities of the City, such as general operations and support services for which the government is considered to be financially accountable. The component units discussed below are included in the City Reporting Entity because the City appoints a majority of the CEDA board members, approves the budgetary request of the School Board and provides a significant amount of funding for each of these entities.

Discretely presented component units. The component unit columns in the government-wide financial statements include the financial data of the City's two component units. Each is presented in a separate column to emphasize that these units are legally separate from the City, and each represents a functionally independent operation. These component units are fiscally dependent on the City and provide services primarily to the citizens of Charlottesville. A description of the discretely presented component units follows:

- **(i)** School Board: The City provides education through its own school system administered by the Charlottesville School Board (the School Board). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate but financially dependent. The City Council administers the School Board's appropriation of funds at the category level, approves transfers between categories, and authorizes school debt. School Board members are elected. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

- **(ii)** Economic Development Authority: The Charlottesville Economic Development Authority (the CEDA) was established to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate or remain in the City. City Council appoints the seven board members of the CEDA. By statute, the CEDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The City is involved in the day-to-day operations of the CEDA the determination of its operating budget and annual service fee rates. Financial statements of the CEDA are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete audited financial statements of the CEDA can be obtained from the Office of Economic Development, City of Charlottesville, PO Box 911, Charlottesville, VA 22902, or Room B230 at City Hall.

(c) Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are inter-related. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water, wastewater, and gas functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue for the various functions concerned.

The *Statement of Net Position* is designed to display the financial position of the primary government (governmental and business-type activities) and it's discretely presented component units. The City reports investment in capital assets net of depreciation, including infrastructure, in the Statement of Net Position. Depreciation expense, the cost of "using up" capital assets, is included in the Statement of Activities. Noncurrent liabilities including bonds, net pension liability, notes and loans payable are included, separated into due within one year and due in more than one year. The net position of the City is reported in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The *Statement of Activities* reports expenses before revenues of the primary government (governmental and business-type activities) and its discretely presented component units. This order emphasizes that governments identify the service needs of citizens and then raise the resources needed to meet those needs. This presentation demonstrates the degree to which direct expenses of a clearly identifiable function or segment are reduced by program revenues associated with that function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a program. All taxes and other items not included among program revenues, are reported instead as general revenues.

(d) Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is used to account for and report all of the financial resources except for those not accounted for and reported in another fund. It is the City's primary operating fund. Revenues are derived primarily from property and other local taxes, state funds, licenses, permits, charges for services, fees, Albemarle County Revenue Sharing and other revenue sources. A significant portion of the General Fund's revenue is transferred to other funds and the Charlottesville School Board, (a component unit), to finance operations.

The *American Relief Program Act Fund* (ARPA) is used to account for and report all of the financial resources that are restricted to eligible expenditures under this federal COVID relief program.

The *Social Services Fund,* which is a special revenue fund, accounts for the financial resources associated with the Charlottesville Department of Social Services (CDSS). Social Services provides state and federal income support, employment assistance and social work service programs to alleviate poverty and other social problems.

The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Revenues for this fund are obtained from bond issues, a transfer from the General Fund, federal and state highway grant funds, PEG fee revenue and contributions from Charlottesville School Board and other local governments for shared facilities.

The *Debt Service Fund* is used to account for and report all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Payments are made on long-term general obligation debt of governmental funds including bonds, notes and other evidence of indebtedness and the cost of issuance of debt issued by the City.

Proprietary funds, all of which are considered major funds, are used to account for and report on their activities using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The purpose of a proprietary fund is to provide a service or product to the public or other governmental entities at a reasonable cost. The City reports the following enterprise funds as proprietary fund types:

The *Water Fund* accounts for the operations of the City's water distribution system.
The *Sewer Fund* accounts for the operations of the City's wastewater collection system.
The *Gas Fund* accounts for the operations of the City's natural gas distribution system.
The *Stormwater Fund* accounts for the operations of the City's waterways.
The *Golf Course Fund* accounts for the operations of the City's 18-hole municipal golf course.

The *Fiduciary Fund* accounts for the activities for the two pension trust funds for retirement and postemployment benefits. The trust funds accumulate resources for pension payments and benefits for qualified city employees. Fiduciary funds cannot be used to finance the City's operating programs and are not included in the government-wide financial statements.

Additionally, the City reports the following fund types:

Special Revenue Funds are nonmajor governmental funds used to account and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The City has established special revenue funds to account for the Community Development Block Grant, Grants (consolidated Grants from federal, state, and local funding sources), Human Services Programs, Children's Services Act, Opioid Remediation, and Charlottesville Area Transit.

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used to support City operations. The City has established a permanent fund for the Cemetery perpetual care fund.

Internal Service Funds are used to account for and report the financing of goods and services provided by one department primarily or solely to other departments of the City. Information Technology, Risk Management, Warehouse and Departmental Services are accounted for and reported as Internal Service Funds. In the government-wide Statement of Net Position, the assets and liabilities of these funds are allocated to both governmental and business-type activities, based on the predominate use of the fund's services. Specifically, the assets and liabilities of the Warehouse Internal Service Fund are allocated completely to the City's Enterprise Funds based on predominate usage. The remaining Internal Service Fund balances are allocated to governmental activities. In the government-wide Statement of Activities, certain transactions are assigned directly to governmental activities and the remaining net income or loss is allocated to both governmental and business-type activities, based on actual charges for services.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included in the business-type activities column.

Further, certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(e) Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded as earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In applying the *susceptible to accrual* concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of intergovernmental revenues. In the first type, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon when the expenditures are recorded. In the second type, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

The governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as capital outlay in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. 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 and the government-wide Statement of Activities is presented in a schedule accompanying the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance, respectively. These differences stem from governmental statements using a different measurement focus than government-wide statements.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds, the operation of which are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows, liabilities, deferred inflows, fund balance, revenues and expenditures (or expenses for proprietary funds), as appropriate.

Property taxes, sales taxes, franchise taxes, licenses 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. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension trust funds are reported using *the economic resources measurement focus and the accrual* basis of accounting.

(f) Cash, cash equivalents and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, money market mutual funds and certificates of deposit with original maturities of three months or less from date of acquisition. Investments are reported at fair value (generally based on quoted market prices) or the net asset value per share.

(g) Allowance for uncollectible accounts

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2025, the allowances approximated $1,701,698 in the General Fund, $1,790,331 in the Proprietary Funds ($467,478, $528,938, $767,073, $26,842) for the Water, Sewer, Gas, and Stormwater Funds, respectively, and $2,392,470 in the Capital Projects Fund.

(h) Inventory of supplies and prepaid items

Inventories are valued at cost using the weighted average method. Inventories consist of expendable materials and supplies held for future consumption. They are accounted for by the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

(i) Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, storm pipes and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City and Component Units as assets with an initial, individual cost of $5,000 or more and an estimated useful life greater than of two years. The same estimated minimum useful life is used for infrastructure assets, but only those projects that cost $50,000 or more are reported as capital assets.

As the City and Component Units constructs or acquires capital assets each period they are capitalized and reported at historic cost. The reported value excludes normal maintenance and repairs which do not increase the asset's capacity or efficiency or its estimated useful life. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service, on the date donated.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government and component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Building/building improvements	40-50
Streets and bridges	30-50
Infrastructure (storm structures and storm pipe)	50-75
Utility transmission lines and mains	20-40
Furniture and equipment	5-10
Vehicles	5-7
Leases	1-13
Subscription	1-5

(j) Deferred outflows/inflow of resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Included as both an outflow and inflow are *deferred charges on refunding* reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

Unavailable tax revenues are included on both the Statement of Net Position and the Balance Sheet as deferred inflow of resources. General property taxes levies assessed each year as of January 1 on the estimated market value of property are due in equal semiannual payments due June 5 and December 5. The deferred tax revenues represent payments due on December 5.

Pension plan changes for measurement date June 30, 2024 are presented on the Statement of Net Position. Actuarially determined d*eferred outflows of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion on beginning net pension liability, changes in proportions and difference between employer contribution and proportionate share of contributions, changes in assumptions, and employer contributions subsequent to the measurement date. *Deferred inflows of resources* consist of the current year's amortization, actuarially determined changes in proportion on beginning net pension liability, difference between expected and actual investment earnings, and changes in proportion between employer contribution and proportionate share of contributions.

(k) Compensated absences

City employees are granted vacation and sick leave in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick leave earned. Vacation leave can be accrued up to the amount earned in one year, plus an additional week. Upon retirement, termination or death, employees may be compensated for certain amounts of unused vacation leave earned at their then current rates of pay. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. In addition, unused sick leave becomes credited service for pension benefit calculations, for one-half of the accumulated amount, up to a maximum of two thousand hours.

School Board employees also earn vacation and sick leave as services are provided. At June 30, 2015, the methodology for calculating the unused sick leave payable at retirement changed from the assumption that employees would resign before retirement to the assumption that employees would stay until eligible for retirement.

Per GASB 101, an estimate of Sick Leave earned but not taken, that is likely to be used in the following year must be recognized. Likely to be used is calculated based on the past 5 years of sick leave actually used. Upon retirement, no cash payments are made for unused sick leave. The compensated absence balance for City and School Board employees as of June 30, 2025, is $13,603,083 and $9,301,878 respectively.

(l) Risk management

The City is exposed to various risks of loss related to torts; errors and omissions; injuries to and illnesses of employees; theft of, damage to, and destruction of assets; and natural disasters. The City employs a variety of risk management techniques, including the purchase of commercial insurance, participation in insurance pools and self-insurance. All funds of the City participate in the risk program and make payments to the Risk Management Internal Service Fund in a manner that is appropriate in allocating the costs associated with the risk involved. Claims, including incurred but not reported (IBNR) claims, are recognized as expense when incurred. There have been no significant changes in coverage from the prior year, nor have settlements exceeded coverage in the past five fiscal years.

(m) Encumbrances

Encumbrances are used to control expenditure commitments for the year and to enhance cash management. Accounting for encumbrances is employed in all governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end are reported as assigned fund balance and do not constitute expenditures or liabilities but are obligations that will be paid in a following year.

(n) Pensions and other post-employment benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about the fiduciary net position of the City of Charlottesville Supplemental Retirement or Pension Plan and Virginia Retirement System (VRS) and additions to/deductions from those fiduciary net positions have been determined on the same basis as they are reported by the City Pension Plan and VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(o) Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

- **The Lessee** recognizes lease liabilities and intangible right-to-use lease assets for contracts that are longer than twelve months in duration in the government-wide financial statements. As the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term, less any lease incentives. The lease liability is reduced by the principal portion of payments made. The ease asset is measured at the initial amount of the lease liability, plus any payment made to the lessor at or before commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying assets.

- **The Lessor** recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term lease any lease incentives.

- **Key Estimated and Judgements** for determining the rate used to discount the expected lease payments to present value, lease term, and lease payments are included in lease accounting:

    - The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
    - The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
    - Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

(p) Subscription Agreements

The City has several subscription-based software applications that it has identified as a right-to-use asset for its operations. At the commencement of the Subscription Based IT Arrangement (SBITA) the liability is measured at the present value of payments expected to be made during the SBITA term. The SBITA represent only those agreements that are longer than twelve months in duration. The SBITA assets are amortized over its agreement term or the useful life of the underlying asset.

2. GOVERNMENT-WIDE AND FUND EQUITY

For government-wide, proprietary funds and fiduciary funds financial statements, equity is described as net position (total assets minus total liabilities) and is broken down into three components: (1) amount invested in capital assets, net of related debt, (2) restricted and (3) unrestricted net position. The City's policy is to consider restricted net position to have been depleted before using any of the components of unrestricted net positions. For governmental funds, equity is described as fund balance (current assets minus current liabilities), which is broken down into nonspendable, restricted, committed, assigned and unassigned fund balance.

- **Net investment in capital assets** consists of capital assets less accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or permanent improvement of those assets. Unspent debt proceeds are excluded.
- **Restricted net position** reflects net position whose use is not subject solely to the government's own discretion.
- **Unrestricted net position** consists of net position that does not meet the definition of the two preceding categories. Unrestricted net assets are often designated to indicate that management does not consider them available for general operations. Unrestricted net assets often have constraints on resources that are imposed by management but can be modified or removed.
- **Deferred outflows of resources** represent a consumption of net assets that applies to future periods.
- **Deferred inflows of resources** represent an acquisition of net assets that applies to future periods.

(a) Fund Balances:

City Council is the City's highest level of decision-making authority. City Council can modify or rescind a fund balance through adoption of an appropriation. Assigned fund balance contains purchase orders and amounts at year end that City Council intends to use for a specific purpose.

The City maintains a minimum fund balance in the General Fund, classified as unassigned fund balance. The minimum fund balance policy is found in the City's adopted operating budget. Currently, the City is to maintain a minimum of 14% of the operating budget in fund balance plus a downturn reserve of no less than 3% of the General Fund operating budget. City Council may elect to maintain a higher unassigned fund balance to provide the City with sufficient working capital and a margin of safety to address emergencies and unexpected declines in revenue without borrowing.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The City Manager has the authority to deviate from this policy if it is in the best interest of the City.

- **Nonspendable -** Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted -** Represents amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed -** Represents specific purposes in accordance with internal constraints imposed by formal action of the City's highest level of decision-making, Charlottesville City Council. The formal action is an appropriation, which designates funds for a particular use, to the exclusion of all other uses. Once adopted, the appropriation can only be changed by City Council through similar action.
- **Assigned –** Represents amounts that are constrained by City Council's intent to use for specific purposes but meet neither the restricted nor committed forms of constraint. Amounts that are assigned are only temporary until City Council takes formal action with an appropriation.
- **Unassigned –** Represents the residual category for the general fund only. It is also where negative fund balance for all other governmental funds would be reported. Positive amounts are only reported in the General Fund

Fund balances are composed of the following as of June 30, 2025:

	General	ARPA	Capital Projects	Debt Service	Other Govt	Total
Nonspendable for:						
Prepaid Items	$ -	$ 5,692	$ 748,401	$ -	$ -	$ 754,093
Cemetery perpetual care	-	-	-	-	162,502	162,502
Total nonspendable	-	5,692	748,401	-	162,502	916,595
Restricted for:						
Fire Programs	56,202	-	-	-	107,054	163,256
Law Enforcement	161,616	-	-	-	1,673	163,289
Four for Life	137,953	-	-	-	-	137,953
Court House Maintenance/Construction	212,667	-	-	-	-	212,667
Commonwealth Attorney	39,290	-	-	-	-	39,290
Children's Services Act	-	-	-		256,917	256,917
Health and Welfare	-	-	-	-	40,978	40,978
Opioid Remediation	-	-	-	-	701,243	701,243
Parks and Recreation Programs	6,840	-	-	-	1,402	8,242
Conservation	61,760	-	-	-	131,255	193,015
Community Development	-	-	-	-	1,848,425	1,848,425
Total restricted	676,328	-	-	-	3,088,947	3,765,275
Committed for:						
Nonrecurring vehicle/equipment	731,163	-	-	-	-	731,163
Repairs/Improvements to Government Bldg	690,300	-	-	-	-	690,300
Parking enterprise fund		-	-	-	-	-
Parks and Recreation Programs	111,931	-	-	-	-	111,931
Fire Programs	13,275	-	-	-	-	13,275
City Council initiatives	25,822	-	-	-	-	25,822
Communications	24,350		-	-	-	24,350
Council Reserve	364,176	-	-	-	-	364,176
Citywide Reserve	7,983	-	-	-	-	7,983
Historic Resources	27,369	-	-	-	-	27,369
Courthouse Security		-	-	-	-	-
Sheriff Programs	37,913	-	-	-	-	37,913
Minority Business/Workforce Development	90,469	-	-	-	-	90,469
Corporate Training	124	-	-	-	-	124
Reserve for landfill remediation	2,318,756	-	-	-	-	2,318,756
Future debt service		-	-	15,359,097	-	15,359,097
Total committed	4,443,631	-	-	15,359,097	-	19,802,728
Assigned for:						
Purchases on Order	4,088,362	-	36,664,222	-	-	40,752,584
Health and Welfare	-	-	-	-	486,281	486,281
Subsequent Year's Budget	-	1,538,357	-	-	-	1,538,357
Total assigned	4,088,362	1,538,357	36,664,222	-	486,281	41,238,865
Unassigned:						
Unassigned	49,129,145	-		-		49,129,145
Total fund balance	**58,337,466**	**1,544,049**	**37,412,623**	**15,359,097**	**3,737,730**	**114,852,608**

(b) Encumbrances

As discussed in the required supplementary information, unexpended general fund appropriations lapse at the end of the fiscal year unless carried over by Council action. Budgets for some special revenue funds and debt service funds are adopted on an annual basis. The capital projects fund and grant fund budgets are adopted on a project life basis.

At year end the value of encumbrances, net accrued encumbrances, expected to be honored upon performance by the vendor in the next year were as follows:

	General	ARPA	Capital Projects	Other Govt	Total
Committed for:					
Nonrecurring vehicle and equipment purchases	$2,523,224			$2,437,278	$ 4,960,502
Repairs and Improvements to Government Buildings	103,553				103,553
Parking enterprise fund	338				338
General Government Programs	36,471	625,414	14,615,277	51,719	15,328,881
Public Safety	496,029		1,580,348	69,297	2,145,674
Community Services	29,878				29,878
Street Construction and Maintenance	20,978		2,657,771	1,170,738	3,849,487
Health and Welfare	25,000	4,480		17,363	46,843
Parks and Recreation Programs	419,659	96,581	2,735,623	-	3,251,863
Education	414,907		3,353,760		3,768,667
Conservation and Development	18,325	210,692	13,869,844	350,235	14,449,096
Total committed	$4,088,362	$937,167	$38,812,623	$4,096,630	$47,934,782

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Primary Government

At June 30, 2025, the carrying value of the City's deposits and investments, with their respective credit ratings, was as follows:

Deposit and Investment Type		Fair Value	Credit Rating
Demand deposits	$	3,881,228	Various
Cash on hand		5,440	Various
Commonwealth LGIP		1,801,554	AAAm
Money Market Mutual Funds		2,450,618	AAAm
Commonwealth Non-Arbitrage Program (SNAP)		11,560,009	AAAm
Virginia Investment Pool		73,350,948	AAAm
Total deposits and investments	$	93,049,797	

Investments at Fair Value:

Effective July 1, 2015, the City adopted the provisions of GASB Statement 72, *Fair Value Measurement and Application.* This statement establishes standards of accounting and reporting related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs, known as the market value approach; which uses prices and other relevant information generated by market transactions involving identical or comparable assets.
- Level 3 inputs are significant unobservable inputs.

At June 30, 2025, there was no change in valuation techniques that had a significant impact on the values. The fair value hierarchy of Primary Government Investments was as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Credit Rating
Corporate certificate of deposit	$ -	$ 2,222,757	$ -	$ 2,222,757	Aa2
Corporate notes	-	10,708,701	-	10,708,701	Aaa to Aa3
U. S. Treasury notes	36,927,023	-	-	36,927,023	Aaa
Federal agency notes	-	9,995,810	-	9,995,810	Aaa
Total fair value investments	$ 36,927,023	$ 22,927,268	$ -	$ 59,854,291	

Credit Risk:

The City has a Statement of Investment Policy in accordance with the Commonwealth of Virginia Code section 2.2-400 et. seq., 2.2-4500 et. seq., 58.1-3123 et. seq. and Trust Agreements, where applicable. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as "N/A" in the credit rating column.

All demand deposits of the City are maintained in bank accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia Vol 1, Chapter 44 or covered by federal depository insurance.

Local Government Investment Pool (LGIP) is a specialized money market-like fund created in the 1980 session of the Virginia General Assembly designed to offer a convenient and cost-effective investment vehicle for public entities. The Fund is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAm by Standard & Poors, Inc.

The Virginia Investment Pool (VIP) was established in 2013 by local Treasurers and Investment Officers through sponsorship of the Virginia Association of Counties and the Virginia Municipal League. The impetus behind the creation of VIP was to develop an investment vehicle which local governments could jointly invest to prudently achieve higher earnings on operating and reserve funds. VIP enables local governments to take advantage of the full range of investments authorized in the Code of Virginia with the guidance of a professional fund manager. The stable NAV Liquidity Pool, rated AAAm by S&P, offers stable net asset value, daily liquidity, and a competitive yield.

Money Market Mutual Funds are shares in open-end, no-load investment funds registered under the Federal Investment Company Act of 1940, provided that the fund is rated at least AAAm or the equivalent by NRSRO.

The Commonwealth of Virginia State Non-Arbitrage Program (SNAP) was established pursuant to the Local Government Non-Arbitrage Investment Act to make available to Virginia counties, cities and towns assistance with the investment of and accounting for bond proceeds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The program is managed by PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission. SNAP provides local governments with a convenient method of pooling proceeds of bonds and notes for temporary investment pending their capital project expenditures. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

Corporate notes are held with a rating at least Aa (or its equivalent) by Moody's Investor's Service, Inc. and Standard and Poors, Inc. The final maturity shall not exceed a period of five (5) years from the time of purchase.

Federal agency obligations include bonds, notes and other obligations of the United States, and securities issued by any Aaa rated federal government agency, instrumentality or government sponsored enterprise except for Collateralized Mortgage Obligations. The final maturity shall not exceed a period of five (5) years from the time of purchase.

Concentration of Credit Risk:

The Policy establishes limitations on portfolio diversification by security type and institution to control concentration of credit risk as follows:

Permitted Investment	Sector Limit	Issue Limit
U. S. Treasury Obligations	100 %	100 %
Federal Agency Obligations	100	100
Municipal Obligations	10	3
Commercial Paper	20	3
Bankers' Acceptances	10	3
Corporate Notes	20	3
Negotiable Certificates of Deposit and Bank Deposit Notes	20	3
Money Market Mutual Funds	100	50
LGIP	50	50
Repurchase Agreements	35	35

At June 30, 2025, the sector and issue limits have not been exceeded.

Interest Rate Risk:

As a means of limiting exposure to fair value arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities. At June 30, 2025, all investments in the City's portfolio had a maturity of five years or less.

Restricted Cash and Investments:

The City had unspent bond proceeds of $22,149,693. Of this amount, $17,398,677 was for governmental activities, and $4,751,016 was business-type activities.

(b) City of Charlottesville Pension and OPEB Trust Fund

At June 30, 2025, the fair value hierarchy of Primary Government Investments, and the deposits and investments of the Pension Trust Fund, with the respective credit ratings, was as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Credit Rating
Common Stock	$ 87,363,312	$ -	$ -	$ 87,363,312	Various
Corp Fixed Income Securities	13,427,825	-	-	13,427,825	Aaa-B3
Government & agency fixed income securities					
Explicitly guaranteed by U.S. government	-	13,645,180	-	13,645,180	Various
Implicity guaranteed by U.S. government	-	7,171,427	-	7,171,427	Aaa-Aa1
Municipal	-	1,896,687	-	1,896,687	Aaa-Aa1
Mutual Funds - domestic	-	57,012,479	-	57,012,479	Various
Mutual Funds - international	-	34,121,604	-	34,121,604	Various
Total investments at fair value	$ 100,791,137	$ 113,847,377	$ -	$ 214,638,514	
Demand deposits	$ 15,171,647	$ -	$ -	$ 15,171,647	
Total investments at fair value & demand deposits	$ 115,962,784	$ 113,847,377	$ -	$ 229,810,161	

Alternative Investments:

A provision of GASB Statement 72, *Fair Value Measurement and Application,* is to disclose detail pertaining to City's Alternative Investments. The fair value of these investment types has been determined using the Net Asset Value per Share of the City's ownership interest in partners' capital. The City is invested in four unique alternative investments that make up 12.67% of the Pension Trust Fund total investments. There are no unfunded commitments, nor do any of the funds have a set end date. The valuation method is presented on the following table:

Investment Type	Fair Value	Redemptions Frequency (if currently eligible)	Redemption Notice Period
Alternative investments - UBS AgriVest	$ 6,112,309	Quarterly	60 days
Alternative investments - Ceres Farms	7,788,600	Annually	150 days
Alternative investments - RE PRISA	9,822,897	Quarterly	90 days
Alternative investments - RE PRISA II	9,645,947	Quarterly	90 days
Total alternative investments at fair value	$ 33,369,753		

Credit Risk:

Investments in the Pension Trust Fund are managed in accordance with policies adopted by the Retirement Commission. These policies set target allocations of 50% for domestic equities, 20% for fixed income, 10% for international equities, 5% for Emerging Markets, 5% for Farmland, and 10% for real assets and authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. Fixed income investments rated below BBB shall constitute no more than 10% of the total market value of all assets in the account. Credit ratings in the table below are ratings from Moody’s Investor’s Service. If the investment was rated only by Standard & Poor’s Rating Services, the table below has the Moody’s equivalent rating. The following table summarizes the Pension Trusts’ credit risk for corporate, implicitly guaranteed by U.S. government and municipal fixed income securities at June 30, 2025:

Investment Type	Rating	% of Total Portfolio
Corporate Bonds	No rating	6.5 %
Corporate Bonds	Aaa	7.1
Corporate Bonds	Aa1-Aa3	3.1
Corporate Bonds	A1-A3	11.2
Corporate Bonds	Baa1-B3	9.3
Federal Home Loan Mortgage Corporation	Aaa-Aa1	4.4
Federal National Mortgage Association	Aaa-Aa1	13.2
Implicitly Guaranteed Bonds	Aaa-Aa1	2.2
Municipal Bonds	Aaa-Aa1	5.2

Concentration of Credit Risk:

The policy establishes limitations on corporate securities by issuer in order to control concentration of credit risk as follows:

Company is not to exceed 5% of the total fund

The Plan has no investment that is greater than 5% of the total portfolio, excluding mutual funds and government securities.

Interest Rate Risk:

The Plan has no specific limits on the maximum maturity for any security held. There is a 5% limit on holding fixed income securities in any issuer, excluding government and government agency securities.

At June 30, 2025, the Trust had the following investments and maturities:

	Investment Maturity			
	Fair Value	0 - 5 years	6 - 10 years	11 - 40 years
Corporate fixed income	$ 13,427,825	$ 4,002,923	$ 1,765,884	$ 7,659,018
Government fixed income	22,713,294	1,435,399	4,074,658	17,203,238
	$ 36,141,119	$ 5,438,322	$ 5,840,542	$ 24,862,256

Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.65% at June 30, 2025 and 11.44% at June 30, 2024. The money-weighted rate of return expresses investment performance adjusted for the changing amounts invested.

(c) School Board Component Unit

At June 30, 2025, the carrying value of the School Board component unit deposits and investments, with their respective credit ratings, was as follows:

	Fair Value	Credit Rating
Deposit and Investment Type:		
Demand deposits	$ 35,447,081	N/A
Commonwealth LGIP	4,850,727	AAAm
Total Deposits and Investments	$ 40,297,808	

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2025, excluding the demand deposits and Commonwealth LGIP, there were no investments. Accordingly, there is no credit risk, concentration of credit risk, or interest rate risk.

(d) Charlottesville Economic Development Authority (CEDA)

At June 30, 2025, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

	Fair Value	Credit Rating
Deposit and Investment Type:		
Demand deposits	$ 2,809,335	N/A
Total Deposits and Investments	$ 2,809,335	

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. At June 30, 2025, excluding the demand deposits, there were no investments. Accordingly, based on this minimal risk, the CEDA does not have the need for a formal investment policy that addresses credit risk, concentration of credit risk or interest rate risk.

4. GENERAL PROPERTY TAXES

The two major sources of general property taxes are as follows:

(a) Real Estate

The City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. These levies are assessed each year as of January 1 based on the estimated market value of the property. January 1 is also the date an enforceable, legal claim to the asset applies. The City reassesses all property annually.

Real estate taxes are collected in equal semiannual payments that are due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2024, assessment which is due December 5, 2024. The first half of the January 1, 2025 assessment normally due June 5, 2025, less an allowance for uncollectible and less taxes not considered available for current expenditures plus collections on previously delinquent taxes. The tax rate for 2025 is $0.98 per $100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2025, and due December 5, 2025, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, real estate taxes that are not due as of June 30, 2025, are included in deferred revenue since they are not due for the current fiscal year.

(b) Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and prorated for motor vehicles acquired or sold during the year, with payment in equal semiannual installments due June 5 and December 5. During fiscal year 2025, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2024 assessment due December 5, 2024, and the first half of the January 1, 2025 assessment normally due June 5, 2025, less an allowance for uncollectible and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for 2025 was $4.40 per $100 of assessed value. Personal property taxes receivable, assessed during 2025 and due December 5, 2025, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, personal property taxes that are not due as of June 30, 2025, are included in deferred revenue since they are not due for the current fiscal year.

In April 1998, the Virginia General Assembly passed S.B. 4005, the Personal Property Tax Relief Act of 1998, PPTRA. In its original form, PPTRA, in essence, was a vehicle-based entitlement. Beginning 2006, changes to PPTRA made by S.B. 5005 marked an end to this vehicle-based entitlement. S.B. 5005 establishes what amounts to a fixed, annual block grant to localities, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. Localities determine how relief is to be distributed, within the guidelines established. Vehicles below $1,000 assessed value are given 100% relief.

5. LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Special Revenue Fund has $8,181 in outstanding installment loans and $387,236 in deferred payment loans, which are secured by property liens. Both installment and deferred payment loans have terms from 5 to 30 years, bear an interest rate of three percent, and are payable upon sale, transfer or disposal of the property. These loans represent monies advanced to low-income qualified property owners under federally funded housing renovation and rehabilitation projects and are fully offset on the balance sheet by an amount due to the federal government.

The Grants Special Revenue Fund has $384,980 in deferred payment loans, which are secured by property liens. All loans represent federally funded monies advanced to low-income qualified property owners under the HOME

Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- $850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.

- $130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.

- $1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4th Street, NW Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculates at 4.3% per annum. The entire principal balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.

- $2,392,470 in deferred payment loans advanced to low-income property owners with terms similar to those of the CDBG and HOME grants described above but funded by the City rather than federal funds. The loans are secured by property liens on the participating homeowners. Depending on the terms of each loan, a ratable portion of the loan balance is forgiven each month in which the participant owns the home. If the participant sells the home before the entire loan is forgiven, they are responsible for repayment of the remaining loan balance. Because this rarely happens, and therefore most loans are forgiven, an allowance for the full amount is recorded to offset the receivable.

The Charlottesville Economic Development Authority (CEDA) entered into a 20-year promissory note with the Charlottesville Pavilion in the amount of $2.4 million for construction cost of the Amphitheater in 2004, with periodic payments of principal and interest, at 3.70%. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, an accounts receivable. In 2018, a modification of the promissory note was executed to re-advance $500,000 for the replacement of the roof of the Amphitheater and extend the maturity date of the note to 2026. The balance of the note receivable was $480,814 at June 30, 2025. In 2013, CEDA also executed a $130,000 promissory note with the Lewis & Clark Exploratory Center for the construction of their learning center at Darden Towe Park. A reimbursement payable to the City is currently recorded and will be forgiven as described above.

6. DUE FROM AND TO OTHER GOVERNMENTS

(a) Amounts due from other governments at June 30, 2025, are presented below:

	Federal	State	Other	Total
City Governmental Activities:				
Major funds:				
General Fund - Consolidated	$ -	$ 3,182,727	$ 159,084	$ 3,341,811
Capital Projects Fund	-	4,212,300	446,766	4,659,066
Social Services	-	693,427	3,678	697,105
Total major funds	-	8,088,454	609,528	8,697,982
Non-major funds:	5,064,466	7,960,545	2,413,918	15,438,929
Total Primary Government	$ 5,064,466	$ 16,048,999	$ 3,023,446	$ 24,136,911
Component Unit - Schools	$ 1,235,549	$ 943,360	$ 267,871	$ 2,446,780

(b) Amounts due to other governments at June 30, 2025, are presented below:

	Federal	State	Other	Total
Non-major funds:				
CDBG	$ 395,416	$ -	$ -	$ 395,416
Consolidated Grants	59,425	68,476	405,229	533,130
Total Primary Government	$ 454,841	$ 68,476	$ 405,229	$ 928,546

7. DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

(a) Individual fund deficits in consolidated pooled cash are considered short-term receivables of the General Fund. Individual fund interfund receivable and payable balances of the City at June 30, 2025, are presented below:

Major funds:		
General Fund	$ 12,254,552	$ -
Social Services Fund	-	127,997
Warehouse	-	380,392
Fleet	-	3,146,264
Total major funds	12,254,552	3,654,653
Non-major funds:		
Special revenue funds:		
Community Development Block Grant	-	21,524
Grants Fund	-	546,485
Human Services Fund	-	500,155
Comprehensive Services Act Fund	-	(266,208)
Transit	-	7,797,943
Total special revenue funds	-	8,599,899
Totals	$ 12,254,552	$ 12,254,552

(b) Transfers are primarily used to 1) transfer revenues that have been collected in the required fund per state law to the funds and activities that state law allows for expenditures; 2) transfer of “payment in lieu of taxes” contributions from the utility funds to the General Fund; 3) transfer funding from governmental funds to debt service and capital project funds; and 4) transfer matching funds from the General Fund and Special Revenue Funds for various grant programs.

Interfund transfers for the year ended June 30, 2025, consisted of the following:

	Transfers in:							
Transfers out:	General Fund	CIP Fund	Debt Service	Social Services	Nonmajor Government	Health Care	Proprietary	Total
General Fund	$ -	$35,125,186	$13,725,940	$4,930,318	$11,077,040	$ -	$ 489,080	$65,347,564
CIP Funds	1,400,000	-	-	-	431,390	3,500,000	-	5,331,390
Water Fund	1,074,909	-	-	-	-	-	1,800,000	2,874,909
Sewer Fund	1,165,268	-	-	-	-	-	2,830,224	3,995,492
Stormwater	-	-	-	-	-	-	579,147	579,147
Gas Fund	5,048,027	-	-	-	-	-	-	5,048,027
Total	$8,688,204	$35,125,186	$13,725,940	$4,930,318	$11,508,430	$3,500,000	$5,698,451	$83,176,529

Reconciliation to exhibits:		Transfers in:	Transfers out:
Governmental Funds	Exhibit D	$73,978,078	$70,678,954
Proprietary Funds	Exhibit E-2	5,698,451	12,497,575
		$79,676,529	$83,176,529

8. CAPITAL ASSETS

(a) Primary Government

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities:				
Capital assets not being depreciated				
Land and improvements	$ 29,087,123	$ 112,509	$ -	$ 29,199,632
Infrastructure right of way	3,254,499	-	-	3,254,499
Assets under construction	71,392,664	50,555,126	7,178,857	114,768,933
Total capital assets not being depreciated	103,734,286	50,667,635	7,178,857	147,223,064
Other capital assets				
Buildings and improvements	196,818,707	4,452,487	215,000	201,056,194
Vehicles	50,568,335	7,436,228	217,682	57,786,881
Furniture and equipment	30,012,739	804,335	-	30,817,074
Streets	107,285,357	-	1,182,685	106,102,672
Bridges	37,524,888	1,092,306	-	38,617,194
Infrastructure	56,446,371	-	-	56,446,371
Lease - equipment	401,783	60,520	-	462,303
Lease - building space	10,691,069	-	-	10,691,069
Subscription assets	4,008,430	522,630	96,946	4,434,114
Total other capital assets at historical costs	493,757,679	14,368,506	1,712,313	506,413,872
Less accumulated depreciation:				
Buildings and improvements	89,120,105	4,979,375	5,376	94,094,104
Vehicles	39,207,862	3,058,821	217,681	42,049,002
Furniture and equipment	26,853,857	913,913	-	27,767,770
Streets	62,553,938	2,347,136	285,951	64,615,123
Bridges	4,157,950	908,750	-	5,066,700
Infrastructure	34,089,797	1,016,846	-	35,106,643
Lease - equipment	201,285	88,445	-	289,730
Lease - building space	2,883,284	961,095	-	3,844,379
Subscription assets	1,692,006	947,690	-	2,639,696
	260,760,084	15,222,071	509,008	275,473,147
Other capital assets, net	232,997,595	(853,565)	1,203,305	230,940,725
Governmental activites capital assets, net	$ 336,731,881	$ 49,814,070	$ 8,382,162	$ 378,163,789

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Business-type activites:				
Land and improvements	$ 1,921,723	$ -	$ -	1,921,723
Easements	142,325	-	-	142,325
Total capital assets not being depreciated	2,064,048	-	-	2,064,048
Other capital assets				
Buildings and improvements	1,867,045	-	-	1,867,045
Vehicles	5,613,671	679,847	52,249	6,241,269
Equipment	3,042,431	111,594	83,111	3,070,914
Infrastructure	178,356,858	6,850,174	-	185,207,032
Lease - equipment	182,648	4,356	-	187,004
Total other capital assets at historical costs	189,062,653	7,645,971	135,360	196,573,264
Less accumulated depreciation:				
Buildings and improvements	1,560,374	26,730	-	1,587,104
Vehicles	3,581,385	566,776	41,573	4,106,588
Equipment	2,795,228	49,956	83,111	2,762,073
Infrastructure	71,723,173	4,391,096	-	76,114,269
Lease - equipment	165,402	12,065	-	177,467
	79,825,562	5,046,623	124,684	84,747,501
Other capital assets, net	109,237,091	2,599,348	10,676	111,825,763
Business-type capital assets, net	$ 111,301,139	$ 2,599,348	$ 10,676	$ 113,889,811

(b) School Board Component Unit

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated:				
Land	$ 982,889	-	-	$ 982,889
Other capital assets:				
Buildings and improvements	59,473,244	-	-	59,473,244
Vehicles	510,002	-	-	510,002
Furniture and equipment	2,912,397	1,156,939	-	4,069,336
Total other capital assets at historical cost	62,895,643	1,156,939	-	64,052,582
Less accumulated depreciation:				
Buildings and improvements	44,157,213	1,298,348		45,455,561
Vehicles	247,119	51,441	-	298,560
Furniture and equipment	1,653,178	354,581	-	2,007,759
Total accumulated depreciation	46,057,510	1,704,370	-	47,761,880
Other capital assets, net	16,838,133	(547,431)	-	16,290,702
Governmental activities capital assets, net	$ 17,821,022	$ (547,431)	$ -	$ 17,273,591

(c) Allocation of Depreciation Expense

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:	
General government	$ 3,156,837
Public Safety	1,836,055
Community services	3,589,033
Health and welfare	100,432
Parks, recreation and culture	1,787,122
Education	1,004,570
Conservation and development	3,747,904
Information Technology	253
Total increase in accumulated depreciation - governmental	$ 15,222,206
Business-Type activities:	
Water	$ 1,795,723
Sewer	1,484,085
Gas	1,188,666
Stormwater	520,808
Golf	57,341
Total increase in accumulated depreciation - business type	$ 5,046,623

Depreciation expense was charged to functions/programs of the Schools component unit as follows:

School activities:

Instruction and instruction related	$	1,005,577
Support services - student based		596,530
Administrative support services		102,263
	$	1,704,370

(d) Tenancy in Common – School Board Capital Assets

In fiscal year 2002, the Commonwealth of Virginia General Assembly passed a law to respond to GASB Statement 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City's general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

9. LONG-TERM LIABILITIES

(a) City

At June 30, 2025, the City's long-term liabilities consisted of the following:

Governmental Activities	Interest Rate	Original Amount of Debt	Principal Amount Outstanding
General Obligation Bonds			
General improvement refunding, Series 2012	1.25-4.00	26,870,300	$ 907,200
General Improvement, Series 2013	3.00-4.00	5,610,000	2,240,000
General improvement refunding, Series 2014	2.125-5.00	7,130,695	2,450,000
General improvement refunding, Series 2015	2.00-5.00	23,068,366	11,077,652
General improvement refunding, Series 2016	2.00-5.00	11,125,466	6,741,754
General Improvement, Series 2017	5.00	11,140,000	6,660,000
General Improvement, Series 2018	3.375-5.00	4,610,000	2,990,000
General Improvement, Series 2019	5.00	9,520,000	6,650,000
General Improvement, Series 2020	1.00-2.20	13,455,000	10,540,000
General Improvement, Series 2021	2.00-5.00	12,045,700	8,692,250
General Improvement, Series 2021B	1.08	4,285,165	2,447,217
General Improvement, Series 2022	4.00-5.00	18,350,000	15,590,000
General Improvement, Series 2023	3.39-4.89	14,470,000	13,015,000
General Improvement, Series 2024	5.00	51,950,000	49,360,000
Total			$ 139,361,073
Insurance claims payable			3,850,886
Lease liability			7,100,939
Subscription liability			1,820,838
Compensated absences			12,192,442
Net pension liability			68,105,445
Net OPEB liability			3,642,063
Total*			$ 236,073,686

*Amounts exclude unamortized premium amounts on bonds

Business Type Activities	Interest Rate	Original Amount of Debt	Principal Amount Outstanding
General Obligation Bonds			
General Obligation bonds, Series 2010(VRA)	2.93	5,030,409	$ 1,778,827
General Improvement refunding, Series 2012	1.25-4.00	7,224,700	362,800
General improvement, Series 2013	3.00-4.00	8,420,000	3,360,000
General improvement refunding, Series 2014	2.125-5.00	8,864,305	4,070,000
General improvement refunding, Series 2015	2.00-5.00	4,424,331	3,027,347
General Improvement refunding, Series 2016	2.00-5.00	1,754,534	1,218,246
General Improvement, Series 2017	5.00	2,680,000	1,570,000
General Improvement, Series 2018	3.375-5.00	6,125,000	3,965,000
General Improvement, Series 2019	5.00	6,310,000	4,175,000
General Improvement, Series 2020	1.00-2.20	10,545,000	8,420,000
General Improvement, Series 2021	2.00-5.00	8,759,300	6,537,750
General Improvement, Series 2021B	1.08	8,560,000	2,232,569
General Improvement, Series 2022	4.00-5.00	7,650,000	6,495,000
General Improvement, Series 2024	5.00	4,925,000	4,685,000
Total			$ 51,897,539
Compensated absences			1,410,641
Lease liability			8,317
Net pension liability			7,769,794
Net OPEB liability			806,575
Total*			$ 61,892,866

*Amounts exclude unamortized premium amounts on bonds.

The Water, Sewer and Stormwater Funds are responsible for $24,597,580; $19,338,827; and $7,961,132 respectively, of the Business-Type Activities bonds payable.

(b) School Board Component Unit

At June 30, 2025, the School Board's long-term liabilities consisted of:

Compensated absences	$ 9,301,878
Net pension liability	41,883,564
Net OPEB liability	9,775,201
Total	$ 60,960,643

(c) Changes in Long-Term Liabilities

The following is a summary of the long-term liabilities' transactions for the City and component units for the year ended June 30, 2025:

	Balance July 1, 2024	Restatements	July 1 2024 As Restated	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities:							
Bonds payable:							
General obligation bonds	$ 99,530,872	$ -	$ 99,530,872	$ 51,950,000	$ 12,119,799	$ 139,361,073	$ 11,346,555
Unamortized premium	7,310,689	-	7,310,689	6,405,313	1,257,338	12,458,664	-
Total bonds payable	106,841,561	-	106,841,561	58,355,313	13,377,137	151,819,737	11,346,555
Insurance claims payable	2,904,325	-	2,904,325	946,561	-	3,850,886	3,850,886
Lease liability	8,090,814	-	8,090,814	60,523	1,050,398	7,100,939	1,061,593
Subscription liability	2,380,393	-	2,380,393	383,196	942,751	1,820,838	912,428
Compensated absences	3,302,032	6,989,494	10,291,526	2,267,063	366,147	12,192,442	1,463,093
Net pension liability	77,371,846	-	77,371,846	-	9,266,401	68,105,445	-
Net OPEB liability	4,928,730	-	4,928,730	-	1,286,667	3,642,063	-
Total governmental activities	$ 205,819,701	$ 6,989,494	$ 212,809,195	$ 62,012,656	$ 26,289,501	$ 248,532,350	$ 18,634,555

Compensated absences are paid by General Fund, Social Services Fund and non-major governmental funds responsible for salary costs. Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities' column on Exhibit A.

Net pension liability and net OPEB liability measurement dates are both June 30, 2024.

	Balance July 1, 2024	Restatements	July 1, 2024 As Restated	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business Type Activities:							
Bonds payable:							
General obligation bonds	$ 51,947,394 `	$ -	$ 51,947,394	$ 4,925,000	$ 4,974,855	$ 51,897,539	$ 4,815,007
Unamortized premium	4,009,604	-	4,009,604	593,291	611,762	3,991,133	-
Total bonds payable	55,956,998	-	55,956,998	5,518,291	5,586,617	55,888,672	4,815,007
Lease liability	16,153	-	16,153	4,354	12,190	8,317	2,469
Compensated absences	359,371	914,431	1,273,802	136,839	-	1,410,641	169,277
Net pension liability	8,663,771	-	8,663,771	-	893,977	7,769,794	-
Net OPEB liability	930,654	-	930,654	-	124,079	806,575	-
Total Business type activities	$ 65,926,947	$ 914,431	$ 66,841,378	$ 5,659,484	$ 6,616,863	$ 65,883,999	$ 4,986,753

Compensated absences are paid by business–type activities that are responsible for salary costs.

Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities' column on Exhibit A and E-1.

* There was opening balance adjustment compensated absences.

	Balance July 1, 2024	Restatements	July 1, 2024 As Restated	Additions	Reductions	Balance June 30, 2025	Due within one year
School Board:							
Compensated absences	2,905,047	5,216,731	8,121,778	4,520,905	3,340,804	9,301,879	1,116,225
Net OPEB Liability	10,133,013	-	10,133,013	-	357,812	9,775,201	-
Net pension liability	44,630,384	-	44,630,384	-	2,746,820	41,883,564	-
Total	$ 57,668,444	$ 5,216,731	$ 62,885,175	$ 4,520,905	$ 6,445,436	$ 60,960,644	$ 1,116,225

Net pension and OEPB liability measurement date is June 30, 2024.

(d) Debt Compliance and Repayment

The governmental activities general obligation and public improvement bonds are secured by the full faith and credit of the City and are payable from taxes levied on all property located within the City.

The gas, water, sewer and stormwater funds general obligation and public improvement refunding bonds are payable from revenues generated by the facilities constructed from the bond proceeds, although they are also backed by the full faith and credit of the City should the facilities not provide sufficient revenues to meet bond obligations. The City has complied with all significant financial bond covenants.

The City has no overlapping debt with other jurisdictions. At June 30, 2025, the City had a debt limit of $1,169,003,260 which is 10% of assessed value of real property and a legal debt margin of $950,105,919.

The annual requirements to amortize to maturity all long-term obligations outstanding of the City, except for compensated absences payable for which the payment dates cannot be estimated are presented on note 9 (g).

(e) General Obligation Public Improvement Bonds

The City did not refund any bond series for this fiscal year.

(f) Prior Year Defeasance of Debt

In prior years, the City defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2025, there are no defeased bonds remaining outstanding.

(g) Debt Service Requirements to Maturity

General Obligations Bonds

Fiscal Year	Governmental Activities		Business Type Activities	
Ending June 30,	Principal	Interest	Principal	Interest
2026	$ 11,346,555	$ 5,664,098	$ 4,815,007	$ 1,832,318
2027	11,171,539	5,179,931	4,810,826	1,643,314
2028	10,526,868	4,704,432	4,656,418	1,455,400
2029	9,981,660	4,259,155	4,512,668	1,273,550
2030	9,280,799	3,855,555	4,274,697	1,102,341
2031 - 2035	40,793,652	14,047,529	16,377,923	3,504,066
2035 - 2040	30,880,000	6,714,905	9,870,000	1,314,391
2041 - 2045	15,380,000	1,380,600	2,580,000	158,600
Total bonds	$ 139,361,073	$ 45,806,205	$ 51,897,539	$ 12,283,980

Lease Liability

Fiscal Year	Governmental Activities		Business Type Activities	
Ending June 30,	Principal	Interest	Principal	Interest
2026	$ 1,061,593	$ 139,769	$ 2,469	$ 298
2027	1,065,967	116,584	2,463	193
2028	861,363	94,412	2,508	81
2029	657,828	79,056	877	6
2030	664,011	65,231		
2031- 2035	2,790,177	119,512		
Total lease	$ 7,100,939	$ 614,564	$ 8,317	$ 578

Subscription Liability

Fiscal Year	Governmental Activities	
Ending June 30,	Principal	Interest
2026	$ 912,428	$ 49,887
2027	569,499	22,339
2028	253,041	8,357
2029	63,374	2,085
2030	22,496	425
Total Subscription	$ 1,820,838	$ 83,093

10. CITY OF CHARLOTTESVILLE - DEFINED BENEFIT PLAN – FIDUCIARY INFORMATION

Because the City does not issue a separate financial report of the Defined Benefit Pension Plan, the City must report certain information for the plan as of, and for the year ended, June 30, 2025 which is the most recent measurement date for this plan. This information is disclosed below and in Exhibits F-1 and F-2. Investment information is disclosed in Note 3b to the financial statements.

The City's Defined Benefit Plan is a cost sharing plan which includes employees of the City of Charlottesville, the Jefferson-Madison Regional Library (JRML) and the Charlottesville-Albemarle Convention and Visitors Bureau (CACVB). The amounts below are for the plan as a whole.

Plan description. The City administers the Pension Plan, a single employer defined benefit plan for general and public safety employees. The Pension Plan provides retirement and disability benefits to eligible plan members and their beneficiaries. The plan is governed by City Council, as provided in Article II, IV and V of Chapter 19 of the City Code, 1990, as amended, of the City of Charlottesville and is an irrevocable trust fund. City Council may amend benefits and other plan provisions and is responsible for the management of plan assets. The Plan does not provide automatic annual increases (COLA) in benefits. The Pension Plan is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City Supplementary Retirement or Pension Plan report.

The Pension Plan covers all regular employees that work at least half time for at least 36 weeks per year. Employer contribution is determined annually based on actuarial valuation data. Plan members are entitled to an annual retirement benefit, payable monthly for life. Public safety employees include sworn police and sheriff officers and fire fighters. Employees hired *before* July 1, 2012, employees hired on *or after* July 1, 2012, and employees hired on *or after* July 1, 2017 have different pension provisions and employee contribution rates as follows:

General Employee Pension Plan – Normal Retirement Benefit			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 65 with 5 years of service	Age 65 with 5 years of service	Age 65 with 5 years of service
Early Retirement Age (1/2% reduction for each month before 30 years as of retirement date)	Age 55 with 5 years of service Age 50 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years

Public Safety Pension Plan – Normal Retirement Benefit			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 60	Age 60	Age 60
Early Retirement Age (1/2% reduction for each month the actual retirement date is less than 30 years)	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years
Social Security Supplement	1% of Average Final Compensation (AFC) x years of creditable service paid until Social Security retirement age with 20 years of service. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.

Membership in the City's Pension Plan consists of the following at June 30, 2025, according to the most recent actuarial valuation:

	City Members	JMRL Members	CACVB Members
Retirees and beneficiaries currently receiving benefits	727	50	4
Vested terminated employees	379	10	4
Current employees:			
Vested	509	15	-
Nonvested	237	-	-
Total	1,852	75	8

Contributions. The contribution requirements of plan members and the City are established and may be amended by City Council. Plan members hired before July 1, 2012 are required to contribute 1% of base pay, (annual covered salary) members hired on or after July 1, 2012 must contribute 3% of base pay, and members hired on or after July 1, 2017 must contribute 5% of base pay for the Pension. The City's contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2025 are based on the July 1, 2023, actuarial report. The general employee contribution rate for 2025 was 21.10% and the public safety contribution rate was 36.89%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2024 actuarial valuation using the following methods and assumptions:

Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.0% - 4.0%
Assumed inflation rate	2.0% per annum, compounded annually
Cost of living adjustment, ad hoc	1% per year

Mortality rates. Healthy Lives –Pub-2010 table, fully generational, projected with scale AA; Disabled Lives – Pub-2010 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Basis of accounting and valuation of investments. The Pension Trust financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with provisions of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Pension Trust Statement of Net Position date. Securities without an established market value are reported at estimated fair value. The schedule of Defined Benefit Pension Plan investments and annual rate of return are further described in Note 3b.

Net Pension Liability. Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined is as follows:

	June 30, 2025	June 30, 2024
Total Pension Liability:	$255,205,197	$249,836,159
Fiduciary Net Position:	$194,520,867	$172,688,294
Net Pension Liability:	$60,684,330	$77,147,865
Fiduciary Net Position as a Percentage of Total Pension Liability:	76.2%	69.1%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	$105,432,258	$77,147,865	$53,460,001

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2025 was 11.65%. The investment return on the smoothed value of assets (actuarial value of assets) was 5.61%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four-year period. Actual earnings are dividends, interest, or sales of investments, projected, or unrealized returns, are market value of investments.

Asset Class	Allocation	Real Rate of Return
Domestic Equity:	50.0%	9.6%
Large Cap	30.0%	9.7%
Mid Cap	12.5%	9.1%
Small Cap	7.5%	7.7%
International equity	10.0%	5.6%
Emerging equity	5.0%	6.9%
Real estate	10.0%	3.9%
Farmland	5.0%	8.6%
Fixed income	20.0%	0.8%
Total	100%	11.3%

Pension Trust Fund on June 30, 2025, Combining Statement of Net Position and Statement of Changes in Net Position:

	Retirement Fund June 30, 2025	Post-Retirement Benefits Fund June 30, 2025	Total Pension Trust June 30, 2025
Assets			
Cash and cash equivalents	$ 11,301,993	$ 3,869,654	$ 15,171,647
Interest receivable	272,745	95,833	368,578
Investments			-
Common stocks	64,648,154	22,715,158	87,363,312
Corporate fixed income securities	9,936,483	3,491,342	13,427,825
Government and agency fixed income securities	16,807,657	5,905,638	22,713,295
Mutual Funds			
Domestic	42,188,781	14,823,698	57,012,479
International	25,249,716	8,871,888	34,121,604
Alternative investments			
Agriculture	10,286,562	3,614,346	13,900,908
Real estate	14,406,789	5,062,054	19,468,843
Total investments	183,524,142	64,484,124	248,008,266
Total assets	195,098,880	68,449,611	263,548,491
Liabilities			
Accounts payables	77,523	27,239	104,762
Net Position			
Held in trust for pension benefits and other purposes	$ 195,021,357	$ 68,422,372	$ 263,443,729

	Retirement Fund June 30, 2025	Post-Retirement Benefits Fund June 30.2025	Total Pension Trust June 30, 2025
ADDITIONS			
Contributions:			
Employer	$ 17,981,787	$ 1,899,475	$ 19,881,262
Plan members	1,614,979	939,415	2,554,394
Total contributions	19,596,766	2,838,890	22,435,656
Investment earnings:			
Net increase in fair value of investments	17,641,143	6,337,583	23,978,726
Interest	1,164,050	418,186	1,582,236
Dividends	1,027,471	369,120	1,396,591
Total investment earnings	19,832,664	7,124,889	26,957,553
Less investment expenses	(723,858)	(260,046)	(983,904)
Net investment earnings	19,108,806	6,864,843	25,973,649
Total additions	38,705,572	9,703,733	48,409,305
DEDUCTIONS			
Pension benefits	15,885,374	-	15,885,374
Refund of plan member contributions	216,381	-	216,381
Post retirement benefits	-	4,739,514	4,739,514
Administrative expenses	270,752	105,668	376,420
Total deductions	16,372,507	4,845,182	21,217,689
Change in net position	22,333,065	4,858,551	27,191,616
Net position as of July 1, 2024	172,688,292	63,563,821	236,252,113
Net position as of June 30, 2025	$ 195,021,357	$ 68,422,372	$ 263,443,729

11. CITY OF CHARLOTTESVILLE - NET PENSION LIABILITY

As described in Note 10, the City offers a Defined Pension plan to certain employees. As permitted by GASB 68, the pension-related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2025 are based on a pension plan measurement date of June 30, 2024.

Membership in the City's Pension Plan consists of the following at June 30, 2024, the date of the most recent actuarial valuation:

	City Members	JMRL Members	CACVB Members
Retirees and beneficiaries currently receiving benefits	735	48	4
Vested terminated employees	376	11	4
Current employees:			
Vested	414	15	-
Non-vested	237	-	-
Total	1,762	74	8

Contributions. The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2024 are based on the July 1, 2023, actuarial report. The general employee contribution rate for 2024 was 28.00% and the public safety contribution rate was 51.28%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2020 actuarial valuation using the following methods and assumptions:

Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.0% - 4.0%
Assumed inflation rate	2.0% per annum, compounded annually
Cost of living adjustment, ad hoc	1% per year

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Net pension liability. The City's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The following chart is for the plan as a whole. The City's portion of the plan is 98.35%.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2023	$ 234,235,672	$ 145,633,425	$ 88,602,247
Changes for the year:			
Service cost	2,503,590	-	2,503,590
Interest	16,974,462	-	16,974,462
Differences between expected and actual experience	12,232,695	-	12,232,695
Changes of assumptions	-	-	-
Contributions - employer	-	25,134,883	(25,134,883)
Contributions - employee	-	1,377,849	(1,377,849)
Net investment income	-	16,937,534	(16,937,534)
Benefit payments, including refunds of employee contributions	(16,110,260)	(16,110,260)	-
Other	-	-	-
Administrative expense	-	(285,137)	285,137
Net Changes	15,600,487	27,054,869	(11,454,382)
Balance at June 30, 2024	$ 249,836,159	$ 172,688,294	$ 77,147,865

Changes in Net Pension Liability per participating entity:

	City Net Pension Liabilty	JMRL Net Pension Liabilty	All Entities Net Pension Liability
Balance at June 30, 2023	$ 86,035,617	$ 2,566,630	$ 88,602,247
Employer Contributions	(24,718,959)	(415,924)	(25,134,883)
Expense	16,480,120	(671,727)	15,808,393
Change in deferred outflow of resources	(3,120,705)	(388,143)	(3,508,848)
Change in deferred inflow of resources	1,195,149	185,807	1,380,956
Balance at June 30, 2024	$ 75,871,222	$ 1,276,643	$ 77,147,865

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	$105,432,258	$77,147,865	$56,460,001

Information on the annual money-weighted rate of return for 2025 is found in Note 3b and Exhibit I-1.
City Changes in deferred inflows and outflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	$ 18,560,490	$ 493,966
Prior years changes in proprotion and differences between contributions	(1,985,174)	131,592
Prior years impact of change in proportion on beginning NPL	3,169,896	1,124,448
Prior years difference between expected and actual investment earnings	35,482,353	36,731,158
Prior years changes in assumptions	18,248,033	-
Prior years amortization	(47,669,107)	(25,740,820)
Current year amortization	(11,326,096)	(5,724,180)
Differences between expected and actual experience	7,909,134	-
Impact of change in proportion on beginning NPL	1,100,440	-
Difference between expected and acutal investment earnings	-	4,379,211
Changes in assumptions	-	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(813,941)	145,803
Employer contributions subsequent to the measurement date	17,073,768	-
	$ 39,749,796	$ 11,541,178

Deferred outflows of resources amounting to $17,073,768 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2026	(2,785,148)
2027	(2,785,148)
2028	(2,785,148)
2029	(2,785,148)
Thereafter:	-
	$ (11,140,592)

12. CITY OF CHARLOTTESVILLE - DEFINED CONTRIBUTION PENSION PLAN

Effective July 1, 2001, the City established a defined contribution plan (the “DC Plan”) for its employees. The DC Plan is administered by ICMA-RC. All eligible employees were given a one-time option to switch from the City of Charlottesville Supplementary Retirement or Pension Plan to the DC Plan. If an employee elected to switch, their benefit was frozen under the Pension Plan. A total of 159 employees elected to participate at the DC Plan’s inception. Plan provisions and contribution rates for City and employees are established and may be amended by City Council.

All new hires are given a one-time option to choose either the Pension Plan or the DC Plan when they are hired. Under the DC Plan, the city contribution rate is 8% of the employee’s base salary to their individual ICMA-RC account. There is no employee contribution required. Employees determine how their account balance is invested from a range of available options. DC Plan contributions vest ratably over a three-year period. If the employee leaves the city before they are fully vested, part of the account balance may be forfeited. Forfeitures by policy are used to pay plan related expenses. There are no forfeitures reflected in pension expenses during the reporting period and no employer liability is outstanding to ICMA-RC at June 30, 2025.

At June 30, 2025, there were 394 active City employees and a total of 624 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of $1,443,798 for active employees.

There is also a separate defined contribution plan for senior management to which the City contributes. For the year ended June 30, 2025, a total of $659,889 was contributed for 19 active senior management employees. The City contribution rate is 19.5% of eligible compensation.

13. CITY OF CHARLOTTESVILLE - OTHER POST EMPLOYMENT BENEFIT (OPEB) FIDUCIARY INFO

Plan description. The City administers the OPEB plan, a single-employer plan that provides medical, dental and life insurance coverage for eligible Defined Benefit Pension Plan members that elect to participate, whether they worked for the City, the Jefferson Madison Regional Library (JMRL), or the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). Vested employees who separate service with the City before pension benefits are received are not eligible for OPEB benefits. The plan is open to new entrants. City Council may amend benefits for current and future retirees and is responsible for the management of the assets. The OPEB Trust is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City other postemployment benefits report.

OPEB Plan Benefits		
	Before July 1, 2012	On or after July 1, 2012
Medical and Dental coverage	Must have 5 years of creditable service. Under Age 65: Can continue to participate in Health Care Program Over Age 65: Participates in program that provide Medicare Supplementary Insurance and certain wellness benefits	Must have 10 years of creditable service. Under Age 65: Can continue to participate in Health Care Program. Health and dental coverage end at Medicare eligibility age.
Life Insurance	Must have 5 years of creditable service. Two times annual salary reduced 2% per month until benefit reaches the final annual salary.	Must have 10 years of creditable service. Two times annual salary reduced 25% per year unit benefit reaches 50% of final annual salary

Membership in the City's OPEB Plan consists of the following at June 30, 2025, the date of the most recent actuarial valuation:

	City	JMRL	CACVB
Inactive plan members or beneficiaries currently receiving benefit payments	499	49	4
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	1,016	104	-
Total	1,515	153	4

Funding policy. The contribution requirements for current and future Pension Plan members are established and may be amended by City Council. The city contribution is determined annually by City Council. Pension Plan members hired before December 3, 2002, received 100% of the city contribution towards the cost of medical and dental insurance. For Pension Plan Members hired on or after December 3, 2002, the city contribution toward the cost of medical and dental insurance is pro-rated based on vesting requirements and years of creditable service. Pension Plan members must pay for family members at their own expense. Surviving spouses of Pension Plan members may elect to continue health care benefits at their own expense. Life insurance is provided at no direct cost to the plan members. Defined Contribution Plan senior management is eligible for the same OPEB benefits as Pension Plan members. Defined Contribution Plan members may be eligible for access to continue medical and dental benefits. The City does not pay any of the costs. The DC Plan member is not eligible for life insurance benefits. The contribution rates for 2025 are based on the July 1, 2023, actuarial report. The general employee contribution rate is 2.48% and the public safety contribution rate is 4.65%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, 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. The mortality rates used were: Healthy Lives–RP-2000 table, fully generational, projected with scale AA; Disabled Lives–RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

The annual required contribution (ARC) was determined as part of the July 1, 2024 actuarial valuation using the following methods and assumptions:

Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	18 years, closed
Asset valuation method	4 year smoothed market
Investment return including inflation	7.5%
Projected salary increases	Range 2.0% - 5.0%
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0% Dental trend 4.0%

Basis of accounting and valuation of investments. The Pension Trust financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with provisions of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Pension Trust Statement of Net Position date. Securities without an established market value are reported at estimated fair value. The schedule of Defined Benefit OPEB Plan investments and annual rate of return are further described in Note 3b.

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2025 and June 30, 2024 is as follows:

	June 30,2025	June 30,2024
Total OPEB Liability	$ 73,498,954	$ 68,135,421
Fiduciary Net Position	68,348,011	63,563,821
Net OPEB Liability	$ 5,150,943	$ 4,571,600
Fiduciary Net Position as a Percentage of Total OPEB Liability	92.99%	93.29%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 7.5% discount rate. In calculating the Annual Required Contribution, the unfunded liability has been amortized over a period of 25 years (closed) beginning in FY 2016 based on the level percent of payroll method. The table below presents the net OPEB liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	$13,847,456	$5,150,943	$(2,123,520)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Trend Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	$(978,636)	$5,150,943	$12,393,701

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2025 was 11.65%. The investment return on the smoothed value of assets (actuarial value of assets) was 7.50%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

Asset Class	Allocation	Real Rate of Return
Domestic equity:		
Large Cap	30.0%	9.6%
Mid Cap	12.5%	9.8%
Small Cap	7.5%	8.4%
International equity	10.0%	5.8%
Emerging equity	5.0%	7.7%
Real estate	10.0%	4.4%
Farmland	5.0%	9.8%
Fixed income	20.0%	0.9%
Total	100%	11.6%

14. CITY OF CHARLOTTESVILLE - NET OPEB LIABILITY

As described in Note 13, the City administers the OPEB plan. As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2025 are based on an OPEB plan measurement date of June 30, 2024.

Membership in the City's OPEB Plan consists of the following at June 30, 2024, the date of the most recent actuarial valuation:

	City	JMRL	CACVB
Inactive plan members or beneficiaries currently receiving benefit payments	504	43	5
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	1,004	116	-
Total	1,508	159	5

Contributions. The contribution requirements of plan members and the City are described in Note 13. The contribution rates for 2024 are based on the July 1, 2022, actuarial report. The general employee contribution rate for 2024 was 1.82% and the public safety contribution rate was 4.81%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, 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. The mortality rates used were: Healthy Lives–RP-2000 table, fully generational, projected with scale AA; Disabled Lives–RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

The annual required contribution (ARC) was determined as part of the July 1, 2024 actuarial valuation using the following methods and assumptions:

Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	20 years, closed
Asset valuation method	Market value of assets
Investment return including inflation	7.5%
Projected salary increases	2.00-5.00%
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0%, Dental trend 4.0%

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Net OPEB liability. The City's net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2024, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The following chart is for the plan as a whole. The City's portion of the plan is 97.31%.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balance at June 30, 2023	$ 62,812,951	$ 56,742,510	$ 6,070,441
Changes for the year:			
Service cost	797,173	-	797,173
Interest	4,596,564	-	4,596,564
Differences between expected and actual experience	4,176,074	-	4,176,074
Changes of assumptions	397,854	-	397,854
Contributions - employer	-	4,166,962	(4,166,962)
Contributions - employee	-	1,013,716	(1,013,716)
Net investment income	-	6,401,800	(6,401,800)
Benefit payments, including refunds of employee contributions	(4,645,195)	(4,645,195)	-
Other	-	-	-
Administrative expense	-	(115,972)	115,972
Net Changes	5,322,470	6,821,311	(1,498,841)
Balance at June 30, 2024	$ 68,135,421	$ 63,563,821	$ 4,571,600

Changes in Net OPEB Liability per participating entity:

	City Net OPEB Liabilty	JMRL Net OPEB Liabilty	All Entities Net OPEB Liability
Balance at June 30, 2023	$ 5,859,384	$ 211,057	$ 6,070,441
Employer Contributions	(4,054,882)	(112,080)	(4,166,962)
Expense	(5,283,398)	(270,253)	(5,553,651)
Change in deferred outflow of resources	(827,348)	(92,892)	(920,240)
Change in deferred inflow of resources	8,754,882	387,130	9,142,012
Balance at June 30, 2024	$ 4,448,638	$ 122,962	$ 4,571,600

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 7.5% discount rate. In calculating the Annual Required Contribution, the unfunded liability has been amortized over a period of 25 years (closed) beginning in FY 2016 based on the level percent of payroll method. The table below presents the net OPEB liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	$12,535,137	$4,571,600	($2,108,522)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Trend Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	($1,040,343)	$4,571,600	$11,212,020

City Changes in deferred inflows and outflows:

City Changes in deferred inflows and outflows:	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	$ 136,560	$ 24,606,865
Prior years changes in proportion and differences between contributio	(1,357,979)	35,831
Prior years impact of change in proportion on beginning NOL	1,459,768	130,273
Prior years difference between expected and actual investment earnin	10,177,614	10,401,410
Prior years changes in assumptions	2,782,840	-
Prior years amortization	(4,842,677)	(17,854,314)
Current year amortization	(3,862,757)	(10,554,584)
Differences between expected and actual experience	2,708,169	-
Impact of change in proportion on beginning NOL	47,780	-
Difference between expected and actual investment earnings	-	1,658,464
Changes in assumptions	258,102	
Changes in proportion and difference between employer contribution a		
proportionate share of contribution	20,361	141,238
Employer contributions subsequent to measurement date	1,786,115	-
	$ 9,313,896	$ 8,565,183

Deferred outflows of resources amounting to $1,786,115 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2026	(259,101)
2027	(259,101)
2028	(259,101)
2029	(259,102)
Thereafter	-
	(1,036,405)

15. PENSION LIABILITIES – SCHOOL BOARD

School Board Component Unit – Virginia Retirement System (VRS)

Plan Description. The School Board contributes to the Virginia Retirement System (VRS), a group of qualified defined benefit retirement plans to provide pension benefits for all permanent full-time employees of the School Board. The VRS Plan for employees who are not teachers is an agent-multiple employer defined benefit plan and the VRS Plan for Teachers is a cost-sharing multiple employer defined benefit plan. Both Plans are administered by the Virginia Retirement System (the "System"). The VRS also provided Death and disability benefits. Title 51.1-145 of the *Code of Virginia*, as amended assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

School Board Teachers Cost Sharing Plan

Plan Description. All full-time, salaried permanent teachers are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed, and contributions are deposited 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.

The retirement benefit for teachers who became members before July 1, 2010, and were vested before January 1, 2013 (Plan 1 members) is based on the average of the highest 36 months of compensation as a covered employee. The retirement benefit for teachers who became members after June 30, 2010, or became vested after December 31, 2012 (Plan 2 members) is based on the average of the highest 60 months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted before January 1, 2013, for all employees 1.70%. The retirement multiplier for the creditable service purchased or granted after December 31, 2012, for Plan 2 members is 1.65%. The normal retirement age is 65 for Plan 1 members and Normal Social Security Retirement age for Plan 2 members. Plan 1 members must be 65 and have at least 5 years of creditable service, or age 50 with at least 30 years of creditable service to receive unreduced benefits. Plan 2 members must retire at the Normal Social Security Retirement Age with at least 5 years of creditable service or the sum of their age at retirement plus the years of creditable service equals 90 in order to receive an unreduced benefit. Early retirement age for Plan 1 member is 55 with at least 5 years of creditable service, or 50 with at least 10 years or creditable service. Early retirement age for Plan 2 members is 60 with at least 5 years of creditable service. The Cost-of-Living Adjustment (the "COLA") for Plan 1 members matches the first 3% of the Urban Consumers Consumer Price Index plus one half of any excess over 3% up to a maximum COLA of 5%. The COLA for Plan 2 members matches the first 2% with a maximum COLA of 3%.

Contributions. Teachers and employers are required to contribute to the retirement plans as provided by Section 51.1-145 of the *Code of Virginia*, as amended. Teachers are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% teacher contribution may have been assumed by the employer. Beginning July 1, 2012, new teachers were required to pay the 5.0% member contribution. In addition, for existing teachers, employers were required to begin making the teacher pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the teacher-paid member contribution.

The School Board's contractually required rate for the year ended June 30, 2025 was 14.21% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2023. This actuarially determined rate, when combined with teacher contributions, was expected to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia,* as amended, the contributions may be impacted as a result of funding provided to school divisions by the VA General Assembly. Contributions to the pension plan from the School Board were $7,337,010 and $7,525,510 for the years ended June 30, 2025 and 2024, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Page 10 of 20 Updated 10/8/2024 Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The School Board's proportionate share is reflected in its financial statements.

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Pension Liabilities, Pension expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the School Board reported a liability of $41,883,564 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating teachers. At June 30, 2025 the School Board's proportion was 0.45257% as compared to 0.44629% at June 30, 2024.

For the year ended June 30, 2025, the School Board recognized teacher pension expense of $3,356,702. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to the deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of the employer contributions. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025 the School Board reported deferred outflows and deferred inflows of resources related to teacher pensions from the following sources:

School Board Changes in deferred inflows and outflows:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,266,208	$ 862,412
Net Difference between projected and actual earnings on plan investments	-	5,765,298
Change in assumptions	760,243	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	360,285	1,815,863
Employer contributions subsequent to measurement date	7,337,010	-
	$ 15,723,746	$ 8,443,573

Deferred outflows of resources amounting to $7,337,010 related to teachers' pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows and deferred inflows of resources related to teachers' pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30:	
2026	$ (3,398,950)
2027	3,196,196
2028	602,354
2029	(456,437)
2030	-
Total	$ (56,837)

Actuarial assumptions. The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2023, 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, 2024:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 – 5.95%

Mortality rates:

Pre-Retirement – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement – Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement – Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement health, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position.

As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$ 60,622,260
Plan Fiduciary Net Position	51,235,326
Employers' Net Pension Liability (Asset)	$ 9,386,934
Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilty	84.52%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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 rated of return (expected returns, net of pension System investment expenses 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversity Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	**100.00%**		**7.07%**
	Expected arithmetic nominal return		7.07%

The above allocation provides a one-year expected return of 7.07% (Includes 2.5% inflation assumption). 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. 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 contributions 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. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those 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.

Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The table below presents the proportionate share of the Net Pension Liability for the School Board using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than current rate:

	1.00% Decrease 5.75%	Current Discount Rate: 6.75%	1.00% Increase 7.75%
Teacher Net Pension Liability	$77,811,452	$41,883,564	$12,459,766

Pension Plan Fiduciary Net Position. Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf , or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

School Board Non-Professional Pension Plan

Plan Description. All full-time, salaried permanent employees, who are not teachers, are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed, and contributions are deposited 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.

The retirement benefit for employees who became members before July 1, 2010, and were vested before January 1, 2013 (Plan 1 members) is based on the average of the highest 36 consecutive months of compensation as a covered employee. The retirement benefit for employees who became members on or after July 1, 2010, or they were not vested as of January 1, 2013 (Plan 2 members) is based on the average of the highest 60 consecutive months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted before January 1, 2013, for Plan 1 members is 1.70%. The retirement multiplier for the creditable service purchased or granted prior to January 1, 2013, for Plan 2 members is 1.65%. The normal retirement age is 65 for Plan 1 members and Normal Social Security Retirement age for Plan 2 members. Plan 1 members must be 65 and have at least 5 years of creditable service, or age 50 with at least 30 years of creditable service to receive unreduced benefits. Plan 2 members must retire at the Normal Social Security Retirement Age with at least 5 years of creditable service or the sum of their age at retirement plus the years of creditable service equals 90 in order to receive an unreduced benefit. Early retirement age for Plan 1 members is 55 with at least 5 years, or age 50 with at least 10 years or creditable service. Early retirement age for Plan 2 members is 60 with at least 5 years of creditable service. The Cost-of-Living Adjustment (the "COLA") for Plan 1 members matches the first 3% increase in the Urban Consumers Consumer Price Index (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA for Plan 2 members matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Employees covered by benefit terms. The following employees were covered by the benefit terms of the Plan as of the June 30, 2023 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits	122
Inactive employees entitled to but not yet receiving benefits	
Retirees and Beneficiaries	56
Vested	15
Non-vested	36
Vested elsewhere	15
Active elsewhere on VRS	14
Total inactive	136
Active employees	59
Total covered employees	195

Contributions. The Contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all, or part of the 5.0% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board's contractually required employer contribution rate for the year ended June 30, 2025 was 0% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school Board were $0 and $0, for the years ended June 30, 2024 and 2023, respectively.

Net pension liability. The School Board's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial assumption. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net if pension plan investment expenses including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 to 5.35%

Mortality rates

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvements: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvements: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period for July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement health, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement health, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP 2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rates	No change
Line of Duty Disability	No change

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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partner	1.00%	8.00%	0.08%
Diversity Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	**100.00%**		**7.07%**
	Expected arithmetic nominal return		7.07%

The above allocation provides a one-year expected return of 7.07% (Includes 2.5% inflation assumption). 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.
On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%

Discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those 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 (asset).

Changes in Net Pension Liability:	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2023	$ 10,802,656	$ 12,766,899	$ (1,964,243)
Changes for the year:			
Service cost	184,294	-	184,294
Interest	715,018	-	715,018
Differences between expected and actual experience	125,440	-	125,440
Contributions - employee	-	107,234	(107,234)
Net investment income	-	1,211,888	(1,211,888)
Benefit payments, including refunds of employee contributions	(788,195)	(788,195)	-
Administrative expense	-	(8,519)	8,519
Other changes	-	(781)	781
Net Changes	236,557	521,627	(285,070)
Balances at June 30, 2024	$ 11,039,213	$ 13,288,526	$ (2,249,313)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate that is one percentage point lower or one percentage point higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Net Pension Liability	$(1,096,697)	$(2,249,313)	$(3,215,571)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2025 the School Board recognized pension expense of

$(166,422). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 79,757	$ -
Net Difference between projected and actual earnings on plan investments	-	363,647
	$ 79,757	$ 363,647

Deferred outflows of resources amounting to $0 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows: Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (261,750)
2027	119,593
2028	(67,051)
2029	(74,682)
2030	-
Total	$ (283,890)

16. CITY SCHOOL BOARD - OTHER POST EMPLOYMENT BENEFIT (OPEB)

School Board Component Unit – Post-Employment Medical Plan Subsidy

Plan Description. The medical plan subsidy covers all full-time employees who have met all requirements of the Virginia Retirement System (VRS) that are eligible for full, unreduced retirement benefit if they have 30 years of service credit and have at least 10 consecutive years in a full-time salaried position as of the date of retirement. The retirees are not eligible for Medicare coverage (age 65) at retirement date. Medical benefit subsidies on or before March 15, 2006, is a monthly benefit fixed at $250 payable to the earlier of: a) is age 65; b) is 60 monthly payments; and c) is the death of the retiree. Employees who retire after June 30, 2010, and have 10 or more consecutive years of service will receive one of the following annual allotments to assist with paying for individual health insurance with Charlottesville City Schools: Category A: $4,000 for all full-time employees and Category B: $2,000 for all part-time employees. Employees who are eligible for full retirement and are not eligible for or who do not choose health insurance coverage will receive a one-time payment of $5,000 (full-time) or $2,500 (part-time). There are no life insurance benefits.

Membership in the School's Local OPEB Plan consists of the following at June 30, 2025, the date of the most recent actuarial valuation:

	Local Plan
Inactive plan members or beneficiaries currently receiving benefit payments	15
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	840
Total	855

Funding Policy. The School Board is assumed to make contributions to the medical plan equal to the cost of the benefits (claim payments plus administrative fees not covered by the retiree contribution). The plan is funded on a pay-as-you-go basis. Employees make no contributions.

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 type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The mortality rate used for Active Employees and Retirees was Pub-2010 Teachers Employees MP 2021 (Headcount-Weighted).

The following assumptions were used in the most recent actuarial report dated April 1, 2024:

Method	Assumption
Actuarial cost method	Entry Age Actuarial Cost Method
Salary scale	2.50%
Discount rate	3.97%
Investment return	None
Healthcare cost trend rate	5.80% FYE 2023, then 7.50% for fiscal year 2024, declining to ultimate rate of 3.94% in fiscal year 2075

Basis of accounting and valuation of investments. The School's financial statements are prepared on the accrual basis of accounting.

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2025, and June 30, 2024, is as follows:

	June 30, 2025	June 30, 2024
Total OPEB Liability	$ 2,412,334	$ 2,326,650
Fiduciary Net Position	-	-
Net OPEB Liability	$ 2,412,334	$ 2,326,650
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%

At June 30, 2025 the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	$ 118,363	$ (318,500)
Changes in assumptions	136,000	(861,062)
Employer contributions subsequent to the measurement date	153,947	-
	$ 408,310	$ (1,179,562)

Deferred outflows of resources amounting to $153,947 resulting from the contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2026	$	(122,836)
2027		(122,836)
2028		(122,836)
2029		(122,836)
2030		(122,836)
Thereafter	$	(311,019)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 3.97% discount rate. The table below presents the net OPEB liability for the School calculated using the discount rate of 3.97%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 2.97%	Current Discount Rate: 3.97%	1.00% Higher 4.97%
Net OPEB Liability	$2,574,979	$2,412,334	$2,259,023

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the School calculated using the healthcare cost trend rate of 4.04%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 3.04%	Current Trend Rate: 4.04%	1.00% Higher 5.04%
Net OPEB Liability	$2,276,362	$2,412,334	$2,573,820

School Board Component Unit – OPEB Liability – Virginia Retirement System Plans

Plan Descriptions.

Group Life Insurance Program All full-time teachers and permanent employees of School division are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp .

Teacher & Nonprofessional Employee Health Insurance Credit Program All full time, salaried permanent (professional) and nonprofessional employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. Specific information about the Teacher HIC is available at https://www.varetire.org/retirees/insurance/healthinscredit/index.asp .

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

Contributions. Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2022. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	$242,674 for teachers and $12,515 for school board nonprofessionals
June 30, 2024 Contribution	$257,616 for teachers and $12,892 for school board nonprofessionals

Teacher Health and Nonprofessional Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% for teachers and .93% for school board nonprofessionals.
June 30, 2025 Contribution	$624,756 for Teachers and $24,700 for school board nonprofessionals.
June 30, 2024 Contribution	$557,858

Actuarial methods and assumptions. Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities. Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 15.

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Method	Assumption
Inflation	2.5%
Salary Increases – General employees	3.5 – 5.35%
Salary Increases – Teachers	3.5 – 5.95%
Investment rate of return – GLI & HIC	6.75% net of plan investment expenses, including inflation

Net OPEB Liability. The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position.

As of June 30, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	HIC Teacher	GLI
Total OPEB Liability	$ 1,478,105	$ 4,196,055
Plan Fiduciary Net Position	322,457	3,080,133
Net OPEB Liability	$ 1,155,648	$ 1,115,922
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liabilty	21.82%	73.41%

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs
The long-term expected rate of return on 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 OPEB 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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversity Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	**100.00%**		**7.07%**
	Expected arithmetic nominal return		7.07%

The above allocation provides for a one-year expected return of 7.07% (Includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.5%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Net OPEB Liability As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2025 are based on a measurement date of June 30, 2024.

	GLI Teacher	GLI - Non	HIC-Prof	HIC - non
Employer's Proportion of the Net GLI/HIC OPEB Liability (Asset	0.18599%	0.00930%	0.44575%	0.00000%
Employer's Proportionate Share of the Net GLI/HIC OPEB Liability (Asset)	2,075,503	103,781	5,151,301	32,282
Employer's Covered Payroll	51,632,719	2,662,766	51,632,719	2,655,926
Employer's Proportionate Share of the Net GLI/HIC				
OPEB Liability (Asset) as a Percentage of its Covered	4.02%	3.90%	9.98%	1.22%
Plan Fiduciary Net Position as a Percentage of the Total GLI/HIC OPEB Liabilit	73.41%	73.41%	21.82%	21.82%

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to GLI and HIC OPEB from the following sources:

	GLI - Teacher	
School Board Changes in deferred inflows and outflows:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 363,498	$ 50,698
Net Difference between projected and actual earnings on plan investments	-	174,943
Change in assumptions	11,830	102,858
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,498	155,270
Employer contributions subsequent to measurement date	242,674	-
	$ 619,500	$ 483,769

	GLI -Non-teacher	
School Board Changes in deferred inflows and outflows:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,215	$ 2,535
Net Difference between projected and actual earnings on plan investments	-	8,748
Change in assumptions	592	5,143
Changes in proportion and difference between employer contributions and proportionate share of contributions	168	10,123
Employer contributions subsequent to measurement date	12,515	-
	$ 31,490	$ 26,549

	HIC - Non-teacher	
School Board Changes in deferred inflows and outflows:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 96,745
Net Difference between projected and actual earnings on plan investments	-	911
Change in assumptions	3,856	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to measurement date	24,700	-
	$ 28,556	$ 97,656

	HIC - Teacher	
School Board Changes in deferred inflows and outflows:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 244,056
Net Difference between projected and actual earnings on plan investments	-	18,323
Change in assumptions	88,742	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	28,197	304,156
Employer contributions subsequent to measurement date	624,756	-
	$ 741,695	$ 566,535

The deferred outflows of resources related to GLI and HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

GLI - Teacher

Year ending June 30:	
2026	(135,903)
2027	(6,647)
2028	(25,152)
2029	(4,330)
2030	28,947

GLI - Non-teacher

Year ending June 30:	
2026	(7,386)
2027	(996)
2028	(1,696)
2029	(123)
2030	780

HIC - Teacher

Year ending June 30:	
2026	(106,203)
2027	(89,953)
2028	(109,833)
2029	(87,368)
2030	(50,704)
Thereafter:	(5,537)

HIC - Non-teacher

Year ending June 30:	
2026	(34,131)
2027	(37,491)
2028	(19,721)
2029	(2,457)
2030	-
Thereafter:	-

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	HIC Teacher Retirement Plan
Total OPEB Liability	$ 1,478,105
Plan Fiduciary Net Position	322,457
Employers' Net OPEB Liability (Asset)	$ 1,155,648
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liabilty	21.82%

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance, and the employer contributions 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. Through the fiscal year ending June 30, 2024, the rate contributed by the School Board for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

The following presents what the GLI and HIC net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
GLI - Teacher Net OPEB Liability	3,227,677	2,075,403	1,144,698
GLI - Non-teacher Net OPEB Liability	161,393	103,781	57,238
HIC - Teacher Net OPEB Liability	5,858,314	5,151,301	4,552,043
HIC - Non-teacher Net OPEB Liability	42,412	32,282	23,691

Summary of entity wide Net OPEB Liability:

GLI - Teacher	GLI - Non-teacher	HIC - Teacher	HIC - Non-teacher	Local	Total OPEB Liability
2,075,403	103,781	5,151,301	32,282	2,412,334	9,775,101

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (ACFR). A copy of the 2024 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

17. REVENUE SHARING AGREEMENT

An Annexation and Revenue Sharing Agreement dated February 17, 1982, between the City of Charlottesville, Virginia and the County of Albemarle, Virginia was approved in a public referendum on May 18, 1982. The agreement requires the City and County annually to contribute portions of their respective real property tax bases and revenues to a Revenue and Economic Growth Sharing Fund. Distribution of the fund and the resulting net transfer of funds shall be made on each January 31 while this agreement remains in effect.

During the time this agreement is in effect, the City will not initiate any annexation procedures against the County. Also, pursuant to this agreement, a committee was created to study the desirability of combining the governments and the services presently provided by them.

This agreement became effective July 1, 1982, and remains in effect until:

1. The City and County are consolidated into a single political subdivision, or

2. The concept for independent cities presently existing in Virginia is altered by State law in such a manner that real property in the City becomes a part of the County's tax base, or

3. The City and County mutually agree to cancel or change the agreement.

During the fiscal year, the County paid $17,760,728 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

18. JOINT VENTURES

(a) Rivanna Water and Sewer Authority

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. Beginning in November of 2015, RWSA began charging each locality a fixed monthly amount to cover the debt portion owed by each locality. For the year ended June 30, 2025, the City paid a total of $18,571,724 to RWSA. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(b) Rivanna Solid Waste Authority

The City is a participant with Albemarle County in a joint venture to provide drop off recycling services at the McIntire Recycling Center on McIntire Rd. The City and County also entered into a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs related to the old Ivy Landfill in the event the Rivanna Solid Waste Authority would not have the financial resources to pay such costs. Although the City entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality (DEQ) has no legal recourse against the City under this guarantee. The City's percentage of these shared costs is 35.5% of the total. The City share of the local guarantee for the 2024 calendar year and for fiscal year 2025 is $604,234. Annual certificates must be filed every December 30th to DEQ. Complete, audited financial statements for RSWA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(c) Jefferson-Madison Regional Library

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed $2,227,365 to JMRL for the year ended June 30, 2025. Complete, audited financial statements for JMRL can be obtained at their administrative offices at 201 East Market Street, Charlottesville, Virginia 22902.

(d) Charlottesville – Albemarle Regional Jail

The City and Albemarle County share the costs of operating a regional jail. The Jail is governed by a seven-member board, three of whom are appointed by the City (with one member being ex-officio), three by the County, and one jointly appointed citizen. Under the terms of the operating agreement, either the City or the County can terminate the contract with sixty days' notice. The City and County share the costs of operating the Jail (net of any reimbursements from the Federal, State and other local governments) on the ratio of City and County prisoner days of utilization for the prior year. Any excesses or deficits are reimbursed after the end of each fiscal year. For the year ended June 30, 2025, the City's share of the costs of the Jail was $3,878,988. Complete, audited financial statements for the Jail can be obtained at their administrative offices at Avon Street Extended, Charlottesville, Virginia 22902.

(e) Blue Ridge Juvenile Detention Center

The City, with Albemarle, Culpeper, Fluvanna and Greene Counties, share the cost of operating a regional Juvenile Detention Commission per an adopted agreement dated July 1, 1999, and amended July 2, 2007. Commission members are appointed by each participating locality, with not locality appointing a majority of Board members. Under the terms of the operating agreements, the participating governments share the costs of operations and capital based on their respective aggregate percentages of usage during the preceding three years on an annual basis. For the year ended June 30, 2025, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was $1,165,591. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(f) Emergency Communications Center

The City, Albemarle County and the University of Virginia jointly participate in operating a centralized dispatching facility for law enforcement and emergency services. The Emergency Communications Center (the Center) is governed by an eight-member board, three of whom are ex-officio members from the City. The Center operates under the terms of an agreement whereby any participant may discontinue its participation with one year's written notice. The operating costs of the Center are shared by the three participants on the basis of population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2025, the City's share of the costs of the Center was $2,429,298. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(g) Charlottesville Albemarle Convention & Visitors Bureau

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2025, the City contributed $1,522,235 to the Bureau.

(h) Darden Towe and Ivy Creek Parks

The City and County jointly own and operate two parks, known as Darden Towe Park and Ivy Creek Nature Center (the Parks). The Parks are governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Parks are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2025, the City's share of the Parks' operating costs was $178,967. Complete, audited financial statements for the Parks can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

19. RELATED ORGANIZATIONS

The City Council is responsible for making appointments for a variety of boards and commissions, some of which are governing boards for agencies that cooperate outside of the authority of city government. These boards include:

Belmont Bridge Steering Committee
Board of Architectural Review
Building Code Board of Appeals
Charlottesville – Albemarle Airport Authority
Charlottesville – Albemarle Airport Commission
Charlottesville – Albemarle Child Services Act Community Policy and Management Team
Charlottesville Economic Development Authority
Charlottesville Redevelopment and Housing Authority
Charlottesville Youth Council
Citizen's Advisory Panel
Citizen's Transportation Advisory Committee
Community Development Block Grant Task Force
Housing Advisory Committee
Human Rights Commission
JAUNT (Jefferson Area United Transportation Board)
Jefferson Area Board of Aging Advisory Council (JABA)
Jefferson Area Board of Aging-Board of Directors (JABA)
Jefferson Area Community Criminal Justice Board
Metropolitan Planning Organization Policy Board
Monticello Area Community Action Agency Board (MACAA)
Parks and Recreation Advisory Committee
Personnel Appeals Board
Piedmont Virginia Community College Board
Planning Commission/Entrance Corridor Review Board
PLACE Design Task Force
Region Ten Community Services Board
Regional Disability Service Board
Retirement Commission
Rivanna Solid Waste Authority
Rivanna Water and Sewer Authority
Sister Cities Commission
Social Services Advisory Board
Streets That Work / Code Audit Steering Committee
Thomas Jefferson Planning District Commission
Towing Advisory Board
Tree Commission
Vendor Appeals Board
Water Resources Protection Program Advisory Committee

20. RISK MANAGEMENT

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net position balance of $8,215,255 at June 30, 2025, is a reserve for future extraordinary claims.

Major risks retained by the City include:

- Worker's compensation - $750,000 per claim for police and fire employees and $250,000 for all other employees.
- Employee medical care - $150,000 per participant per year.
- Other insurance policies have deductibles of $25,000 or less per occurrence.
- The following is a reconciliation between the current and prior years' claims liabilities:

	2024-2025	2023-2024
Accrued Claims, July 1 2024	$ 2,905,557	$ 2,585,356
Add claims incurred during the current fiscal year including changes in estimated claims payable	22,249,613	21,625,607
Less payments on claims	(21,303,053)	(21,305,406)
Accrued Claims, June 30, 2025	$ 3,852,117	$ 2,905,557
Claims or judgements due within one year	$ 2,859,420	$ 2,371,036
Claims or judgements due in more than one year	991,466	534,521
	$ 3,850,886	$ 2,905,557

Public employee dishonesty insurance is provided by the Virginia Risk Sharing Association for $1,000,000 per employee. The policy includes coverage for employee theft and/or dishonesty, including but not limited to forgery, and loss of property, money, and securities. Coverage is for all employees of the City of Charlottesville.

The City has comprehensive cyber liability coverage including a number of risks such as security breaches, system failures, data recovery, and cyber extortion.

During the normal course of business, the City and its employees have been named as defendants in claims for personal injuries, property damage and specific performances which are being defended by the City Attorney and associated counsel. It is the opinion of the City Attorney that the resolution of such litigation will not involve a substantial liability to the City, other than what is already accrued in the government-wide financial statements.

21. CONTINGENCIES

The City and School Board have received a number of Federal and State grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City and School Board's compliance with applicable grant requirements will be established at a future date. The number of expenditures which may be disallowed by the granting agencies cannot be determined at this time. In the opinion of management, any further disallowances of current grant program expenditures, if any, would be immaterial.

22. NET POSITION DEFICIT

The Charlottesville School Board had a net position deficit of $1,627,694 at June 30, 2025. This deficit is due to the long-term net pension and OPEB liabilities.

23. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2025

The City has one major water and gas customer, the University of Virginia. For the current year, water, wastewater and gas revenue from this customer was $4,385,058, $5,145,287 and $5,521,626, respectively, which represents 26.55% of water revenue. 30.01% of wastewater revenue and 21.15% of gas revenue.

24. TAX ABATEMENTS

The Charlottesville Economic Development Authority (CEDA), a component unit, entered into the following agreement in which the authority will issue performance grants to the following entities in an effort to generate jobs and increase commercial real estate revenue to the City of Charlottesville, the primary government. Annually, the City will transfer to the CEDA an amount equal to 50% of the incremental increase in real estate revenue generated by the projects referenced in the agreement. These transfers are made only if the performance criteria have been met as determined by the CEDA, and there are no provisions for recapturing these abatements by the City.

These incentives were made with the following entity for the number years and the minimum performance measures indicated:

Agreement Date	Length of Agreement (Years)	Agreement Entity	Minimum Number of Jobs to be Created	Minimum Increase in Real Estate Value
June 2, 2011	10	459 Locust Charlottesville LLC/CFA Institute	400	$40 Million

In the fiscal year ended below, the City transferred to the CEDA based on this agreement the following amounts:

Fiscal Year	Amount
2015	$ 267,000
2016	78,800
2017	342,936
2018	220,483
2019	343,422
2020	242,183
2021	267,944
2022	291,473
2023	148,467
2024	232,865
	$ 2,435,573

To date, this agreement has generated nearly 433 jobs and added $60 million in real estate value within the City.

25. COVID-19 PANDEMIC FUNDING

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The federal government passed legislation to mitigate the economy impact of the pandemic. As a result of this legislation, the City received the following awards beginning in the spring of 2020 through FY2025. The awards have been expended as follows:

Direct Federal Aid:	Amount Awarded	Expended Prior Year	Expended Current Year	Available Future Year
American Rescue Plan Act- City	$ 19,609,709	$ 13,091,583	$ 5,647,552	$ 870,574
Federal Transportation Agency- Jaunt	3,119,715	3,119,715	-	-
Federal Transportation Agency- Transit	9,359,143	7,443,026	1,916,117	-
Health and Human Services- EMS	58,201	58,201	-	-
Housing and Urban Development- CDBG	581,401	485,396	84,681	11,324
US Department of Justice- BJA	80,781	80,781	-	-
Federal Aid Passed Through the State				
Department of Justice Services- Law Enforcement	375,623	375,623	-	-
Housing and Community Development- Homeless	2,493,060	2,493,060	-	-
Rail and Public Transportation- Transit	221,227	221,227	-	-
Treasurer of Virginia- Cares Act for City Schools	2,409,620	2,409,620	-	-
Treasurer of Virginia- Cares Act for City	8,311,781	8,311,781	-	-
Treasurer of Virginia- Utility Customer Relief	213,703	213,703	-	-
Total	$ 46,833,964	$ 38,303,716	$ 7,648,350	$ 881,898

26. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

On June 30, 2025, the City had several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended to Date	Balance
Buford Walker Reconfiguration	$ 92,099,271	$ 67,030,867	$ 25,068,404
Belmont Bridge	39,917,704	36,017,459	3,900,245
Bypass Fire Station	9,274,861	9,070,331	204,530
General District Court	7,272,028	7,244,028	28,000
250 Bypass/Route 29 Business - SGR	3,681,786	3,587,271	94,515
Funding for Friendship Court Infrastructure	7,290,000	3,400,248	3,889,752
HB2 - Emmet Street	22,992,204	3,081,471	19,910,733
Melbourne/ NS Railroad SGR	2,661,556	2,611,791	49,765
250 Bypass/Rugby Ave	2,466,885	2,419,019	47,866
HB2 - East High Street	14,944,836	1,734,300	13,210,536
Avon Street Filling Station Replacement	1,598,967	1,593,576	5,391
Smart Scale Barracks Road/Emmet Street	9,136,604	1,460,325	7,676,279
HB2 - Fontaine Ave	13,266,414	1,189,232	12,077,182
Charlottesville High School Reconfiguration	2,155,413	1,077,707	1,077,706
250 Bypass/NS Railroad - SGR	1,269,741	972,272	297,469
Dairy Road Bridge Replacement	12,619,825	467,442	12,152,383
Water Project	2,824,854	2,824,854	-
Sewer Line Project	2,371,264	2,371,264	-
Storm Water Project	1,460,857	1,460,857	-
Gas Lines Project	193,199	193,199	-
	$ 249,498,269	$ 149,807,513	$ 99,690,756

27. LEASES

The City of Charlottesville reviewed its outstanding lease agreements to determine application of this standard to its existing agreements both Lessee and Lessor. A total of ten building space Lessor leases and sixty - three copier, one equipment, and two building space Lessee leases were determined to meet this standard. All leases, however, were reviewed according to the standards of GASB Statement 87. All leases were then applied to the principles of the present value based on the applicable lease term at a determined interest rate. The lease terms were evaluated by the options presented in the lease agreement with any extensions considered, if it was reasonably certain they would be extended. None of the leases had an interest rate explicitly shown in the lease agreement. For Lessor leases, the lease receivable was debited and the deferred inflow for these leases were credited. For Lessee leases, the lease asset was debited, and the lease liability was credited. Details of teach lease type is discussed in the note for leases, below.

Lessor Leases

The City has leased 10 of its properties as shown on the schedule below. The longest lease term has a period of 120 months, as opposed to the shortest at 12 months, from the Fiscal Year beginning date, with the remaining lease value of $849,396 shown. The leases were recorded at the applicable federal rate, which was determined to be the best estimate of interest earnings when no interest rate was explicitly shown in the lease document. The City applied short, median, and long-term rates as determined by the applicable federal rate on lease beginning date. On June 30, 2025, the City has a lease receivable of $591,333. Below is a schedule of leases receivable for future fiscal years per their respective lease term:

City Lessor Leases of Building Space

Lease Asset Description	Begin Date	End Date	Monthly Payment	Months	Lease Value	Interest Rate
Virginia Discovery Museum	Jul 1, 2021	Jul 1, 2026	$ 345	60	$ 8,196	1.00%
Tastings Restaurant and Wine Shop	Jul 1, 2021	Jan 1, 2024	3,969	30	73,618	1.00%
United States Postal Service	Jul 1, 2021	Jun 1, 2028	7,650	83	345,073	2.07%
Verizon Wireless	Jul 1, 2021	Jun 1, 2024	75	35	41,453	1.00%
Mr. Fix Cell Phone & Computer Repair	Feb 1, 2023	Feb 1, 2028	1,710	60	44,140	3.82%
Sealed With a Kiss Bridal	Feb 1, 2023	Feb 1, 2028	1,710	60	68,628	3.82%
Albemarle Charlottesville Historical Society	May 1, 2023	May 1, 2028	904	60	38,825	3.57%
MCGUFFEY Arts Associations INC	Jan 1, 2023	Jan 1, 2028	2,753	60	108,025	3.85%
Soccer Organization of Charlottesville Area Inc	Apr 1, 2023	Apr 1, 2033	1,095	120	96,792	4.02%
Sentara Martha Jefferson Hospital	Jan 1, 2024	Jan 1, 2025	4,168	12	24,646	5.00%
					$ 849,396	

Schedule Of Lease Receivables at Fiscal Year End

Fiscal Year	Principal	Interest	Lease Receivable 06/30
2025	$ 258,063	$ 22,350	$ 591,333
2026	215,107	14,778	376,226
2027	171,236	9,353	204,990
2028	139,796	4,478	65,194
2029	19,525	2,277	45669
2030	11,514	1,625	34,155
2031	11,986	1,154	22,169
2032	12,477	663	9,692
2033	9,692	163	
	$ 849,396	$ 56,841	

Lessee Leases

The City has also procured leases for Copiers, Equipment and Building Spaces needed for various operations. A schedule of these leases is shown below. The longest lease term has a period of 156 months while the shortest lease term was for 12 months from the lease beginning date. The City recorded its lease activity for these leases at the beginning of Fiscal Year 2022, with the remaining lease values of $8,171,842 shown. The leases were recorded at the applicable federal rate at the lease beginning date, which was determined to be the best estimate of the incremental borrowing rate when no interest rate was shown on the face of the lease document. The federal rate used was based on the short, medium, and long term based on the lease term. The copier interest rate was determined to be the present value of the lease payments as opposed to the copier purchase price at lease inception. On June 30, 2025, the liability of the leases outstanding was $7,109,256. Below are the details of these leases and their future liability:

Lease Liability By Lease Asset Class - Govt Type

Year	Building	Photocopier	Total
2025	$ 969,008	81,390	$ 1,050,398
2026	989,258	72,335	1,061,593
2027	1,009,931	56,035	1,065,966
2028	832,187	29,176	861,363
2029	648,661	9,166	657,827
2030	662,217	1,795	664,012
2031	676,056		676,056
2032	690,183		690,183
2033	704,607		704,607
2034	719,331		719,331
	$ 7,901,439	$ 249,897	$ 8,151,336

Schedule of Lease Liability at Fiscal Year End - Govt Type

Year	Principal	Interest	Total
2025	$ 1,050,398	$ 161,859	$ 7,100,939
2026	1,061,593	139,769	6,039,347
2027	1,065,966	116,584	4,973,380
2028	861,363	94,412	4,112,016
2029	657,827	79,056	3,454,188
2030	664,012	65,231	2,790,177
2031	676,056	51,367	2,114,121
2032	690,183	37,239	1,423,938
2033	704,607	22,816	719,331
2034	719,331	8,091	
	$ 8,151,336	$ 776,424	

Lease Liability by Lease Asset Class - Business Type

Year	Equipment	Photocopier	Total
2025	$ 9,018	$ 3,172	$ 12,190
2026		2,469	2,469
2027		2,463	2,463
2028		2,508	2,508
2029		876	876
	$ 9,018	$ 11,488	$ 20,506

Schedule of Lease Liability at Fiscal Year End - Business Type

Year	Principal	Interest	Total
2025	$ 12,190	$ 335	$ 8,317
2026	2,469	298	5,847
2027	2,463	193	3,384
2028	2,508	81	876
2029	877	6	
	$ 20,506	$ 913	

City Lessee Leases of Photocopier Machines & Building Space - Government Type							
Lease Asset Description	**Type**	**Lease Begin Date**	**Lease End Date**	**Months**	**Monthly Payment**	**Lease Value**	**Interest Rate**
City Treasurer	Copier	1-Jul-21	21-Aug-24	37	$ 110	$ 110	0.76%
Commonwealth Attorney	Copier	1-Jul-21	17-Jun-25	47	176	1,922	1.12%
Public Works/School Maintenance	Copier	1-Jul-21	10-Mar-25	44	112	886	1.91%
Human Resources Department	Copier	1-Jul-21	19-Oct-25	51	208	3,099	1.00%
City Attorney's Office	Copier	1-Jul-21	4-Nov-24	40	195	779	0.84%
City Manager's Office	Copier	1-Jul-21	1-Mar-25	44	245	1,953	0.95%
City Treasurer	Copier	1-Jul-21	14-Apr-25	45	119	1,065	1.91%
City Treasurer	Copier	1-Jul-21	29-Apr-25	45	95	852	1.91%
Finance - Administration	Copier	1-Jul-21	5-May-25	46	125	1,241	1.91%
Parks and Recreation Administration	Copier	1-Oct-21	1-Oct-26	60	218	5,767	1.84%
View Administration	Copier	25-Jan-22	24-Jan-26	48	106	1,884	1.91%
Aquatics	Copier	9-Nov-21	8-Nov-26	60	75	2,089	0.07%
Office of Equity and Inclusion	Copier	1-Apr-23	1-Apr-28	60	72	2,999	4.15%
Home to Hope	Copier	1-Apr-23	1-Apr-28	60	72	2,998	4.15%
Downtown Job Center	Copier	1-Apr-23	1-Apr-28	60	72	2,998	4.15%
Office of Human Rights	Copier	1-Apr-23	1-Apr-28	60	72	2,998	4.15%
Equip Rep City Sheriff	Copier	1-Dec-22	1-Dec-25	36	149	2,452	4.55%
Fire Administration	Copier	17-Apr-23	17-Apr-27	48	115	3,592	4.15%
Fire Administration	Copier	17-Apr-23	17-Apr-27	48	126	3,920	4.15%
IT Operations	Copier	28-May-23	28-May-27	48	139	4,479	3.57%
Circuit Court Judge	Copier	16-May-23	16-May-27	48	103	3,338	3.57%
Transit Maintenance	Copier	9-Apr-23	9-Apr-27	48	138	4,304	4.15%
Transit Administration	Copier	9-Mar-23	9-Mar-27	48	198	6,024	3.70%
Circuit Court Administrator – Renewed	Copier	20-Nov-23	20-Nov-24	12	134	533	3.90%
Circuit Court – Renewed	Copier	20-Nov-23	20-Nov-24	12	134	532	5.38%
Voter Registration	Copier	4-Apr-23	4-Apr-27	48	237	7,616	1.91%
Fire Department	Copier	17-Apr-23	17-Apr-27	48	126	4,045	1.91%
Neighborhood Development Services	Copier	10-Apr-23	10-Apr-27	48	231	7,418	1.91%
Neighbor Development Services	Copier	10-Apr-23	10-Apr-27	48	153	4,905	1.91%
Streets and Sidewalks	Copier	28-Feb-24	28-Feb-28	48	66	2,740	1.91%
Public Works Administration	Copier	28-Feb-24	28-Feb-28	48	66	2,740	1.91%
Social Services 2nd Floor	Copier	19-Aug-22	19-Aug-26	48	108	2,637	1.91%
Department of Social Services 3rd Floor	Copier	8-Nov-22	8-Nov-26	48	153	4,188	1.91%
DSS 2nd floor	Copier	8-Nov-22	8-Nov-26	48	66	1,799	1.91%
Department of Social Services	Copier	8-Nov-22	8-Nov-26	48	66	1,800	1.91%
Parks Administration	Copier	2-Jun-22	2-Jun-26	48	157	3,540	1.91%
Police Admin	Copier	19-Dec-22	18-Dec-25	36	149	2,466	3.90%
General District Court	Copier	27-Apr-23	27-Apr-27	48	167	5,354	1.91%
Fleet Maintenance Operations	Copier	27-Apr-23	27-Apr-28	60	98	4,357	0.84%
Juvenile and Domestic Relations Court	Copier	1-Dec-23	1-Dec-27	48	121	4,787	1.91%
Real Estate Assessor	Copier	1-Dec-23	1-Dec-27	48	126	4,994	1.91%
Police Support Services	Copier	8-Feb-24	8-Feb-28	48	134	5,582	1.91%
Police Field Operations	Copier	8-Feb-24	8-Feb-28	48	86	3,589	1.91%
Key Rec Center	Copier	1-Jun-23	1-Jun-28	60	67	2,700	8.02%
Police Civilian Review Board	Copier	1-Aug-23	1-Aug-28	60	288	12,650	5.40%
Office Of magistrate	Copier	1-Feb-23	1-Feb-28	60	96	3,507	8.92%
Community Solutions	Copier	1-Oct-23	1-Oct-28	60	288	12,423	8.02%

Community Attention Foster Families	Copier	1-Nov-22	1-Nov-27	60	93	3,335	6.30%
Human Services Administration	Copier	1-Nov-22	1-Nov-27	60	84	3,013	6.30%
Human Services Administration	Copier	1-Nov-22	1-Nov-27	60	176	6,348	6.30%
Community Attention Foster Families	Copier	1-Nov-22	1-Nov-27	60	113	4,050	6.30%
Community Based Programming	Copier	1-Nov-22	1-Nov-27	60	113	3,981	7.35%
Carver Center	Copier	1-Jul-24	1-Jul-29	60	125	6,662	4.61%
Aquatics	Copier	1-Jul-24	1-Jul-29	60	70	3,747	4.61%
Office Of Economic Development	Copier	6-Mar-25	6-Mar-30	60	158	8,384	4.82%
Public Works	Copier	18-Mar-25	18-Mar-29	48	113	4,974	4.46%
School Pupil Transportation	Copier	6-Aug-24	6-Aug-28	48	184	8,114	4.34%
City Treasure	Copier	15-Oct-24	15-Oct-29	60	123	6,638	4.10%
Circuit Court Administration	Copier	19-Dec-24	19-Dec-27	36	161	5,432	4.18%
Information Technology	Copier	10-Jun-25	10-Jun-29	48	42.72	1,883	4.24%
Procurement	Copier	19-Dec-24	19-Dec-28	48	99	4,354	4.18%
Police Field Operations	Copier	14-Aug-24	14-Aug-24	12	130	1,514	4.95%
Finance Administration	Copier	6-May-25	06-May-26	12	119	1,396	4.10%
PW Facilities Development	Copier	27-Jul-24	27-Jul-25	12	129	1,511	4.49%
Treasury Office	Copier	29-Apr-25	29-Apr-26	12	91	1,064	4.21%
Treasury Office	Copier	15-Apr-25	15-Apr-26	12	113	1,329	4.21%
Tonsler Center	Copier	1-Oct-24	1-Oct-29	60	64	3,517	3.70%
Total Photocopier Machines						$ 249,897	
200 East Water Street (Garage)	Building	1-Jul-21	1-Jul-34	156	60,619	$ 6,565,612	
Jefferson School Community Partnership	Building	1-Jul-21	1-Jan-28	78	32,999	1,335,827	
Total Building						7,901,439	
Total Government Type Lessee Leases						$ 8,151,336	

City Lessee Leases of Photocopier Machines & Equipment - Business Type							
Lease Asset Description	**Type**	**Lease Begin Date**	**Lease End Date**	**Term (Months)**	**Monthly Payment**	**Lease Value**	**Interest Rate**
Meadowcreek Golf Course	Copier	1-Jun-23	1-Jun-28	60	67	$ 2,701	8%
Utility Billing Office	Copier	8-Feb-24	8-Feb-29	60	56	2,997	1%
Gas General Operations	Copier	1-Jul-21	26-Aug-25	49	56	718	1%
Water Division Operations	Copier	1-Jul-21	26-Aug-25	49	28	359	1%
Wastewater Collection	Copier	1-Jul-21	26-Aug-25	49	28	359	1%
Store Administration	Copier	19-Dec-24	19-Dec-28	48	99	4,354	4.18%
Total Photocopier Machines	Copier					$ 11,488	
Golf Maintenance Equipment	Equipment	7/1/2021	9/4/2024	38	4,515	$ 9,018	1%
Total Business Type Lessee Leases						$ 20,506	

28. SBITA

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets.

In the process of adopting GASB Statement 96, the City undertook a comprehensive review of its existing agreements to determine the applicability of this standard to the contractual relationships between the service providers and the city. In total, twenty IT-based agreements with vendors were identified as meeting the criteria for GASB 96 implementation. Each agreement was assessed with respect to the principles of present value, based on the applicable agreement term and a specified interest rate.

The terms of the agreements were scrutinized, considering any options outlined in the agreements and the potential for extensions if they were reasonably certain. In cases where the agreement did not explicitly specify an interest rate, the applicable federal discount rate was used. This evaluation resulted in the debiting of the SBITA asset and the crediting of the SBITA liability.

The city currently holds 20 subscription-based agreements with vendors that have qualified for GASB 96 implementation. These agreements vary in duration, with the longest one spanning 60 months, while the shortest lasts for 24 months from the beginning of the fiscal year. The remaining value is $2,763,589.

These contracts were initially recorded using the applicable federal rate, which was determined to be the best estimate of applicable federal discount rate when no explicit interest rate was specified in the agreement document. The city applied short, median, and long-term rates as determined by the applicable federal rate.

As of June 30, 2025, the city's SBITA Value stands at $1,820,838. Below, you can find a schedule of SBITA assets for future fiscal years, categorized according to their respective agreement terms.

List Of Subscription Based Information Technology Software Agreements

SBITA Description	Beginning Date	Ending Date	Term (Months)	Monthly Payment	SBITA Value	SBITA Interest Percentage
Citizen Relationship Management	Jul 1, 2022	Mar 19, 2027	56	$ 956	$ 29,368	2.99%
Open Gov Budgeting Software	Aug 29, 2022	Aug 28, 2027	60	4,438	156,689	2.99%
Benefit Enrollment Portal	Jul 1, 2022	May 2, 2025	34	3,954	39,008	2.99%
Cloud Based Office – Microsoft	Jul 1, 2022	Nov 30, 2026	53	33,713	942,066	2.99%
Cyber Security Training – KnowB4	Jul 1, 2022	May 21, 2025	34	1,104	10,886	2.99%
Electronic Signature Service – Adobe	Jul 1, 2022	Sep 30, 2025	39	3,005	44,195	2.99%
Email Filtering Service – Mimecast	Jul 1, 2022	Aug 29, 2024	25	5,098	123,408	2.99%
SAP Data and Entry software	Oct 1, 2022	Sep 30, 2027	60	1,425	52,897	2.99%
Civic Clerk Software - Mayor	Jul 1, 2022	Feb 26, 2026	43	884	16,387	2.99%
Civic Clerk Software - Communication	Jul 1, 2022	Feb 26, 2026	43	774	14,338	2.99%
Neo Gov Perform Subscription	Jul 1, 2022	Sep 29, 2026	38	2,560	64,360	2.99%
Govt Question Answer FOI Software	Jul 1, 2022	Jul 1, 2025	36	1,314	15,510	2.99%
Govt Question Answer FOI Software - Renewal	Jun 27, 2025	Jun 27, 2028	36	1,835	62,357	4.00%
Software for Vendor Management	Mar 4, 2023	Mar 4, 2027	48	396	12,049	3.70%
SAP Critical Success Factor	May 29, 2023	May 29, 2028	60	14,026	602,170	3.57%
Debt Management Software	Dec 18, 2023	Dec 18, 2026	36	1,751	47,597	5.26%
Online Learning Management System	Jan 10, 2024	Jan 10, 2029	60	3,998	195,660	4.37%
Neighborly Grant Management Software	May 3, 2024	May 3, 2029	60	1,397	72,818	4.42%
Geographical Information System Technology	Sep 1, 2022	Sep 1, 2025	36	3,208	44,105	2.93%
Security Awareness Training – Hox Hunt	May 15,2025	May 30, 2030	60	2,292	124,575	4.10%
Julota Impact SAAS	May 5, 2025	May 5, 2027	24	4,055	93,146	4.62%
				Total SBITA	$ 2,763,589	

Schedule Of SBITA Liability at Fiscal Year End			
Fiscal Year	Principal	Interest	Liability at 06/30
2025	$ 942,751	$ 69,673	$ 1,820,838
2026	912,428	49,887	908,409
2027	569,499	22,339	338,910
2028	253,041	8,357	85,869
2029	63,374	2,085	22,496
2030	22,496	425	
	$ 2,763,589	$ 152,766	

29. ADOPTION OF ACCOUNTING PRINCIPLE GASB STATEMENT 101 COMPENSATED ABSENCES JULY 1, 2024

The purpose of GASB Statement 101 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 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

In the process of adopting GASB Statement 101, the City undertook a comprehensive review of its existing personnel, and compensated absences policies to determine the applicability of this standard. The City determined that only sick leave needed to be added to our compensated absences. In order to determine what leave is more likely than not to be used, the City looked at the average amount of sick leave used over a 5 year time period. Because the leave policy has a sick leave rollover into retirement, the City found that longer tenured employees do not use more sick leave than the average employee. Therefore, a single average utilization percentage was used when calculating the new compensated absences liability due to sick leave.

As a result of this change in accounting standards, compensated absences related sections in Note 1 and Note 9 have been adjusted. The FY24 restatement in accordance with GASB 100 is detailed in Note 30.

30. ACCOUNTING CHANGES AND ERROR CORRECTIONS

To implement GASB 101 prior year balances needed to be restated to account for the increase in compensated absences due to the addition of sick leave more likely than not to be used. The increase in the compensated absences liability caused prior year net position to decrease by 6,989,494 in the governmental activities and decrease 914,432 in the business type activities. The Following Exhibits and Notes show the restatements: Exhibits B, D, E2, L2, Note 9

An error occurred where FY24 state highway maintenance funding was omitted from revenue. The effect of the omitted revenue caused General Fund balance to be understated by 1,370,428 and Governmental Activities Net Position to be understated by 1,370,428 these corrections required restatement of FY25's beginning balances where appropriate. The Following Exhibits and Notes show the restatements: Exhibit B, D, G1

An error occurred where earned interest on American Rescue Plan Act funds thru FY24 was classified as unearned revenue instead of interest revenue. The effect on the improper revenue classification caused ARPA Fund balance to be understated by 1,272,958 and Governmental Activities Net Position to be understated by 1,272,958 these corrections required restatement of FY25's beginning balances where appropriate. The Following Exhibits and Notes show the restatements: Exhibit B, D, G2

	Funds		Government-wide	
	ARPA Fund	General Fund	Governmental Activities	Business Type Activities
6/30/2024, As previously Reported		73,872,455	278,308,382	70,871,137
GASB 101 Implementation	-	-	(6,989,494)	(914,432)
Error Correction- Highway Maint	-	1,370,428	1,370,428	
Error Correction-Interest	1,272,958	-	1,272,958	
Total Restatements	1,272,958	1,370,428	(4,346,108)	(914,432)
6/30/2024, As Restated	1,272,958	75,242,883	273,962,274	69,956,705

31. SUBSEQUENT EVENTS- BOND ISSUANCE

The City issued $33,705,000 in General Obligation Public Improvement Bonds, Series 2025 (Tax-Exempt) via competitive sale on September 3, 2025. The issue was rated “AAA” by Moody’s Investor Services and S&P Global Rating Services. The bond proceeds will be used to fund infrastructure improvements for education, public safety, and water, wastewater, and stormwater utilities.

REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY ACCOUNTING

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons. Accordingly, GAAP requires that governments include the original budget with the comparison of final budget and actual results.

The City's budget process begins in December with the preparation of estimated revenue forecasts. Departmental budget requests are submitted to the City Manager in early January. By early March the Manager's proposed budget is presented to City Council. A series of City Council work sessions and public hearings are held. The budget is formally adopted by April 15.

An annual operating budget is adopted for the General Fund and the Social Services Fund. Other Governmental Funds with adopted Budgets include the Capital Project Fund, Debt Service Fund, and special revenue funds including: Community Development Block Grant Fund, Grants Fund, Human Services Fund, Children Services Act Fund, the Transit Fund, the American Rescue Plan Act Fund and the Opioid Remediation Fund. Within the General Fund, budgets are legally adopted at the departmental level. The City Manager is authorized to transfer the budget for personnel cost (salaries and fringe benefits) between departments if necessary; however, any other revisions that alter the total expenditures of any department or agency must be approved by City Council. Unexpended appropriations lapse at the end of the fiscal year unless carried over by Council action.

The budgets are integrated into the accounting system and the budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Social Services Funds present actual expenditures in accordance with GAAP on a basis consistent with legally adopted budgets as amended. Original, final budget and actual revenues and expenditures, including encumbrances, for the General Fund and Social Services Fund are presented on Exhibits G -1 and G-3, respectively. Original budget amounts are the budgets originally adopted by City Council, plus any approved amounts carried over from the previous fiscal year. Final budgets are these amounts plus any adjustments, through additional appropriations or reductions.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real estate	$ 108,438,706	$ 108,438,706	$ 110,202,436	$ 1,763,730
Personal property	13,304,762	13,304,762	14,100,927	796,165
Public service corporation	1,746,954	1,746,954	2,041,089	294,135
Penalties and interest on delinquent taxes	850,000	850,000	1,003,985	153,985
Sales and use	15,810,000	15,810,000	14,174,823	(1,635,177)
Utilities	4,700,000	4,700,000	4,933,233	233,233
Communications	2,082,500	2,082,500	2,077,779	(4,721)
Meals	21,253,218	21,253,218	21,205,537	(47,681)
Lodging	9,562,500	9,562,500	8,983,836	(578,664)
Tax on bank stock	1,171,353	1,171,353	1,264,385	93,032
Tax on wills and deeds	550,000	550,000	793,001	243,001
Rolling stock	18,040	18,040	16,927	(1,113)
Short-term rental	60,000	60,000	61,231	1,231
Cigarette	550,000	550,000	457,276	(92,724)
Recordation	-	-	660	660
Plastic Bag Tax	100,000	100,000	71,331	(28,669)
Total Taxes:	180,198,033	180,198,033	181,388,456	1,190,423
Licenses and permits:				
Vehicle license fees	-	-	9,555	9,555
Dog licenses	4,000	4,000	3,689	(311)
Business License	10,100,000	10,100,000	10,767,041	667,041
Electrical, heating and mechanical permits	285,000	285,000	345,841	60,841
Building and plumbing permits	570,000	570,000	2,475,355	1,905,355
Erosion control fees	29,500	29,500	8,175	(21,325)
Sign permits	8,000	8,000	-	(8,000)
Other permits	493,800	493,800	699,636	205,836
Total Licenses and permits:	11,490,300	11,490,300	14,309,292	2,818,992
Intergovernmental:				
Revenue from Federal government	-	420,000	18,231	(401,769)
Revenue from State agencies:				
Other State assistance	185,000	185,755	179,108	(6,647)
P2P vehicle share tax	-	-	6,766	6,766
Police assistance	2,640,188	2,640,188	2,681,084	40,896
PPTRA revenue	3,498,256	3,498,256	3,498,256	-
Reimbursement for constitutional officers	2,453,159	2,453,159	2,334,797	(118,362)
State highway assistance	5,591,341	5,591,341	5,629,814	38,473
Trailer titling tax	1,500	1,500	12,866	11,366
Revenue from other local governments:				
Circuit Court reimbursement	16,218	16,218	6,650	(9,568)
Court revenue	400,000	400,000	332,669	(67,331)
Juvenile and Domestic Relations Court	144,465	144,465	-	(144,465)
Other local governments	5,211,943	5,211,943	5,263,363	51,420
Payment in lieu of taxes - CRHA	25,000	25,000	55,303	30,303
Revenue sharing - Albemarle County	17,760,728	17,760,728	17,760,728	-
University of Virginia service charge	60,000	60,000	92,265	32,265
Total Intergovernmental:	37,987,798	38,408,553	37,871,900	(536,653)

(continued)

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
Charges for services:				
Recreation income	954,953	954,953	1,039,803	84,850
Parking garage revenue	2,705,850	2,705,850	2,128,148	(577,702)
Solid waste collection fees	1,210,000	1,210,000	1,282,712	72,712
Emergency Medical Services	1,015,000	1,015,000	1,354,863	339,863
DMV Select Commissions	20,000	20,000	7,921	(12,079)
Other charges for services	3,403,634	3,409,234	4,073,185	663,951
Total Charges for services:	9,309,437	9,315,037	9,886,632	571,595
Fines:				
Parking fines	300,000	300,000	242,967	(57,033)
Investment earnings:				
Interest	3,000,000	3,000,000	4,863,840	1,863,840
Gains/Losses on Investments	-	-	1,328,606	1,328,606
Miscellaneous revenues:				
Rent	437,963	437,963	498,232	60,269
Proceeds from drug seizures	-	-	3,352	3,352
Contributions	-	38,700	65,635	26,935
Refund of prior year expenditures	50,000	76,211	161,838	85,627
Indirect cost recovery	125,000	125,000	390,398	265,398
Other miscellaneous revenues	521,061	620,038	547,742	(72,296)
Total Miscellaneous revenues:	1,134,024	1,297,912	1,667,197	369,285
Total Revenues	243,419,592	244,009,835	251,558,890	7,549,055
EXPENDITURES-CURRENT				
General government:				
Legislative:				
First Cities	18,200	18,200	18,170	30
Mayor and Council	714,686	714,686	630,483	84,203
Reserve for Council	390,636	364,176	-	364,176
Sister Cities	30,504	30,504	9,682	20,822
Judicial:				
City Circuit Court	1,184,940	1,353,440	1,240,604	112,837
City Sheriff	2,363,476	2,363,476	2,222,808	140,668
Commonwealth's Attorney	1,350,458	1,320,244	1,236,836	83,408
Court Services Unit	27,359	27,359	27,249	110
General District Court	31,677	31,677	17,557	14,120
Juvenile and Domestic Relations Court	370,514	370,514	357,368	13,146
Executive:				
City Manager	1,958,539	2,295,539	2,115,677	179,862
Citywide Reserve	915,557	825,820	876,992	(51,172)
Communications Office	879,834	879,834	836,670	43,163
Emergency Management	516,907	516,907	451,867	65,040
Human Rights Commission	465,232	484,232	483,151	1,080
Office of Budget and Performance	638,527	657,527	690,407	(32,880)
Office of Equity and Inclusion	1,204,711	1,206,536	865,093	341,443
Police Civilian Review Board	407,602	407,602	314,725	92,878
Legal:				
City Attorney	1,406,065	1,406,065	1,054,549	351,516

(continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual-Budget	Variance Positive
	Original	Final	Basis (see Note 1)	(Negative)
Financial administration:				
Commissioner of Revenue	1,686,161	1,832,563	1,828,225	4,338
Finance - Administration	1,702,472	1,752,732	1,750,732	2,000
Purchasing	624,781	710,513	708,050	2,464
Real Estate Assessor	971,372	1,077,372	1,075,853	1,519
Treasurer	1,813,139	1,918,012	1,894,465	23,547
Personnel administration:				
Human Resources Department	1,952,928	1,952,928	1,864,965	87,963
Elections:				
Office of the Registrar	885,249	911,709	871,336	40,373
General government buildings and plant:				
Custodial	671,787	671,787	599,288	72,499
Maintenance	4,940,964	5,167,864	4,107,386	1,060,478
Public Works - Administration	2,614,023	2,564,023	2,287,310	276,713
Information technology:				
IT Operations	4,049,707	4,078,707	3,566,251	427,738
Total General government:	36,788,009	37,912,548	34,003,749	3,824,082
Public safety:				
Police protection:	23,220,013	23,862,884	22,900,541	962,343
Drug investigation	-	-	3,681	(3,681)
Police Department	23,220,013	23,862,884	22,896,860	966,024
Fire protection:				
Fire Department	18,093,276	18,452,071	18,345,724	106,347
Volunteer Fire Company	25,001	25,001	2,400	22,601
Other protection:				
Blue Ridge Juvenile Detention Center	1,165,591	1,165,591	1,165,591	-
Contribution - Charlottesville-Albemarle Regional Jail	3,846,251	3,878,988	3,878,988	-
Contribution - Emergency Communications Center	2,429,298	2,429,298	2,429,298	-
Emergency medical services	1,153,182	1,050,387	1,056,566	(6,179)
Four for Life	142,704	142,704	4,756	137,949
Office of the Magistrate	20,450	20,450	10,386	10,064
Traffic Engineering	1,258,512	1,258,512	1,365,789	(107,278)
Total Public safety:	51,354,277	52,285,886	51,160,039	1,125,847
Community services				
Highways and streets:				
Public Service - Administration	603,642	603,642	652,321	(48,679)
Public Works - Stormwater	-	-	694	(694)
Street lighting	709,438	709,438	682,542	26,896
Streets and sidewalks	5,451,331	5,451,331	4,242,249	1,209,081
Sanitation:				
Contribution to Ivy Landfill	450,000	742,000	734,156	7,844
Refuse collection and disposal	3,122,840	3,122,840	3,065,666	57,174
Transportation:				
Contribution to JAUNT	1,933,090	1,933,090	1,933,090	-
Total Community services	12,270,340	12,562,341	11,310,718	1,251,622
Health and welfare:				
Health:				
Blue Ridge Health District	702,152	702,152	702,152	-
Offender Aid and Restoration	439,287	439,287	439,287	-
Region Ten Community Services Board	1,021,865	1,021,865	1,021,865	-
Society for the Prevention of Cruelty to Animals	317,355	344,321	344,321	-

(continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual-Budget	Variance Positive
	Original	Final	Basis (see Note 1)	(Negative)
Welfare:				
Charlottesville homeowner assistance program	1,295,000	1,295,000	1,065,000	230,000
Contributions to community organizations	4,413,737	4,413,737	3,911,691	502,046
Education Extension program	79,859	79,859	85,888	(6,029)
Rent relief for the disabled	118,000	79,636	79,385	251
Rent relief for the elderly	38,000	66,355	66,355	-
Stormwater fee assistance program	20,000	32,328	31,592	735
Tax relief for the disabled	231,000	309,331	302,441	6,889
Tax relief for the elderly	1,016,000	1,514,213	1,508,871	5,342
Total Health and welfare:	9,692,255	10,298,084	9,558,848	739,234
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	2,227,365	2,227,365	2,227,365	-
Contributions to community organizations	561,771	561,771	552,126	9,645
Contributions to festivals	45,000	45,000	-	45,000
Recreation:				
Administration	1,283,567	1,341,567	1,339,405	2,162
Aquatics	2,227,670	2,262,670	2,452,414	(189,744)
Athletics	560,800	505,800	497,019	8,782
Recreation centers	2,247,963	2,128,463	2,032,211	96,252
Special activities	1,214,970	1,175,670	1,132,110	43,560
Therapeutic programs	546,028	536,028	516,652	19,376
Parks:				
Contribution to Towe Park operations	140,000	140,000	178,967	(38,967)
Park maintenance	7,121,216	7,352,716	6,210,180	1,142,536
Total Parks, recreation and culture:	18,176,351	18,277,050	17,138,449	1,138,602
Education:				
Contribution to school board component unit	74,092,134	74,092,134	74,092,134	-
School pupil transportation	5,769,216	6,189,216	2,539,233	3,649,983
School maintenance and energy management	5,304,670	5,441,355	3,767,240	1,674,115
Contributions to community organizations	467,436	467,436	467,436	-
Total Education:	85,633,456	86,190,141	80,866,043	5,324,098
Conservation and development:				
Economic development:				
Chamber of Commerce	16,800	16,800	15,000	1,800
Contribution to Convention and Visitors Bureau	1,522,235	1,522,235	1,522,235	-
Office of Economic Development	1,772,704	2,029,560	1,887,570	141,990
Urban redevelopment and housing:				
Contributions to community organizations	356,506	356,506	356,506	-
Historic Preservation Task Force	43,482	43,482	21,776	21,706
Neighborhood Development Services Department	3,314,786	3,336,886	3,357,982	(21,095)
Parking enterprise	2,767,312	4,187,312	4,264,339	(77,027)
Total Conservation and development:	9,793,824	11,492,781	11,425,408	67,374

(continued)

CITY OF CHARLOTTESVILLE, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual-Budget	Variance Positive
	Original	Final	Basis (see Note 1)	(Negative)
Other activities:				
Virginia Municipal League	21,000	21,000	20,915	85
Employee benefits	6,570,450	4,370,739	372,441	3,998,298
Corporate training program	124	124	-	124
Thomas Jefferson Soil & Water	13,843	13,843	13,843	-
Virginia Institute for Government	2,500	2,500	2,500	-
Alliance for Innovation	2,550	2,550	-	2,550
Rivanna Conservation Alliance	15,000	15,000	15,000	-
National League of Cities	4,500	4,500	4,356	144
Center for Nonprofit Excellence	1,000	1,000	1,000	-
Total Other activities:	6,630,967	4,431,256	430,055	4,001,201
Total Expenditures - Budgetary Basis	230,339,480	233,450,086	215,893,309	17,472,060
ENCUMBRANCES				
Less open encumbrances - June 30, 2025	-	-	(4,088,362)	4,088,362
Total Expenditures	230,339,480	233,450,086	211,804,947	21,560,422
Revenues Over Expenditures	13,080,112	10,559,748	39,753,943	29,109,477
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfer from Proprietary Funds	7,930,796	7,930,796	7,288,204	(952,403)
Transfer from Capital Projects Fund	-	1,631,000	1,400,000	(231,000)
Total Transfers in:	7,930,796	9,561,796	8,688,204	(1,183,403)
Transfers out:				
Transfer to State Grants Fund	(34,980)	(139,371)	(72,884)	66,487
Transfer to Social Services Fund	(3,995,165)	(3,995,165)	(4,930,318)	(935,153)
Transfer to Human Services Fund	(2,075,492)	(2,075,492)	(2,375,408)	(299,916)
Transfer to Children's Services Act Fund	(1,750,000)	(1,750,000)	(3,895,606)	(2,145,606)
Transfer to Virginia Juvenile Comm Crime Control Act Fund	(108,415)	(108,415)	(108,415)	-
Transfer to Transit Fund	(4,629,584)	(4,629,584)	(4,624,727)	4,857
Transfer to Debt Service Fund	(13,725,940)	(13,725,940)	(13,725,940)	-
Transfer to Capital Projects Fund	(7,889,593)	(35,391,250)	(35,125,186)	266,064
Transfer to Proprietary Funds	(489,080)	(489,080)	(489,080)	-
Total Transfers out:	(34,698,249)	(62,304,297)	(65,347,564)	(3,043,267)
Total Other Financing Sources (Uses), Net	(26,767,453)	(52,742,501)	(56,659,360)	(4,226,670)
Net Change in Fund Balance	$ (13,687,341)	$ (42,182,753)	(16,905,417)	$ 24,882,807
Fund Balance - July 1, 2024			73,872,455	
Restatements and Adjustments			1,370,428	
Fund Balance - July 1, 2024 Restated			75,242,883	
Fund Balance - June 30, 2025			$ 58,337,466	

See Accompanying Note to Required Supplementary Information

CITY OF CHARLOTTESVILLE, VIRGINIA EXHIBIT G-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AMERICAN RELIEF PROGRAM ACT FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 5,670,055	$ 5,670,055
Investment earnings	-	-	271,091	271,091
Total revenues	-	-	5,941,146	5,941,146
EXPENDITURES				
Current:				
General government	3,512,716	1,066,308	287,685	778,623
Public safety	11,038	905,432	1,032,900	(127,469)
Health and welfare	769,102	661,303	727,671	(66,368)
Parks, recreation and culture	688,932	169,235	66,962	102,272
Conservation and development	1,352,394	3,532,251	3,495,754	36,497
Risk management	114,997	114,650	-	114,650
Capital outlay	163,736	163,736	418,012	(25,476)
Total expenditures - budgetary basis	6,612,915	6,612,915	6,028,984	812,729
Less open encumbrances at June 30	-	-	(358,929)	(358,929)
Total expenditures	6,612,915	6,612,915	5,670,055	1,171,658
Revenues over (under) expenditures	(6,612,915)	(6,612,915)	271,091	7,112,804
Net change in fund balance	(6,612,915)	(6,612,915)	271,091	7,112,804
FUND BALANCE July 1, 2024	-	-	-	-
Restatements and Adjustments			1,272,958	
FUND BALANCE July 1, 2024 Restated			1,272,958	
FUND BALANCE June 30, 2025	$ (6,612,915)	$ (6,612,915)	$ 1,544,049	$ 7,112,804

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOCIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental	$ 10,982,172	$ 11,408,737	$ 10,977,462	$ (431,275)
Charges for services	-	-	44	44
Miscellaneous	-	-	4,345	4,345
Total revenues	10,982,172	11,408,737	10,981,851	(426,886)
EXPENDITURES				
Current:				
Health and welfare	16,050,419	16,476,984	15,912,169	564,815
Total expenditures - budgetary basis	16,050,419	16,476,984	15,912,169	564,815
Less open encumbrances at June 30	-	-	-	-
Total expenditures	16,050,419	16,476,984	15,912,169	564,815
Revenues over (under) expenditures	(5,068,247)	(5,068,247)	(4,930,318)	137,929
OTHER FINANCING SOURCES (USES)				
Transfers in	5,068,247	5,068,247	4,930,318	(137,929)
Total other financing sources (uses), net	5,068,247	$ 5,068,247	4,930,318	(137,929)
Net change in fund balance	-	-	-	-
FUND BALANCE July 1, 2024	-	-	-	-
FUND BALANCE June 30, 2025	$ -	$ -	$ -	$ -

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-1

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 2,503,590	$ 2,383,265	$ 2,312,913	$ 2,263,023	$ 2,884,731	$ 2,718,977	$ 2,659,173	$ 2,512,981	$ 2,500,699	$ 2,240,673
Interest	16,974,462	16,363,027	15,606,239	15,312,412	14,613,181	14,162,162	13,594,672	13,196,843	12,850,577	11,096,155
Changes of benefit terms	-	-	-	-	-	-	-	(961,615)	-	-
Differences between expected and actual experience	12,232,695	5,144,289	7,198,783	714,457	(638,262)	2,223,406	3,517,133	1,889,654	26,647	2,803,443
Changes of assumptions	-	-	-	-	6,197,699	-	-	-	-	17,484,857
Benefit payments, including refunds of employee contributions	(16,110,260)	(15,379,171)	(14,688,183)	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)
Net change in total pension liability	15,600,487	8,511,410	10,429,752	4,222,455	9,644,429	6,324,100	8,122,067	5,608,628	4,875,537	23,652,279
Total pension liability - beginning	234,235,672	225,724,262	215,294,510	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015
Total pension liability - ending (a)	249,836,159	234,235,672	225,724,262	215,294,510	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294
Plan fiduciary net position										
Contributions - employer	25,134,883	13,949,835	11,675,185	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772
Contributions - employee	1,377,849	1,250,482	1,131,321	1,087,218	1,098,813	1,099,463	792,561	329,599	342,352	226,903
Net investment income	16,937,534	13,567,570	(17,187,451)	34,102,627	3,605,139	8,946,662	10,527,419	12,294,092	(1,546,127)	3,424,127
Benefit payments, including refunds of employee contributions	(16,110,260)	(15,379,171)	(14,688,183)	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)
Administrative expense	(285,137)	(271,203)	(240,797)	(238,939)	(238,340)	(240,537)	(228,247)	(253,592)	(268,455)	(272,012)
Other	-	-	(2)	(409)	(309)	30	553,281	83,757	-	-
Net change in plan fiduciary net position	27,054,869	13,117,513	(19,309,927)	31,905,418	2,444,012	7,168,967	9,907,003	9,187,705	(4,886,341)	200,941
Plan fiduciary net position - beginning	145,633,425	132,515,912	151,825,839	119,920,421	117,476,409	110,307,442	100,400,439	91,212,734	96,099,075	95,898,134
Plan fiduciary net position - ending	$ 172,688,294	$ 145,633,425	$ 132,515,912	$ 151,825,839	$ 119,920,421	$ 117,476,409	$ 110,307,442	$ 100,400,439	$ 91,212,734	$ 96,099,075
Total net pension liability - ending	$ 77,147,865	$ 88,602,247	$ 93,208,350	$ 63,468,671	$ 91,151,634	$ 83,951,217	$ 84,796,084	$ 86,581,020	$ 90,160,097	$ 80,398,219
City Portion of Total net pension liability - ending	$ 75,871,222	$ 86,035,617	$ 90,023,884	$ 61,438,195	$ 88,331,731	$ 81,214,818	$ 81,607,092	$ 82,427,752	$ 86,534,334	$ 77,045,318
JMRL (Library) Portion of total net pension liability - ending	1,276,643	2,566,630	3,184,466	2,030,476	2,583,631	2,638,484	2,842,652	3,769,195	3,255,673	2,968,515
CACVB (Visitors Bureau) portion of net pension liability - ending	-	-	-	-	236,272	97,915	346,340	384,073	370,090	384,386
	$ 77,147,865	$ 88,602,247	$ 93,208,350	$ 63,468,671	$ 91,151,634	$ 83,951,217	$ 84,796,084	$ 86,581,020	$ 90,160,097	$ 80,398,219
Plan fiduciary net position as a percentage of total pension liability	69%	62%	59%	71%	57%	58%	57%	54%	50.29%	54.45%
Covered payroll	$ 49,793,047	$ 46,767,615	$ 40,745,359	$ 38,981,614	$ 37,054,637	$ 39,573,350	$ 37,845,597	$ 36,800,404	$ 34,820,331	$ 35,324,742
Net pension liability as a percentage of covered payroll	155%	189%	229%	163%	246%	212%	224%	235%	258.9%	227.6%

Pension liability and related ratios are presented for all pension plan members

Benefit changes: No benefit changes were approved by Charlottesville City Council

Changes of assumptions: In 2017 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases.
The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.

Rate of Return: The annual money-weighted rate of return on pension plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
11.65%	11.49%	10.05%	-11.40%	8.64%	8.18%	10.49%	13.71%	-1.80%	3.70%

The Pension Plan participants include employees of the Jefferson Madison Regional Library (JMRL) and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). This schedule of changes in Net Pension Liability is provided for all participants.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-2

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
CITY PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 16,037,232	$ 15,746,472	$ 12,300,995	$ 11,379,972	$ 10,797,447	$ 9,591,629	$ 10,053,850	$ 9,910,900	$ 7,763,084	$ 6,388,275
Actual contributions in relation to actuarially determined contribution	17,490,115	25,134,883	13,949,835	11,675,185	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275
Contribution deficiency (excess)	$ (1,452,883)	$ (9,388,411)	$ (1,648,840)	$ (295,213)	$ (224,911)	$ (1,800,000)	$ (89,944)	$ -	$ -	$ (700,000)
Covered payroll	48,437,664	46,767,615	40,745,359	38,981,614	37,174,901	38,244,136	40,490,737	37,845,597	$ 36,800,404	$ 34,820,331
Actual contributions as a percentage of covered payroll	36.11%	53.74%	34.24%	29.95%	29.65%	29.79%	25.05%	26.19%	21.10%	20.36%

The schedule does not include member contributions
Pension liability and related ratios are presented for all pension plan members

Valuation date: Actuarial determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age, normal cost
Amortization period:	20 years
Remaining amortization period:	20 years "fresh start" as of June 30, 2017
Asset valuation method:	Market value with a four-year averaging of the difference between actual and expected investment performance
Inflation:	2.00% per annum, compounded annually
Salary increases:	2% to 4%
Investment rate of return:	7.5%
Retirement age:	In the June 30, 2018 actuarial valuation, expected retirement ages of general and public employees were adjusted to more closely reflect actual experience
Mortality:	In the June 30, 2018 actuarial valuation, assumed life expectancies were adjusted as a result or adopting the RP-2000 Healthy Lives Mortality Table, fully generational. In prior years, those assumptions were based on the Unisex Pension - 1984 Table (UP84)

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-3

SCHEDULE OF FUNDING PROGRESS
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2025

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 1,762,674	$ 1,828,270	$ (65,596)	$ 61,848,211	2.96%
2024	4,000,455	4,166,962	(166,507)	60,797,188	6.85%
2023	3,263,979	3,380,372	(116,393)	55,134,780	6.13%
2022	3,315,561	3,489,602	(174,041)	43,171,367	8.08%
2021	4,087,636	4,333,409	(245,773)	43,485,490	9.97%
2020	4,627,541	4,627,541	-	38,244,140	12.10%
2019	5,194,962	5,488,448	(293,486)	40,490,740	13.55%
2018	4,919,528	5,217,817	(298,289)	37,726,442	13.83%
2017	3,928,227	3,928,227	-	33,346,579	11.78%
2016	5,879,447	5,879,447	-	37,785,649	15.56%
2015	6,065,000	6,065,000	-	34,776,376	17.44%
2014	5,938,060	5,938,060	-	33,970,595	17.48%

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-4

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
CITY OTHER POST EMPLOYMENT BENEFITS PLAN

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	$ 932,320	$ 797,173	$ 1,073,751	$ 692,917	$ 723,701
Interest	5,002,349	4,596,564	5,426,089	5,346,723	5,437,566
Differences between expected and actual experience	2,732,431	4,176,074	(12,761,554)	(2,559,726)	(3,028,258)
Changes in assumptions	1,435,947	397,854	506,048	2,580,406	1,128,007
Benefit Payments	(4,739,514)	(4,645,195)	(5,410,979)	(5,354,883)	(5,528,074)
Net change in total OPEB liability	5,363,533	5,322,470	(11,166,645)	705,437	(1,267,058)
Total OPEB liability - beginning	68,135,421	62,812,951	73,979,596	73,274,159	74,541,217
Total OPEB liability - ending (a)	73,498,954	68,135,421	62,812,951	73,979,596	73,274,159
Plan fiduciary net position					
Contributions - employer	1,828,270	4,166,962	3,380,372	3,489,601	4,333,410
Contributions - employee	939,415	1,013,716	1,014,034	1,140,943	1,232,984
Net investment income	6,861,687	6,401,800	5,331,098	(6,814,457)	13,429,422
Benefit payments, including refunds of employee contributions	(4,739,514)	(4,645,195)	(5,410,979)	(5,354,883)	(5,528,074)
Administrative expense	(105,668)	(115,972)	(114,563)	(103,471)	(102,093)
Other	-	-	(2.00)	2.00	-
Net change in plan fiduciary net position	4,784,190	6,821,311	4,199,960	(7,642,265)	13,365,649
Plan fiduciary net position - beginning	63,563,821	56,742,510	52,542,550	60,184,815	46,819,166
Plan fiduciary net position - ending	$ 68,348,011	$ 63,563,821	$ 56,742,510	$ 52,542,550	$ 60,184,815
Total net OPEB liability - ending	$ 5,150,943	$ 4,571,600	$ 6,070,441	$ 21,437,046	$ 13,089,344
City Portion of Total net OPEB liability - ending	5,008,569	4,448,638	5,859,384	20,534,203	12,558,938
JMRL (Library) Portion of total net OPEB liability - ending	142,374	122,962	211,057	902,843	530,406
CACVB (Visitors Bureau) portion of net OPEB liability - ending	-	-	-	-	-
	$ 5,150,943	$ 4,571,600	$ 6,070,441	$ 21,437,046	$ 13,089,344
Plan fiduciary net position as a percentage of total OPEB liability	92.99%	93.29%	90.34%	71.02%	82.14%
Covered payroll	$ 61,848,211	$ 60,797,188	$ 55,134,780	$ 43,171,367	$ 43,485,490
Net OPEB liability as a percentage of covered payroll	8.33%	7.52%	11.01%	49.66%	30.10%

OPEB liability and related ratios are presented for all pension plan members

Benefit changes: No benefit changes were approved by Charlottesville City Council

Changes of assumptions: In 2018 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases.
The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.

Rate of Return: The annual money-weighted rate of return on OPEB plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:

2025	2024	2023	2022	2021
11.65%	11.49%	10.05%	-11.40%	28.70%

The OPEB Plan participants include employees of the Jefferson Madison Regional Library (JMRL) and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). This schedule of changes in Net Pension Liability is provided for all participants.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CHARLOTTESVILLE SCHOOL BOARD COMPONENT UNIT

Required Supplementary Information

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-5

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
VIRGINIA RETIREMENT SYSTEM (VRS)
SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 184,294	$ 190,245	$ 157,251	$ 169,581	$ 197,515	$ 176,264	$ 187,291	$ 198,247	$ 195,809	$ 196,210
Interest	715,018	701,404	692,085	701,011	708,789	731,101	722,190	717,771	718,672	713,114
Differences between expected and actual experience	125,440	91,564	(12,940)	(832,777)	(204,159)	(301,523)	-	(51,816)	(226,626)	-
Changes of assumptions	-	-	-	385,484	-	255,338	(55,260)	(66,534)	-	(853,779)
Benefit payments, including refunds of employee contributions	(788,195)	(762,962)	(699,695)	(725,889)	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	-
Net change in total pension liability	236,557	220,251	136,701	(302,590)	(206,702)	160,216	101,348	81,453	2,604	55,545
Total pension liability - beginning	10,802,656	10,582,405	10,445,704	10,748,294	10,954,996	10,794,780	10,693,432	10,611,979	10,609,375	10,553,830
Total pension liability - ending	$ 11,039,213	$ 10,802,656	$ 10,582,405	$ 10,445,704	$ 10,748,294	$ 10,954,996	$ 10,794,780	$ 10,693,432	$ 10,611,979	$ 10,609,375
Plan fiduciary net position										
Contributions - employer	-	-	37,522	35,567	67,014	67,470	84,487	87,234	171,836	164,445
Contributions - employee	107,234	104,384	98,910	96,805	101,183	97,699	94,766	97,046	100,765	96,590
Net investment income	1,211,888	792,619	(5,833)	2,912,633	219,330	728,430	801,592	1,229,764	174,795	472,412
Benefit payments, including refunds of employee contributions	(788,195)	(762,962)	(699,695)	(725,889)	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	(732,971)
Administrative expense	(8,519)	(8,271)	(8,358)	(7,622)	(7,782)	(7,616)	(7,250)	(7,477)	(6,745)	(6,848)
Other	(781)	(429)	297	271	(246)	(457)	(698)	(1,078)	(76)	(98)
Net change in plan fiduciary net position	521,627	125,341	(577,157)	2,311,765	(529,348)	184,562	220,024	689,274	(244,676)	(6,470)
Plan fiduciary net position - beginning	12,766,899	12,641,558	13,218,715	10,906,950	11,436,298	11,251,736	11,031,712	10,342,438	10,587,114	10,593,584
Plan fiduciary net position - ending	$ 13,288,526	$ 12,766,899	$ 12,641,558	$ 13,218,715	$ 10,906,950	$ 11,436,298	$ 11,251,736	$ 11,031,712	$ 10,342,438	$ 10,587,114
Total net pension liability - beginning	$ (1,964,243)	$ (2,059,153)	$ (2,773,011)	$ (158,656)	$ (481,302)	$ (456,956)	$ (338,280)	$ 269,541	$ 22,261	$ (39,754)
Total net pension liability - ending	$ (2,249,313)	$ (1,964,243)	$ (2,059,153)	$ (2,773,011)	$ (158,656)	$ (481,302)	$ (456,956)	$ (338,280)	$ 269,541	$ 22,261
Plan fiduciary net position as a percentage of total pension liability	-20.38%	-18.18%	-19.46%	-26.55%	-1.48%	-4.39%	-4.23%	-3.16%	2.54%	0.21%
Covered payroll	$ 2,655,926	$ 2,387,408	$ 2,298,354	$ 2,108,308	$ 2,178,188	$ 2,087,006	$ 1,983,725	$ 1,998,410	$ 2,058,976	$ 1,972,080
Net pension liability as a percentage of covered employee payroll	-84.69%	-82.28%	-89.59%	-131.53%	-7.28%	-23.06%	-23.04%	-16.93%	13.09%	1.13%

The amounts presented have a measurement date of the previous fiscal year end.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-6

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
VIRGINIA RETIREMENT SYSTEM (VRS)
SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution *	$ -	$ -	$ -	$ 51,429	$ 50,178	$ 67,672	$ 68,013	$ 89,157	$ 191,048	$ 277,344
Contributions in relation to actuarially determined contribution	-	-	-	51,690	50,178	67,672	68,013	89,157	184,280	272,601
Contribution deficiency (excess)	$ -	$ -	$ -	$ (261)	$ -	$ -	$ -	$ -	$ 6,768	$ 4,743
Covered payroll	$ 2,655,926	$ 2,387,408	$ 2,298,354	$ 2,160,890	$ 2,108,308	$ 2,178,188	$ 2,087,006	$ 1,983,725	$ 1,998,410	$ 2,058,976
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	2.39%	2.38%	3.11%	3.26%	4.49%	9.22%	13.24%

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013.and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

See Note 15 for detailed information on changes to mortality rates for School's pension.

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of Hybrid plan.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-7

SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VIRGINIA RETIREMENT SYSTEM (VRS)
SCHOOL BOARD TEACHERS COST SHARING PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School Board's proportion of the Virginia Retirement System net pension liability (asset) (%)	0.45257%	0.44629%	0.46149%	0.46409%	0.4797%	0.4832%	0.4796%	0.4804%	0.4819%	0.4783%
School Board's proportion of the net pension liability (asset) ($)	41,883,564	44,630,384	43,936,611	36,027,758	69,811,858	63,312,862	56,399,000	$ 59,082,000	$ 67,535,000	$ 60,198,000
School Board's covered payroll	$ 51,632,719	$ 47,756,713	$ 43,294,313	$ 41,310,321	$ 42,357,768	$ 40,460,883	38,941,499	$ 38,057,049	$ 36,749,269	$ 35,536,803
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	81.1183%	93.4536%	101.4836%	87.2125%	164.8148%	156.4792%	144.8301%	155.2459%	183.7724%	169.3962%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

The amounts presented have a measurement date of the previous fiscal year end.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-8

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
VIRGINIA RETIREMENT SYSTEM (VRS)
SCHOOL BOARD TEACHERS COST SHARING PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution *	$ 7,337,009	$ 7,937,166	$ 6,970,461	$ 6,855,433	$ 6,566,056	$ 6,381,272	$ 6,158,803	$ 6,355,218	$ 5,579,163	$ 5,166,947
Contributions in relation to actuarially determined contribution	7,337,009	7,937,166	6,970,461	6,855,433	6,566,056	6,381,272	6,158,803	6,355,218	5,579,163	5,166,168
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 779
Covered payroll	$ 51,632,719	$ 47,756,713	$ 44,224,987	$ 43,294,313	$ 41,310,321	$ 42,357,768	$ 40,460,883	$ 38,941,499	$ 38,057,049	$ 36,749,269
Contributions as a percentage of covered payroll	14.2%	16.6%	15.8%	15.8%	15.9%	15.1%	15.2%	16.3%	14.7%	14.1%

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because of this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- No salary changes

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of Hybrid plan.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-9

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2025

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Nonprofessional					
2025	$ 24,700	$ 24,700	$ -	$ 2,655,926	0.93%
2024	$ 22,203	$ 22,203	$ -	$ 2,387,408	0.93%
2023	$ 21,375	$ 21,375	$ -	$ 2,298,354	0.93%
2022	$ 15,942	$ 15,942	$ -	$ 2,154,307	0.74%
Virginia Retirement System - Health Insurance Credit - Teachers					
2025	$ 624,756	$ 624,756	$ -	$ 51,632,719	1.21%
2024	$ 577,856	$ 577,856	$ -	$ 47,756,713	1.21%
2023	$ 535,120	$ 535,120	$ -	$ 44,224,987	1.21%
2022	$ 523,901	$ 523,901	$ -	$ 43,297,608	1.21%
2021	$ 515,396	$ 515,396	$ -	$ 43,490,629	1.19%
2020	$ 508,293	$ 508,293	$ -	$ 42,357,767	1.20%
2019	$ 486,028	$ 486,028	$ -	$ 40,502,306	1.20%
2018	$ 479,003	$ 479,003	$ -	$ 38,943,365	1.23%
Virginia Retirement System - Group Life Insurance - Nonprofessional					
2025	$ 12,515	$ 12,515	$ -	$ 2,662,767	0.47%
2024	$ 12,892	$ 12,892	$ -	$ 2,387,408	0.54%
2023	$ 12,411	$ 12,411	$ -	$ 2,298,354	0.54%
2022	$ 11,645	$ 11,645	$ -	$ 2,156,414	0.54%
Virginia Retirement System - Group Life Insurance					
2025	$ 242,674	$ 242,674	$ -	$ 51,632,719	0.47%
2024	$ 257,886	$ 257,886	$ -	$ 47,756,713	0.54%
2023	$ 238,895	$ 238,895	$ -	$ 44,239,834	0.54%
2022	$ 245,522	$ 245,522	$ -	$ 45,466,972	0.54%
2021	$ 234,561	$ 234,561	$ -	$ 43,418,630	0.54%
2020	$ 233,335	$ 233,335	$ -	$ 42,357,767	0.55%
2019	$ 223,133	$ 223,133	$ -	$ 40,502,306	0.55%
2018	$ 157,801	$ 157,801	$ -	$ 38,943,365	0.41%
Local Plan - Schools					
2025	$ 153,947	$ 153,947	$ -	*	*
2024	$ 275,792	$ 275,792	$ -	*	*
2023	$ 207,440	$ 207,440	$ -	*	*
2022	$ 138,880	$ 138,880	$ -	*	*
2021	$ 298,000	$ 298,000	$ -	$ 38,536,000	0.77%
2020	$ 193,000	$ 193,000	$ -	$ 38,356,000	0.50%
2019	$ 128,000	$ 128,000	$ -	$ 36,995,000	0.35%
2018	$ 226,000	$ 226,000	$ -	$ 36,995,000	0.61%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

* No covered payroll provided in Local plan actuary report.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-10

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
SCHOOL BOARD LOCAL OPEB PLAN

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 129,482	$ 134,004	$ 164,162	$ 143,071	$ 133,000	$ 148,000	$ 122,000	$ 144,000
Interest	87,609	94,437	55,716	81,107	99,000	130,000	129,000	125,000
Differences between expected and actual experience	39,999	(299,699)	-	(14,599)	132,000	(5,000)	(127,000)	-
Changes of assumptions	(17,459)	(40,695)	(303,651)	(539,091)	216,000	(423,000)	-	-
Benefit payments, including refunds of employee contributions	(153,947)	(275,792)	(207,440)	(138,880)	(298,000)	(193,000)	(128,000)	(226,000)
Net change in total OPEB liability	85,684	(387,745)	(291,213)	(468,392)	282,000	(343,000)	(4,000)	43,000
Total OPEB liability - beginning	2,326,650	2,714,395	3,005,608	3,474,000	3,192,000	3,535,000	3,539,000	3,496,000
Total OPEB liability - ending	$ 2,412,334	$ 2,326,650	$ 2,714,395	$ 3,005,608	$ 3,474,000	$ 3,192,000	$ 3,535,000	$ 3,539,000
Plan fiduciary net position								
Contributions - employer	153,947	275,792	207,440	138,880	298,000	193,000	128,000	226,000
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(153,947)	(275,792)	(207,440)	(138,880)	(298,000)	(193,000)	(128,000)	(226,000)
Administrative expense	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total net OPEB liability - beginning	$ 2,326,650	$ 2,714,395	$ 3,005,608	$ 3,474,000	$ 3,192,000	$ 3,535,000	$ 3,539,000	$ 3,539,000
Total net OPEB liability - ending	$ 2,412,334	$ 2,326,650	$ 2,714,395	$ 3,005,608	$ 3,474,000	$ 3,192,000	$ 3,535,000	$ 3,539,000
Plan fiduciary net position as a percentage of total OPEB liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered-employee payroll	*	*	*	*	$ 38,536,000	$ 38,536,000	$ 36,995,000	$ 36,995,000
Net OPEB liability as a percentage of covered-employee payroll	*	*	*	*	9.01%	8.28%	9.56%	9.57%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

* No covered payroll provided in Local plan actuary report.

CITY OF CHARLOTTESVILLE, VIRGINIA — EXHIBIT H-11

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE FOR OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 2025

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Nonprofessional					
2025	0.11247%	$ 32,282	$ 2,655,926	1.22%	62.13%
2024	0.00171%	$ 63,879	$ 2,387,408	2.68%	51.79%
2023	0.00999%	$ 225,374	$ 2,298,354	9.81%	39.63%
2022	0.01021%	$ 208,251	$ 2,154,307	9.67%	40.52%
Virginia Retirement System - Health Insurance Credit - Teachers					
2025	0.44575%	$ 5,151,301	$ 51,632,719	9.98%	21.82%
2024	0.44575%	$ 5,373,000	$ 47,756,713	11.25%	17.90%
2023	0.44353%	$ 5,802,571	$ 44,224,987	13.12%	15.08%
2022	0.46456%	$ 5,995,551	$ 43,297,608	13.85%	13.15%
2021	0.46710%	$ 6,505,623	$ 43,490,629	14.96%	9.95%
2020	0.48316%	$ 6,321,000	$ 42,357,767	14.92%	8.97%
2019	0.48105%	$ 6,113,000	$ 40,502,306	15.09%	9.51%
2018	0.48208%	$ 6,116,000	$ 38,943,365	15.70%	7.04%
Virginia Retirement System - Group Life Insurance					
2025	0.00930%	$ 103,781	$ 2,655,926	3.91%	73.41%
2024	0.00930%	$ 117,053	$ 2,387,408	4.90%	69.30%
2023	0.01021%	$ 118,872	$ 2,298,354	5.17%	67.21%
2022	0.01021%	$ 118,872	$ 2,156,414	5.51%	67.45%
2021	0.01058%	$ 176,563	$ 2,108,308	8.37%	52.64%
2020	0.01063%	$ 172,978	$ 2,178,183	7.94%	52.00%
2019	0.01043%	$ 159,000	$ 2,084,546	7.63%	51.22%
2018	0.01043%	$ 163,000	$ 2,084,546	7.82%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

APPENDIX C

Proposed Form of Opinion of Bond Counsel

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Set forth below is the proposed form of opinion of Hunton Andrews Kurth LLP, Bond Counsel. It is preliminary and subject to change prior to delivery of the Bonds.

[Closing Date]

City Council
City of Charlottesville
Charlottesville, Virginia

$_______
City of Charlottesville, Virginia
General Obligation Public Improvement Bonds,
Series 2026

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the City of Charlottesville, Virginia (the "City"), of its $_______ General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"). The Bonds are being issued to finance the costs of certain capital improvement projects for the City and pay costs of issuance (if not otherwise paid from City funds). Reference is made to the form of the Bonds for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of 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 City has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds (the "Covenants").

Based on the foregoing and in accordance with customary opinion practice, we are of the opinion that:

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, and constitute valid and binding obligations of the City, and the City Council of the City is authorized and required by law, unless other funds are lawfully available and appropriated for timely payment of the Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of, premium, if any, and interest on the Bonds.

2. The rights of the holders of the Bonds and the enforceability of such rights 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.

3. Under current law, interest, [including accrued original issue discount ("OID"),] on the 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 opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the City to comply with the Covenants, among other things, could cause interest, [including accrued OID,] on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue. [In the case of the Bonds maturing in the

years _______ (the "OID Bonds"), the difference between (x) the stated principal amount of each maturity of the OID Bonds and (y) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such maturities of OID Bonds is sold will constitute OID; OID will accrue for Federal income tax purposes on a constant yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of OID treated for Federal income tax purposes as having accrued on such Bond while the holder holds the Bond.] The City may in its discretion, but has 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 interest on the Bonds remain 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 Bonds.

4. Under current law, interest, [including accrued OID,] on the Bonds is exempt from income taxation by the Commonwealth of Virginia.

The opinions set forth above are based on existing 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 City have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the City, its ability to provide for payment of the Bonds or the accuracy or completeness of any information, including the City's Preliminary Official Statement dated ____________, 2026, and its Official Statement dated __________ 2026, that may have been relied upon by anyone in making the decision to purchase 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,

APPENDIX D

Form of Continuing Disclosure Agreement

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FORM OF
CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of _______, 2026 (the "Disclosure Agreement"), is executed and delivered by the City of Charlottesville, Virginia (the "Issuer"), in connection with the issuance by the Issuer of its $_______ General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"). The Issuer hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC"), by providing certain annual financial information and material event notices required by the Rule.

Section 2. Annual Disclosure. (a) The Issuer 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 Issuer, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data with respect to the Issuer substantially of the type described in the following portions of Appendix A to the Issuer's Official Statement dated _______, 2026: (1) the tables entitled "Legal Debt Margin" and "Key Debt Ratios" in "CITY INDEBTEDNESS AND CAPITAL PLANS" and (2) the five tables in the subsection entitled "*Real Estate and Personal Property Taxes*" in the section "General Fund Revenues" in "FINANCIAL INFORMATION."

If the financial statements filed pursuant to Section 2(a)(i) are not audited, the Issuer shall also file such statements as audited when available.

(b) The Issuer shall file annually with the Municipal Securities Rulemaking Board ("MSRB") the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") no later than the March 31 following the end of the Issuer's preceding fiscal year, commencing with the Issuer's fiscal year ending June 30, 2026.

(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 Issuer shall file with the MSRB in a timely manner notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The Issuer shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 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 IRS 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 Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of the holders of the Bonds, if material;

(h) bond calls, if material, and tender offers;

(i) defeasance of all or any portion of the Bonds;

(j) release, substitution or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 (hereinafter defined) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Bondholders, 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 Issuer, 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 Municipal Securities Rulemaking Board consistent with the Rule.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of Bondholders, provided that the Issuer receives an opinion of nationally recognized bond counsel to the effect that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the Issuer 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 Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Issuer's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer 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 Bonds or the resolution providing for the issuance of the 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 an electronic format to the MSRB through the MSRB's Electronic Municipal Market Access ("EMMA") system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer 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 CHARLOTTESVILLE, VIRGINIA

____

City Manager

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APPENDIX E

Description of The Depository Trust Company
And Book-Entry System

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DESCRIPTION OF
THE DEPOSITORY TRUST COMPANY AND BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and premium, if any, and interest on the 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 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 Bonds. The 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 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"). 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 holdings 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 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 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Registrar 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the 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 City 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 City or the Registrar subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, 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 Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Neither the City nor the Registrar has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolution 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 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Resolution.

The City 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 Bonds without the consent of Beneficial Owners or Bondholders.

APPENDIX F

Notice of Sale

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NOTICE OF SALE

$24,850,000*
CITY OF CHARLOTTESVILLE, VIRGINIA
General Obligation Public Improvement Bonds
Series 2026

Notice is hereby given that electronic all-or-none ("**AON**") bids will be received by the City of Charlottesville, Virginia (the "**City**"), for the purchase of its $24,850,000* General Obligation Public Improvement Bonds, Series 2026 (the "**Bonds**"). All bids must be submitted on Grant Street Group's MuniAuction website ("**MuniAuction**") accessible at www.GrantStreet.com, on August 18, 2026, between 10:15 a.m. and 10:30 a.m. prevailing Eastern Time, unless extended in accordance with the two-minute rule described herein.

The Bonds shall be dated the date of their delivery and mature, subject to the right of prior redemption as hereinafter set forth, on the 15th day of June in the following years and in the following amounts, respectively:

Initial Maturity Schedule*

Year* (June 15)	Principal Amount*	Year* (June 15)	Principal Amount*
2027	$1,240,000	2037	$1,240,000
2028	1,250,000	2038	1,240,000
2029	1,250,000	2039	1,240,000
2030	1,250,000	2040	1,240,000
2031	1,250,000	2041	1,240,000
2032	1,250,000	2042	1,235,000
2033	1,250,000	2043	1,235,000
2034	1,250,000	2044	1,235,000
2035	1,245,000	2045	1,235,000
2036	1,240,000	2046	1,235,000

The City reserves the right to change the date for receipt of bids (the "**Scheduled Bid Date**") in accordance with the section of this Notice of Sale entitled "Change of Bid Date and Closing Date; Other Changes to Notice of Sale."

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* Preliminary, subject to adjustment as provided herein.

BID PARAMETERS TABLE FOR THE BONDS*

INTEREST		PROCEDURAL	
Dated Date:	Date of Delivery	Sale Date and Time:	Bids due August 18, 2026, between 10:15 a.m. and 10:30 a.m., prevailing Eastern Time
Anticipated Delivery Date:	September 9, 2026	Bid Submission:	Electronic bids through MuniAuction only
Interest Payments Dates:	June 15 and December 15	All or None?	Yes
First Interest Payment Date:	December 15, 2026	Bid Award Method:	Lowest TIC – Dated Date excluding Accrued Interest
Coupon Multiples:	1/8 or 1/20 of 1%	Good Faith Deposit:	1% of the aggregate principal amount reflected in the Bid Maturity Schedule. See “Good Faith Deposit.”
Zero Coupons:	Not Permitted	Establishment of Issue Price – Competitive Sale Requirements	The City intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”).
Split Coupons:	Not Permitted	Establishment of Issue Price – Alternative Approach	If the competitive sale requirements are not met because the City fails to receive at least three qualifying bids, the City intends to treat the Initial Public Offering Price (as hereinafter defined) of each maturity of the Bonds as of the Sale Date (as hereinafter defined) as the issue price of that maturity (the “hold-the-offering-price rule”).

PRINCIPAL		PRICING	
Due Date:	June 15, 2027 – June 15, 2046	Max. Aggregate Bid Price:	120.00%
Optional Redemption:	Bonds maturing on and after June 15, 2036, are callable on June 15, 2035, and thereafter at par	Min. Aggregate Bid Price:	100.00%
Post-bid Principal Increases in Aggregate:	10%	Max. Price per Maturity:	None
Post-bid Principal Reductions in Aggregate:	10%	Min. Price per Maturity:	None
Term Bonds:	Permitted	High Coupon per Maturity:	5.00%
Maximum TIC	5.25%	Low Coupon per Maturity:	June 15, 2027 – June 15, 2035: None June 15, 2036 – June 15, 2046: 5.00%

* Subject to the detailed provisions of this Notice of Sale.

Changes to Initial Maturity Schedule

The Initial Maturity Schedule set forth above represents an estimate of the principal amount of the Bonds to be sold. The City hereby reserves the right to change the Initial Maturity Schedule, based on market conditions prior to the sale, by announcing via MuniAuction (www.GrantStreet.com) or Thomson Municipal Market Monitor ("**TM3**") (www.tm3.com) any such change not later than 30 minutes prior to the announced time and date for receipt of bids. The resulting schedule of maturities will become the "**Bid Maturity Schedule**." If no such change is announced, the Initial Maturity Schedule will become the Bid Maturity Schedule.

Changes to Bid Maturity Schedule

The City hereby further reserves the right to change the Bid Maturity Schedule after the determination of the winning bidder, by increasing or decreasing the aggregate principal amount of the Bonds, subject to the limitation of no more than a 10% increase or decrease in the aggregate principal amount of the Bonds.

THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING TERMS (AS HEREAFTER DEFINED) AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the final aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Terms. The interest rates specified by the successful bidder for the various maturities at the Initial Reoffering Terms will not change. The City anticipates that the final annual principal amounts and the final aggregate principal amount of the Bonds will be communicated to the successful bidder within twenty-four hours of the City's receipt of the Initial Public Offering Prices and yields of the Bonds (together, the "**Initial Reoffering Terms**").

Book-Entry System

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("**DTC**"), and immobilized in its custody. The book-entry system will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 and any multiple thereof, with transfers of beneficial ownership interests effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the Bonds will be payable on each June 15 and December 15, the first interest payment date being December 15, 2026, and principal of the Bonds will be payable at maturity or upon prior redemption, to DTC or its nominee as registered owner of the Bonds. Transfer of principal, interest and any redemption payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the City determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the City will discontinue the book-entry system with DTC. If the City fails to select another qualified securities depository to replace DTC, the City will deliver replacement Bonds in the form of fully registered certificates.

Security for the Bonds

The Bonds are general obligations of the City, and the full faith and credit and unlimited taxing power of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as they become due. In each year while the Bonds, or any of them, are outstanding and unpaid, the City Council is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Bonds, to levy and collect annually an *ad valorem* tax upon 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 interest on the Bonds.

Serial Bonds and/or Term Bonds; Mandatory Sinking Fund Redemption

Bidders may provide that all of the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

If the successful bidder designates principal amounts of the Bonds to be combined into one or more term bonds, each such term Bond shall be subject to mandatory sinking fund redemption commencing on June 15 of the first year that has been combined to form such term Bond and continuing on June 15 in each year thereafter until the stated maturity date of that term Bond. The amount redeemed in any year shall be equal to the principal amount of serial Bonds that would otherwise have matured in such year. Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Bonds then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement term Bonds of the maturity then subject to redemption that have been purchased and cancelled by the City or that have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

Optional Redemption

The Bonds maturing on or before June 15, 2035, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 15, 2036, are subject to redemption prior to maturity at the option of the City at any time on or after June 15, 2035, in whole or in part (in integral multiples of $5,000), upon payment of 100% of the principal amount of Bonds to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected by the chief financial officer of the City in such manner as such officer may determine to be in the best interests of the City. If less than all the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, by the registrar by lot in such manner as the registrar in his or her discretion may determine.

Registration to Bid

To bid, bidders must first visit the MuniAuction website at www.GrantStreet.com, where, if they have never registered with either MuniAuction or any municipal debt auction website powered by Grant Street Group, they can register to participate in the City's auction. Only FINRA registered broker dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Bidders who have previously registered with MuniAuction may call auction support at (412) 391-5555 to confirm their ID or password. The use of MuniAuction shall be at the bidder's risk, and the City shall have no liability with respect thereto.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via MuniAuction. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access MuniAuction for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor MuniAuction shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the City nor MuniAuction shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, MuniAuction. The City is using MuniAuction as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of MuniAuction to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the **"Bid Specifications"** hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via MuniAuction are the sole responsibility of the bidders, and the City is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting or modifying a bid for the Bonds, it should telephone MuniAuction and notify PFM Financial Advisors LLC, the City's financial advisor (the "**Financial Advisor**"), by telephone at (571) 527-5142. After receipt of bids is closed, the City through MuniAuction will indicate the apparent successful bidder. Such message is a courtesy only for viewers and does not constitute the award of the Bonds. Each bid will remain subject to review by the City to determine its true interest cost rate and compliance with the terms of this Notice of Sale.

Submission of Bids

All bids must be unconditional and submitted on the MuniAuction website. No other provider of electronic bidding services, and no other means of delivery (i.e., telephone, telefax, physical delivery, etc.) will be accepted. Bidders may change and submit bids as many times as they wish during the auction; provided, however, that each bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("**TIC**"), when compared to the immediately preceding bid of such bidder. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid but each bidder will be able to see its ranking (i.e., "Leader", "Cover", "3rd", etc.).

The time maintained by MuniAuction shall constitute the official time with respect to all bids submitted.

By submitting a bid for the Bonds, each bidder represents and certifies that it has an established industry reputation for underwriting new issuances of municipal bonds. The City will not accept bids from firms without an established industry reputation for underwriting new issuances of municipal bonds.

Two-Minute Rule

If any bid becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such new leading bid was received by MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two (2) minutes.

Rules of MuniAuction

The **"Rules of MuniAuction"** can be viewed on the MuniAuction website at www.GrantStreet.com and are incorporated by reference in this Notice of Sale. Bidders must comply with the Rules of MuniAuction in addition to the requirements of this Notice of Sale. In the event the Rules of MuniAuction conflict with this Notice of Sale, this Notice of Sale, as it may be amended by the City, shall prevail.

Good Faith Deposit

After receipt of bids is closed and prior to the award, the apparent successful bidder indicated on MuniAuction must submit to the City by wire transfer a good faith deposit (the "**Deposit**") equal to 1% of the aggregate principal amount reflected in the Bid Maturity Schedule. The award to the apparent successful bidder is contingent upon receipt of the Deposit, and the Bonds will not be awarded to such bidder until the City has received confirmation of receipt of the Deposit.

Wire instructions for the Deposit will be provided to the apparent successful bidder in a timely fashion after receipt of the bids is closed.

Award or rejection of bids will be made by or on behalf of the City on the date above stated for the receipt of bids. The proceeds of the Deposit will be held as security for the performance of the successful bidder's bid and applied to the purchase price of the Bonds, but, in the event the successful bidder shall fail to comply with the terms of its bid, the Deposit will be retained as and for full liquidated damages. No interest earned thereon will be allowed as a credit against the purchase price of the Bonds.

Award of Bonds

Award or rejection of bids will be made by the City prior to 11:59 p.m., prevailing Eastern Time on the date of receipt of bids. ALL BIDS SHALL REMAIN FIRM UNTIL 11:59 P.M., PREVAILING EASTERN TIME, ON THE DATE OF RECEIPT OF BIDS. An award of the Bonds, if made, will be made by the City within such time period (10:30 a.m. – 11:59 p.m.).

The Bonds will be awarded to the bidder offering to purchase the Bonds at the lowest "True" or "Canadian" interest cost ("**TIC**"), such cost to be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the aggregate price bid of the Bonds, the payments of the principal of and the interest on the Bonds from their payment dates to the dated date of the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest TIC, the Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the bids producing the same lowest TIC, provided that if apportionment is not acceptable to such bidders the City will have the right to select by lot the winning bidder from among such bidders. There will be no auction.

Bids for the Bonds shall not be conditioned upon obtaining municipal bond insurance or any other credit enhancement. If a bidder proposes to obtain a policy of municipal bond insurance or any other credit enhancement, any such purchase of insurance or commitment therefor shall be at the sole option and expense of the bidder, and the bidder must pay any increased costs of issuance of the Bonds as a result of such insurance or commitment. Any failure by the bidder to obtain such a policy of insurance or other credit enhancement shall not in any way relieve such bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

Right of Rejection

The City expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein and (iii) to solicit new bids or proposals for the sale of the Bonds or otherwise provide for the public sale of the Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of the Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

Change of Bid Date and Closing Date; Other Changes to Notice of Sale

The City reserves the right to postpone, from time to time, the date and time established for the receipt of bids and will undertake to announce any such change via MuniAuction (www.GrantStreet.com) or TM3 (www.tm3.com).

Any postponement of the bid date will be announced via MuniAuction or TM3 not later than 30 minutes prior to the announced time for receipt of bids. An alternative bid date and time will be announced via MuniAuction or TM3 at least 18 hours prior to such alternative bid date.

On such alternative bid date and time, the City will accept bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for bidding and any other changes announced via MuniAuction or TM3 at the time the bid date and time are announced.

The City may change the scheduled delivery date for the Bonds by notice given in the same manner as set forth for a change in the date for the receipt of bids.

The City reserves the right to otherwise change this Notice of Sale. The City anticipates that it would communicate any such changes via MuniAuction or TM3 by 5:00 p.m., prevailing Eastern Time, on the date prior to the scheduled date for receipt of bids but no later than 30 minutes prior to the scheduled time and date for receipt of bids.

Conflict Waiver

Hunton Andrews Kurth LLP is serving as Bond Counsel in connection with the issuance and sale of the Bonds. By placing a bid, each bidder represents that it understands that Hunton Andrews Kurth LLP, in its capacity as Bond Counsel, represents the City, and that, if successful, the bidder waives any conflict of interest that Hunton Andrews Kurth LLP's involvement in connection with the issuance and sale of the Bonds presents to the successful bidder.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of all of the Bonds to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers who are not purchasing for their own account as ultimate purchasers without a view to resell).

Within 30 minutes of being notified of the award of the Bonds, the successful bidder must furnish to the City, by facsimile or other electronic transmission, the following information to complete the Official Statement in final form, as described below:

A. The Initial Public Offering Prices of the Bonds (expressed as the price or yield per maturity).

B. Selling compensation (aggregate total anticipated compensation to the underwriter(s) expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields described in Subpart A above).

C. The identity of the underwriters if the successful bidder is a part of a group or syndicate.

D. Any other material information necessary to complete the Official Statement in final form but not known to the City.

Prior to delivery of the Bonds, the successful bidder shall furnish to the City a certificate, in form acceptable to Bond Counsel, to the effect that successful bidder has complied with Rule G-37 of the Municipal Securities Rulemaking Board with respect to the City.

Establishment of Issue Price

The successful bidder shall assist the City in establishing the "issue price" of the Bonds and shall execute and deliver to the City prior to the Closing Date a certificate acceptable to Bond Counsel setting forth the reasonably expected Initial Public Offering Prices, or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1 or Exhibit A-2, as applicable, with such modifications as may be appropriate or necessary in the reasonable judgment of the successful bidder, the City or Bond Counsel.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "**competitive sale requirements**") because:

(a) the City will disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(b) all bidders will have an equal opportunity to bid;

(c) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(d) the City anticipates awarding the sale of the Bonds to the bidder that submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event the City receives less than three (3) bids that conform to the parameters contained herein such that the competitive sale requirements are not satisfied, the City intends to treat the Initial Public Offering Price of each maturity of the Bonds as of the Sale Date as the issue price of that maturity (the "**hold-the-offering-price rule**"). Consequently, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds. The City will advise the apparent winning bidder within one hour of receipt of bids if the hold-the-offering-price rule will apply.

By submitting a bid, the successful bidder shall, on behalf of the underwriter(s) participating in the purchase of the Bonds, (i) confirm that the underwriter(s) have offered or will offer each maturity of the Bonds to the public on or before the date that the Bonds are awarded by the City to the successful bidder (**"Sale Date"**) at the initial public offering price or prices (the "**Initial Public Offering Prices**") set forth in the bid submitted by the winning bidder, and (ii) agree that the underwriter(s) will neither offer nor sell any maturity of the Bonds to any person at a price that is higher than the Initial Public Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of the following:

(A) the close of the fifth business day after the Sale Date; or

(B) the date on which the underwriter(s) have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Public Offering Price for such maturity.

The winning bidder shall promptly advise the City when the underwriter(s) have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Public Offering Price if that occurs prior to the close of the fifth (5^{th}) business day after the Sale Date. The winning bidder agrees to provide supporting pricing wires or equivalent communications reflecting such information.

The City acknowledges that the successful bidder, in making the representations set forth above, will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or a dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to:

(A)(1) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (2) comply with the hold-the-offering-price rule, in each case if and for so long as directed by the successful bidder and in the related pricing wires;

(B) to promptly notify the successful bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

Further, for purposes of this Notice of Sale:

(i) **"public"** means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party,

(ii) **"underwriter"** means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

(iii) a purchaser of any of the Bonds is a **"related party"** to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Delivery of Bonds and Closing Certificates

The Bonds will be delivered on or about September 9, 2026, in New York, New York, at DTC against payment of the purchase price therefor (less the amount of the Deposit) in Federal Reserve funds.

Concurrently with the delivery of the Bonds, the successful bidder will be furnished with (1) a certificate dated the date of delivery of the Bonds, signed by the appropriate City officials and stating that no litigation of any kind is then pending or, to the best of their information, knowledge and belief, threatened against the City to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of ad valorem taxes upon 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 interest on the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued, and (2) a certificate dated the date of delivery of the Bonds, signed by the appropriate City officials, stating that the descriptions and statements in the Official Statement (except in the sections entitled "DESCRIPTION OF THE BONDS –Book-Entry Only System," "TAX EXEMPTION" and in Appendices C and E and the information as to yields and CUSIP numbers on the inside cover page) on the date of the Official Statement and on the date of delivery of the Bonds were and are true and correct in all material respects, did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading. Such certificate will also state however, that such City officials did not independently verify the information indicated in the Official Statement as having been obtained or derived from sources other than the City and its officers but that they have no reason to believe that such information is not accurate.

The City Attorney will also furnish to the successful bidder concurrently with the delivery of the Bonds a certificate dated the date of delivery of the Bonds, stating that the statements relating to the City contained in the section entitled "PENDING LITIGATION" on the date of the Official Statement and on the date of delivery of the Bonds were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in light of the circumstances under which they were made, not misleading.

Legal Opinion

The approving opinion of Hunton Andrews Kurth LLP, Richmond, Virginia, in substantially the form appearing as Appendix C to the Preliminary Official Statement, will be furnished without cost to the successful bidder.

CUSIP Numbers

CUSIP numbers for the Bonds will be applied for by the Financial Advisor at the time of publication of the notice of sale, but the City will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers. Neither the failure to print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds. The successful bidder will be obligated to pay the fee of the CUSIP Bureau for assigning the CUSIP numbers to the Bonds.

Official Statements

Copies of the Preliminary Official Statement may be obtained without cost via the Internet at www.munihub.com. The Preliminary Official Statement at its date is "deemed final" by the City for purposes of the Securities and Exchange Commission Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as amended (the "**Rule**"), but is subject to revision, amendment and completion.

After the award of the Bonds, the City will prepare a reasonable number of copies of the Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the Official Statement a "NRO" ("**not reoffered**") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering. The City expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the Bonds and to The Electronic Municipal Market Access System ("**EMMA**") administered by the Municipal Securities Rulemaking Board. The successful bidder will be required to acknowledge receipt of such Official Statement, to certify that it has made delivery of the Official Statement to EMMA and to acknowledge that the City expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to such Official Statement and only in states where the offer is legal. The successful bidder will be responsible to the City in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

Official Statements will be provided within seven (7) business days after the date of the award of the Bonds in such quantities as may be necessary for the successful bidder's regulatory compliance.

Further information will be furnished upon application to PFM Financial Advisors LLC, at (571) 527-5141.

Continuing Disclosure

In general, the Rule prohibits an underwriter from purchasing or selling municipal securities, such as the Bonds, unless it has determined that the issuer of such securities has committed to provide annually certain information, including audited financial information, and notice of certain events described in the Rule. The City will provide to EMMA annual information respecting the City, including audited financial statements. In addition, the City will provide to EMMA the required notice of the occurrence of any events described in the Rule. See Appendix D of the Preliminary Official Statement.

Tax Matters

The Official Statement relating to the Bonds contains a discussion of the effect of the Internal Revenue Code of 1986, as amended, on the exclusion from gross income of interest on the Bonds and a discussion of the opinion of Hunton Andrews Kurth LLP insofar as it concerns such exclusion.

Federal and State Securities Laws

No action has been taken on behalf of the City to qualify the Bonds under the federal securities laws.

Reservation of Rights

The right of the City to reject any or all bids and to waive any irregularity or informality in any bid is expressly reserved.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT A-1

[*For use in competitive sale where <u>at least</u> 3 qualifying bids are received*]

PROPOSED FORM OF UNDERWRITER'S CERTIFICATE

In connection with the purchase by ______________ ("[BANK]") of the $___________ General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"), issued and sold by the City of Charlottesville, Virginia (the "Issuer"), on the date hereof, the undersigned, authorized representative of [BANK] certifies as follows:

1. [BANK] purchased the Bonds from the Issuer at a price of $________ (calculated as the original principal amount of $_______, [plus/less] [net] original issue [premium/discount] of $__________, and less an underwriter's discount of $__________).

2. On ______, 2026 (the "Sale Date"), [BANK] made a bona fide offering of all the Bonds of each Maturity to the Public reflecting the following terms:

Maturity (June 15)	Principal Amount	Interest Rate	Yield	Price (%)

____

[* Yield reflects Bonds priced to the first optional call date of _______, _____.]

3. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public are the prices (expressed as a percentage of the principal amount) listed above (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [BANK] in formulating its bid to purchase the Bonds. Attached as <u>Schedule I</u> is a true and correct copy of the bid provided by [BANK] to purchase the Bonds.

4. [BANK] was not given the opportunity to review the other bids submitted to the Issuer prior to submitting its own bid.

5. The bid submitted by [BANK] constituted a firm offer to purchase the Bonds.

6. All capitalized terms used but not otherwise defined herein shall have the meanings given in the Non-Arbitrage and Tax Compliance Certificate of the Issuer for the Bonds, a copy of which we have reviewed. In addition, the following capitalized terms shall have the following meanings for purposes of this Certificate:

(a) "**Maturity**" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "**Public**" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(c) A purchaser of any of the Bonds is a **"related party"** to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "**Underwriter**" means (i) any person that agrees pursuant to a written contract with the Issuer (or with [BANK] to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the foregoing information will be relied upon by (A) the Issuer in establishing, among other things, the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code"), and certain other expectations with respect to the Bonds for purposes of Section 148 of the Code set forth in the Non-Arbitrage and Tax Compliance Certificate and (B) Hunton Andrews Kurth LLP, Richmond, Virginia, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws, in particular the regulations under the Code or the application of any laws to these facts. [The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.]

Dated _______, 2026.

[Name of Successful Bidder]

By:____

Name:_______________________________________

Title:____

[Attachment – Schedule I – Copy of Bid]

EXHIBIT A-2

[*For use in competitive sale where fewer than 3 qualifying bids are received*]

PROPOSED FORM OF UNDERWRITER'S CERTIFICATE

In connection with the purchase by ______________ ("[BANK]") of the $___________ General Obligation Public Improvement Bonds, Series 2026 (the "Bonds"), issued and sold by the City of Charlottesville, Virginia (the "Issuer"), on the date hereof, the undersigned, authorized representative of [BANK] certifies as follows:

1. [BANK] purchased the Bonds from the Issuer at a price of $________ (calculated as the original principal amount of $_______, [plus/less] [net] original issue [premium/discount] of $__________, and less an underwriter's discount of $__________).

2. On _______, 2026 (the "Sale Date"), [BANK] made a bona fide offering of all the Bonds of each Maturity to the Public reflecting the following terms:

Maturity (June 15)	Principal Amount	Interest Rate	Yield	Price (%)

[* Yield reflects Bonds priced to the first optional call date of _______, ____.]

3. (a) [BANK] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed above (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule I.

(b) As set forth in the Official Notice of Sale, [BANK] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(c) [BANK] has an established industry reputation for underwriting new issuances of municipal bonds.

4. All capitalized terms used but not otherwise defined herein shall have the meanings given in the Non-Arbitrage and Tax Compliance Certificate of the Issuer for the Bonds, a copy of which we have reviewed. In addition, the following capitalized terms shall have the following meanings for purposes of this Certificate:

(a) **"Holding Period"** means for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of each Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) "**Maturity**" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "**Public**" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(d) A purchaser of any of the Bonds is a **"related party"** to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) "**Underwriter**" means (i) any person that agrees pursuant to a written contract with the Issuer (or with [BANK] to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the foregoing information will be relied upon by (A) the Issuer in establishing, among other things, the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code"), and certain other expectations with respect to the Bonds for purposes of Section 148 of the Code set forth in the Non-Arbitrage and Tax Compliance Certificate and (B) Hunton Andrews Kurth LLP, Richmond, Virginia, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws, in particular the regulations under the Code or the application of any laws to these facts. [The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.]

Dated _________, 2026.

[Name of Successful Bidder]

By:____

Name:____

Title:____

[Attachment – Schedule I – Copy of pricing wire or equivalent communication]

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