

Economic Development Authority of the City of Richmond, Virginia

(A Component Unit of the City of Richmond, Virginia)

Financial Statements

Year Ended June 30, 2018



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Independent Auditors' Report

Honorable Members of the Board of Directors
Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Richmond, Virginia

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Economic Development Authority of the City of Richmond, Virginia, a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Economic Development Authority of the City of Richmond, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Authority of the City of Richmond, Virginia as of June 30, 2018, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Economic Development Authority of the City of Richmond, Virginia's basic financial statements. The accompanying combining statement of fiduciary assets and liabilities and the combining statement of changes in fiduciary assets and liabilities – agency funds on pages 25 - 28 are not a required part of the financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2018, on our consideration of the Economic Development Authority of the City of Richmond, 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 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 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 the Economic Development Authority of the City of Richmond, Virginia's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Richmond, Virginia
October 2, 2018**

Management's Discussion and Analysis

Management's Discussion and Analysis of the financial performance of the Economic Development Authority of the City of Richmond, Virginia (Authority) provides an overview of the financial activities for the years ended June 30, 2018 and 2017. It should be read in conjunction with the financial statements.

Overview of the financial statements

The Authority receives operating funds from the rental of a parking garage. It also receives funds for managing loan portfolios of the City of Richmond, Virginia. The Authority acts as the fiscal agent and maintains separate fiduciary accounts for each of these portfolios.

Government-wide statement of net position

Following is a condensed statement of net position showing the net position of the Authority at June 30:

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 6,298,996	\$ 5,621,406
Property and equipment, net	13,960,883	14,708,419
Other assets	<u>21,712,444</u>	<u>22,281,377</u>
Total assets	<u>\$ 41,972,323</u>	<u>\$ 42,611,202</u>
Liabilities:		
Current liabilities	\$ 842,823	\$ 1,720,177
Revenues received in advance	1,109,174	1,552,506
Recoverable grant payable	29,670,000	30,805,000
Notes payable, long-term	<u>282,422</u>	<u>282,422</u>
Total liabilities	31,904,419	34,360,105
Net position	<u>10,067,904</u>	<u>8,251,097</u>
Total liabilities and net position	<u>\$ 41,972,323</u>	<u>\$ 42,611,202</u>

There was an increase in cash and cash equivalents of \$677,590, primarily due to funds received from the City of Richmond for economic incentive grants which had not yet been approved for disbursement as of year-end.

There was a decrease in property, plant, and equipment of \$747,536, due to depreciation expense.

There was a decrease in other assets of \$568,933, primarily due to payments received on the capital lease of the Stone Brewery property.

There was a decrease in current liabilities of \$877,354, primarily due to the increase in the current portion of the grant payable to the City for the Stone project and the decrease in economic incentive grants payable.

There was a decrease in advance receipt of revenues of \$443,332, due to the amortization of the Leigh Street Property naming rights.

There was a decrease in recoverable grant payable of \$1,135,000, primarily due to the payments made on the recoverable grant payable to the City of Richmond related to the Stone Brewery and Leigh Street projects.

**Economic Development Authority of the City of Richmond, Virginia
Management's Discussion and Analysis**

Following is a condensed statement of fiduciary assets and liabilities of the fiduciary funds at June 30:

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 8,138,242	\$ 8,582,869
Notes and interest receivable, net of allowance	4,302,769	4,049,316
Equipment, net	<u>98</u>	<u>332</u>
Total assets	<u>\$ 12,441,109</u>	<u>\$ 12,632,517</u>
Liabilities:		
Accounts payable	\$ 1,625	\$ 736
Due to the City of Richmond	<u>12,439,484</u>	<u>12,631,781</u>
Total liabilities	<u>\$ 12,441,109</u>	<u>\$ 12,632,517</u>

There was a decrease in cash of \$444,627, primarily due to the principal note repayment and use of existing credit lines from the EDHLF program.

There was an increase in notes and interest receivable of \$253,453, primarily due to use of existing credit lines from the EDHLF program.

There was a decrease in amounts due to the City of Richmond of \$192,297, primarily due to funds expended on the CARE and EDHLF programs.

Government-wide statement of activities

Condensed statements of activities for fiscal years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Revenues:		
Grant from the City of Richmond	\$ 4,687,689	\$ 2,130,000
Rental income	823,178	851,743
Loan administration fees	36,450	36,450
Sponsorship fees	443,333	443,333
Interest on capital lease	1,323,393	1,347,947
Other	<u>524,364</u>	<u>639,336</u>
Total revenues	<u>\$ 7,838,407</u>	<u>\$ 5,448,809</u>
Expenses:		
Economic development incentives	\$ 2,986,929	\$ 2,188,920
Building operations and maintenance	370,113	378,870
Depreciation	811,339	818,836
Interest	840,408	857,383
Other	<u>1,012,811</u>	<u>739,353</u>
Total expenses	<u>\$ 6,021,600</u>	<u>\$ 4,983,362</u>
Change in net position	<u>\$ 1,816,807</u>	<u>\$ 465,447</u>

Economic Development Authority of the City of Richmond, Virginia Management's Discussion and Analysis

Grant revenue from the City of Richmond, Virginia was exceeded by grant expenses by \$1,700,760, due to a timing difference between receipt of the grant revenue from the City and disbursement to the qualifying business.

The Authority has expanded its lending programs, which are operated in coordination with the City of Richmond's Department of Economic and Community Development. Operational costs of the programs are covered by the City. Any losses sustained in the lending programs are absorbed by the City or the relevant funding partner. The Authority receives fees adequate to cover its costs as well as audit fees associated with these activities. In summary, the outlook for the lending programs is favorable with a good likelihood of additional funding for loan programs. The Authority can reasonably expect that its costs will continue to be covered.

Accomplishments and economic outlook

During the year ending June 30, 2018, the Authority serviced the Commercial Area Revitalization Effort (CARE) Program for the City of Richmond. The CARE Program is designed to revitalize and return economic viability to older neighborhood districts, primarily in the City's low and moderate-income communities. The Extra CARE Program operates in non-CARE commercial areas in need of revitalization and/or stabilization. There were 38 CARE and Extra CARE rebates disbursed totaling \$187,994.96 during FY 2018. This public investment figure stimulated approximately \$3,500,000 in private investment, helped to create 16 jobs and retain 98 jobs. There were 5 new businesses supported through the program.

The Authority administrators approximately \$22,000,000 in capitalized loan funds for the Financial Strategies Group (FSG) in the Department of Housing and Community Development. In FY18, the FSG's revolving loan programs continues to monitor closely the activity of open credit lines. During FY18 Housing and Community Development with the Development and Housing Revolving Loan Fund (EDH-RLF) provided debt on one economic development real estate project with development costs in the amount of \$3,766,453. This individual housing project was spearheaded by the Southside Community Development and Housing Corporation (SCDHC). Sixteen EarthCraft certified single family homes were constructed on 3.6 acres. This was the Mimosa Creek housing project in the Bellmeade neighborhood. These were homes sold to low- and moderate-income households many of which were first time home buyers..

The Authority anticipates being a major player in the \$200 million North Church Hill neighborhood revitalization de-concentration of poverty project in that historic east end neighborhood in our City. This mixed-use & mixed-income initiative will be ongoing for the next 10 years with the creation of shopping, dining, retail, commercial and rooftops within the current Creighton public housing complex and the old Armstrong High School site. The first phase will be a \$25.1 million mixed-income development of 105 rental units on the Armstrong site. We anticipate funding up to \$5,725,000 from our EDH-RLF with the balance of funding coming from private debt, low income housing tax credits and developer/owner equity.

The Authority has worked in cooperation with the City of Richmond, the Department of Economic and Community Development and other private parties to operate the Bon Secours Washington Redskins Training Center. The Authority completed the facility in 2013. All of the first floor and approximately one-third of the second floor is under lease. The Authority completed the remainder of the second floor which is now being used as an event space. The Bon Secours Washington Redskins Training Center is expected to continue to have a material positive impact on the statement of revenues, expenses and changes in net position of the Authority for the foreseeable future.

Economic Development Authority of the City of Richmond, Virginia Management's Discussion and Analysis

The Authority completed the first phase of the Stone Brewery Project during 2016. The Authority has entered into a twenty-five year lease on the property with the first lease payment being made in July, 2016. Monthly rental income is received from Stone Brewing, the majority of which is used to make debt service payments to the City of Richmond. The Stone Brewery Project is expected to have a material positive impact on the statement of revenues, expense and changes in net position on the Authority for the foreseeable future. A second phase of the project is expected to start in late 2018 or early 2019. The completed project should generate up to 288 jobs.

In cooperation with the City of Richmond, the EDA administered a façade project in the Arts District of the City. The project provided matching funds for restoration and improvements to facades of buildings in the Arts District.

Requests for information

This financial report is intended to provide a general overview of the Authority's finances. Any questions regarding this report or requests for additional financial information should be addressed to the Authority at 2401 W Leigh Street, Richmond, Virginia 23220.

Government-Wide Financial Statements

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 6,298,996	\$ 6,298,996
Other receivables	-	50,341	50,341
Prepaid expenses	-	23,625	23,625
Net investment in capital lease receivable	-	442,965	442,965
Total current assets	-	6,815,927	6,815,927
Noncurrent assets:			
Property and equipment, net of accumulated depreciation	1,596,211	12,364,672	13,960,883
Net investment in capital lease receivable, less current portion	-	21,073,424	21,073,424
Other noncurrent assets	-	122,089	122,089
Total noncurrent assets	1,596,211	33,560,185	35,156,396
Total assets	<u>\$ 1,596,211</u>	<u>\$ 40,376,112</u>	<u>\$ 41,972,323</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 28,562	\$ 28,562
Accrued interest payable	-	73,261	73,261
Deposits and reserves	-	84,000	84,000
Rents received in advance	-	22,000	22,000
Current portion of recoverable grants payable	-	635,000	635,000
Total current liabilities	-	842,823	842,823
Noncurrent liabilities:			
Recoverable grant payable	-	29,670,000	29,670,000
Notes payable, long term	-	282,422	282,422
Sponsorship fee received in advance	-	1,109,174	1,109,174
Total current liabilities	-	31,061,596	31,061,596
Total liabilities	-	31,904,419	31,904,419
NET POSITION			
Net investment in capital assets	1,596,211	12,364,672	13,960,883
Restricted	-	1,808,590	1,808,590
Unrestricted (deficit)	-	(5,701,569)	(5,701,569)
Total net position	1,596,211	8,471,693	10,067,904
Total liabilities and net position	<u>\$ 1,596,211</u>	<u>\$ 40,376,112</u>	<u>\$ 41,972,323</u>

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Activities
Year Ended June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Operating revenues:			
Sponsorship fee	\$ -	\$ 443,333	\$ 443,333
Rental income	-	823,178	823,178
Loan administration fees	-	36,450	36,450
Bond fees	-	33,160	33,160
Other	-	452,246	452,246
Total operating revenues	-	1,788,367	1,788,367
Operating expenses:			
Personnel	-	236,653	236,653
Professional services	-	82,375	82,375
Internet and telephone services	-	5,983	5,983
Building operations and maintenance	-	370,113	370,113
Rent	-	40,560	40,560
Other	-	647,239	647,239
Depreciation	478,988	332,352	811,340
Total operating expenses	478,988	1,715,275	2,194,263
Operating income (loss)	(478,988)	73,092	(405,896)
Non-operating revenues (expenses):			
Grants from the City of Richmond	-	4,687,689	4,687,689
Economic development incentives	-	(2,986,929)	(2,986,929)
Interest on capital lease	-	1,323,393	1,323,393
Miscellaneous income	-	15,966	15,966
Interest expense	-	(840,408)	(840,408)
Interest income	-	22,992	22,992
Total non-operating revenues	-	2,222,703	2,222,703
Change in net position	(478,988)	2,295,795	1,816,807
Net position, beginning of year	2,075,199	6,175,898	8,251,097
Net position, end of year	\$ 1,596,211	\$ 8,471,693	\$ 10,067,904

See accompanying notes.

Governmental Fund Financial Statements

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Balance Sheet
June 30, 2018

	<u>Theater Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
FUND BALANCE	
Unassigned	\$ -
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position:	
Total fund balance per Governmental Fund Balance Sheet	\$ -
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	14,512,067
Accumulated depreciation	<u>(12,915,856)</u>
	<u>1,596,211</u>
Net position of governmental activities	<u>\$ 1,596,211</u>

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2018

Revenues:	
Naming rights fees	\$ -
Expenditures:	
Restoration grant	-
Change in fund balance	-
Fund balance, beginning of year	-
Fund balance, end of year	\$ -
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to statement of activities:	
Change in fund balance, total governmental fund	\$ -
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:	
Depreciation expense	(478,988)
Change in net position of governmental activities	\$ (478,988)

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Net Position
Enterprise Funds
June 30, 2018

	Major Funds			
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,058,502	\$ 103,813	\$ 1,136,681	\$ 6,298,996
Other receivables	6,127	-	44,214	50,341
Interfund balances	(4,617)	-	4,617	-
Prepaid expenses	1,770	20,280	1,575	23,625
Net investment in capital lease receivable, current portion	-	-	442,965	442,965
Total current assets	5,061,782	124,093	1,630,052	6,815,927
Non-current assets:				
Property and equipment, net of accumulated depreciation	-	11,715,187	649,485	12,364,672
Net investment in capital lease receivable	-	-	21,073,424	21,073,424
Other noncurrent assets	-	122,089	-	122,089
Total noncurrent assets	-	11,837,276	21,722,909	33,560,185
Total assets	\$ 5,061,782	\$ 11,961,369	\$ 23,352,961	\$ 40,376,112
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 3,424	\$ 2,763	\$ 22,375	\$ 28,562
Accrued interest payable	-	-	73,261	73,261
Reserves and deposits	-	84,000	-	84,000
Rents received in advance	22,000	-	-	22,000
Current portion of recoverable grants payable	-	-	635,000	635,000
Total current liabilities	25,424	86,763	730,636	842,823
Noncurrent liabilities:				
Recoverable grants payable, long term	-	8,500,000	21,170,000	29,670,000
Notes payable, long term	-	-	282,422	282,422
Sponsorship fee received in advance	-	1,109,174	-	1,109,174
Total noncurrent liabilities	-	9,609,174	21,452,422	31,061,596
Total liabilities	25,424	9,695,937	22,183,058	31,904,419
NET POSITION				
Net investment in capital assets	-	11,715,187	649,485	12,364,672
Restricted	1,808,590	-	-	1,808,590
Unrestricted (deficit)	3,227,768	(9,449,755)	520,418	(5,701,569)
Total net position	5,036,358	2,265,432	1,169,903	8,471,693
Total liabilities and net position	\$ 5,061,782	\$ 11,961,369	\$ 23,352,961	\$ 40,376,112

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended June 30, 2018

	Major Funds			
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Total
Operating revenues:				
Sponsorship fee	\$ -	\$ 443,333	\$ -	\$ 443,333
Rental income	22,000	801,178	-	823,178
Loan administration fees	36,450	-	-	36,450
Bond and other fees	33,160	-	-	33,160
Event and other income	3,859	448,387	-	452,246
Total operating revenues	95,469	1,692,898	-	1,788,367
Operating expenses:				
Personnel	5,955	230,698	-	236,653
Professional services	28,900	43,353	10,122	82,375
Internet and telephone services	-	5,983	-	5,983
Building operations and maintenance	-	370,113	-	370,113
Rent	-	40,560	-	40,560
Other	173,924	467,821	5,494	647,239
Depreciation	-	332,352	-	332,352
Total operating expenses	208,779	1,490,880	15,616	1,715,275
Operating income (loss)	(113,310)	202,018	(15,616)	73,092
Nonoperating revenues (expenses):				
Grants from the City of Richmond	4,687,689	-	-	4,687,689
Economic development incentives	(2,986,929)	-	-	(2,986,929)
Interest on capital lease	-	-	1,323,393	1,323,393
Miscellaneous income	-	-	15,966	15,966
Interest expense	-	-	(840,408)	(840,408)
Interest income	20,729	71	2,192	22,992
Total nonoperating revenues	1,721,489	71	501,143	2,222,703
Income before transfers	1,608,179	202,089	485,527	2,295,795
Transfers in (out)	(36,944)	19,998	16,946	-
Change in net position	1,571,235	222,087	502,473	2,295,795
Net position, beginning of year	3,465,123	2,043,345	667,430	6,175,898
Net position, end of year	\$ 5,036,358	\$ 2,265,432	\$ 1,169,903	\$ 8,471,693

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Cash Flows
Enterprise Funds
Year Ended June 30, 2018

	Major Funds			
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Total
Cash flows from operating activities:				
Receipts from rentals	\$ 22,000	\$ 801,178	\$ -	\$ 823,178
Receipts from loan administration	36,000	-	-	36,000
Receipts from other activities	31,567	448,388	-	479,955
Payments for operating activities	(204,256)	(1,176,320)	(17,191)	(1,397,767)
Net cash provided (used) by operating activities	(114,689)	73,246	(17,191)	(58,634)
Cash flows from noncapital financing activities:				
Receipts from City of Richmond	4,687,689	-	3,938	4,691,627
Economic development incentive payments	(3,566,929)	-	-	(3,566,929)
Deposits to escrows and reserves	-	229,691	-	229,691
Transfers between funds	(36,944)	19,998	16,946	-
Net cash provided by noncapital financing activities	1,083,816	249,689	20,884	1,354,389
Cash flows from investing activities:				
Interest earned	20,729	71	2,192	22,992
Cash flows from capital and related financing activities:				
Cash paid for interest	-	-	(840,408)	(840,408)
Payments received on capital lease	-	-	1,595,244	1,595,244
Payments of recoverable grant payable	-	(500,000)	(610,000)	(1,110,000)
Payments for capital assets	-	(35,964)	(250,029)	(285,993)
Net cash (used) by capital and related financing activities	-	(535,964)	(105,193)	(641,157)
Net increase (decrease) in cash and cash equivalents	989,856	(212,958)	(99,308)	677,590
Cash and cash equivalents, beginning of year	4,068,646	316,771	1,235,989	5,621,406
Cash and cash equivalents, end of year	<u>\$ 5,058,502</u>	<u>\$ 103,813</u>	<u>\$ 1,136,681</u>	<u>\$ 6,298,996</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (113,310)	\$ 202,018	\$ (15,616)	\$ 73,092
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	-	332,352	-	332,352
Change in assets and liabilities:				
Receivables	(5,902)	-	-	(5,902)
Prepaid expenses	(962)	-	(1,575)	(2,537)
Accounts payable	5,485	(17,792)	-	(12,307)
Prepaid revenue	-	(443,332)	-	(443,332)
Net cash provided (used) by operating activities	<u>\$ (114,689)</u>	<u>\$ 73,246</u>	<u>\$ (17,191)</u>	<u>\$ (58,634)</u>

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

ASSETS

Cash and cash equivalents	\$	8,138,242
Receivables, net of allowance for noncollectibles of \$167,242:		
Notes		4,068,085
Interest		84,684
City of Richmond		150,000
Equipment, net of accumulated depreciation of \$22,002		<u>98</u>
Total assets	\$	<u><u>12,441,109</u></u>

LIABILITIES

Due to the City of Richmond	\$	12,439,484
Accounts payable		<u>1,625</u>
Total liabilities	\$	<u><u>12,441,109</u></u>

Notes to Financial Statements

1. Organization and Purpose

The Economic Development Authority of the City of Richmond, Virginia (IDA) was created as a political subdivision of the Commonwealth of Virginia on August 28, 1972 by action of the City Council of the City of Richmond, Virginia (City). On April 24, 2006, City Council revoked the IDA's ability to issue debt until it could be reorganized. On June 26, 2006, City Council renamed the IDA as the Economic Development Authority of the City of Richmond, Virginia (Authority). On October 9, 2006, City Council adopted an ordinance that reconfigured the Authority. The Authority is governed by a seven member Board of Directors appointed by the Richmond City Council. The Authority is considered to be a component unit of the City of Richmond, Virginia.

The purpose of the Authority is to promote industry and develop trade by inducing manufacturing, industrial, government and commercial enterprise to locate in or remain in the City of Richmond, further the economic well-being of the citizens of the City, and benefit the inhabitants of the City, increase their commerce and promote their safety, health, welfare, convenience and prosperity. The Authority seeks to provide additional employment for all levels of the community, to promote economic stability and growth in the community, and to assist in meeting the City's development objectives.

2. Summary of Significant Accounting Policies

Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of the Authority. While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activity column of the government wide statements incorporates data from the governmental fund, while business-type activities incorporate data from the Authority's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

Fund financial statements

The Authority utilizes the economic resources management focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred. The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity as displayed in the supplementary information. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate.

Governmental fund - special revenue fund

Governmental Funds are those through which most governmental functions typically are financed. A Special Revenue Fund is a governmental fund which accounts for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Authority's Special Revenue Fund is the Theater Fund, which contains the current Altria Theater building and associated agreements for funding of the restoration of this historic property.

Enterprise funds

The Authority is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Operating Fund, the Leigh Street Fund, and the Stone Brewery Fund all utilize the enterprise fund method of accounting using the accrual basis. For the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds (agency funds)

The Commercial Area Revitalization Effort (CARE), Enterprise Zone Incentive Loans (EZIL), Contractor Assistance Program (CAP), Economic Development and Housing Loan Fund (EDHLF), and Revolving Loan Program (RLP) Funds are funds held by the Authority in an agency capacity for the City of Richmond and are reported utilizing the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include amounts in demand deposits, treasury bills, and savings accounts.

Rent receivables/allowance for doubtful accounts

Rent receivables are stated at book value utilizing an allowance for doubtful accounts. The allowance is computed using historical collection data.

Property and equipment

Property and equipment consist of land, buildings and improvements, and equipment. Property and equipment are recorded at cost or, if acquired through contribution, at fair value at the date of the gift. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful life of each class of depreciable assets is as follows:

Buildings and improvements	10 - 40 years
Equipment	5 - 7 years

Recoverable grant payable

Recoverable grants payable represent amounts provided by the City to the Authority for the construction of the Bon Secours Redskins Training Facility and the Stone Brewing Facility. These amounts are payable back to the City from revenues generated by the respective facilities. No formal repayment terms have been executed.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Net position

Net position is the difference between assets and liabilities. Net position invested in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets.

Subsequent events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 2, 2018, the date the financial statements were available to be issued.

3. Activity in Current Fiscal Year

Leigh St. Fund

The Authority has worked in cooperation with the City of Richmond, the Department of Economic and Community Development and other private parties to develop the Bon Secours Washington Redskins Training Center. To that end, the Authority entered into a long-term lease with the Commonwealth of Virginia to lease 15.040 acres of land within the City as well as contracts to build the facility. The foregoing was facilitated by a recoverable grant from the City of Richmond in the amount of ten million dollars. The facility was substantially complete at fiscal year-end 2013. The development of this property and the leasing and naming rights agreements associated with the project are intertwined with an additional property known as the Westhampton School Property. The City of Richmond and the Board of the Authority have agreed to transfer ownership of the Westhampton School Property to the Authority, which in turn will lease it to a third party under a long term lease. Both facilities will have a material impact on the Authority's statement of net position. Additionally, the Bon Secours Washington Redskins Training Center is expected to have a material positive impact on the statement of activities of the Authority for the foreseeable future. At June 30, 2018, all payments on the naming rights agreement had been received and recorded in deferred revenue. Pursuant to the agreement, the amount of revenue recognized in the current fiscal year was \$443,333, with a remaining deferred amount of \$1,109,174 to be earned evenly through December 2020.

Stone Brewery Fund

The Authority is working with the City of Richmond and Stone Brewing Co. to develop the Stone Brewery facility. To that end, the Authority has entered into certain real estate transactions as well as construction contracts to build the facility. The foregoing is being facilitated by certain grants from the State and a recoverable grant from the City of Richmond. During 2016 when construction was completed, the long-term use lease agreement between the Authority and Stone Brewing Co. became effective.

4. Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the *Code of Virginia*. Under the provisions of the Act, banks and savings institutions holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. At June 30, 2018, the Authority had deposits, including agency fund deposits, in excess of federally insured limits of \$13,002,546.

Economic Development Authority of the City of Richmond, Virginia
Notes to Financial Statements

5. Property and Equipment

A summary of changes in the Authority's property and equipment by fund are as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Governmental fund:				
Land	\$ 142,165	\$ -	\$ -	\$ 142,165
Buildings and improvements	<u>14,369,902</u>	<u>-</u>	<u>-</u>	<u>14,369,902</u>
	14,512,067	-	-	14,512,067
Accumulated depreciation	<u>(12,436,868)</u>	<u>(478,988)</u>	<u>-</u>	<u>(12,915,856)</u>
Total property and equipment governmental funds	<u>\$ 2,075,199</u>	<u>\$ (478,988)</u>	<u>\$ -</u>	<u>\$ 1,596,211</u>
Enterprise funds:				
Land	\$ 1,470,223	\$ -	\$ -	\$ 1,470,223
Buildings and improvements	15,465,567	35,964	-	15,501,531
Construction in progress	<u>-</u>	<u>27,840</u>	<u>-</u>	<u>27,840</u>
	16,935,790	63,804	-	16,999,594
Accumulated depreciation	<u>(4,302,570)</u>	<u>(332,352)</u>	<u>-</u>	<u>(4,634,922)</u>
Total property and equipment, enterprise funds	<u>\$ 12,633,220</u>	<u>\$ (268,548)</u>	<u>\$ -</u>	<u>\$ 12,364,672</u>
Agency funds:				
Equipment	\$ 22,100	\$ -	\$ -	\$ 22,100
Accumulated depreciation	<u>(21,768)</u>	<u>(234)</u>	<u>-</u>	<u>(22,002)</u>
Total property and equipment, agency funds	<u>\$ 332</u>	<u>\$ (234)</u>	<u>\$ -</u>	<u>\$ 98</u>
Total of all funds:				
Land	\$ 1,612,388	\$ -	\$ -	\$ 1,612,388
Buildings and improvements	29,835,469	35,694	-	29,871,433
Construction in progress	-	27,840	-	27,840
Equipment	<u>22,100</u>	<u>-</u>	<u>-</u>	<u>22,100</u>
	31,469,957	63,804	-	31,533,761
Accumulated depreciation	<u>(16,761,206)</u>	<u>(811,574)</u>	<u>-</u>	<u>(17,572,780)</u>
Total property and equipment, all funds	<u>\$ 14,708,751</u>	<u>\$ (747,770)</u>	<u>\$ -</u>	<u>\$ 13,690,981</u>

Total depreciation expense for all funds for the year ended June 30, 2018 was \$811,574.

6. Lease Receivable

The Authority has executed a capital lease agreement with Koochenvagner's Brewing Co. (d/b/a Stone Brewing Co.) for land, building, and equipment. The capital lease has a value of \$40,026,125 at June 30, 2018, which equals the total of future minimum payments under the lease terms, which is \$1,740,266 annually over the term of the lease which extends through June 2041. The financial statements include unearned income of \$18,509,736 related to unearned interest on the capital lease receivable.

Economic Development Authority of the City of Richmond, Virginia
Notes to Financial Statements

The following lists the components of the net investment in lease receivable at June 30, 2018:

	<u>Minimum Lease Payments</u>	<u>Less Unearned Revenue</u>	<u>Net Investment</u>
Current portion	\$ 1,740,266	\$ (1,297,301)	\$ 442,965
Noncurrent portion	<u>38,285,859</u>	<u>(17,212,435)</u>	<u>21,073,424</u>
	<u>\$ 40,026,125</u>	<u>\$ (18,509,736)</u>	<u>\$ 21,516,389</u>

7. Commitments and Contingencies

The Authority has executed performance agreements with certain local businesses on behalf of the City, which contain capital investment and employment goals. Upon completion of the specific requirements, the grant funds are awarded as stated in the performance agreements. At June 30, 2018, the Authority has outstanding performance agreements of approximately \$9,209,609 pending the accomplishment of the goals contained in the performance agreements.

8. Notes Receivable - Agency Funds

Commercial area revitalization effort June 30, 2018

The Commercial Area Revitalization Effort (CARE) is a loan and rebate program created by the City's Office of Economic Development and the Authority, which is designed to revitalize and return economic viability to older neighborhood commercial strips. The loan program provides for three different types of loans to eligible borrowers. CARE loans are classified as minor (less than \$125,000), moderate (\$125,000-\$200,000), and substantial (more than \$200,000). Minor loans have a 90% Authority, 10% minimum owner equity financing structure. For the substantial and moderate loans, a private loan of 50% of the requested loan amount must be obtained prior to the Authority's approval of an additional 40%, leaving a minimum 10% owner equity. The Authority has a second secured position in the moderate and substantial loans. The rebate program is designed to revitalize and return economic viability to older neighborhood districts, primarily in low and moderate-income communities. The Authority will rebate up to certain percentages and dollar amounts of renovation and improvement expenses incurred for exterior and interior rehabilitation, security improvements, and the connection of a water lateral line and or the installation of a sprinkler system.

At June 30, 2018, the carrying value of loans receivable from the CARE program was \$191,495, less an uncollectible allowance of \$8,551. The fair value of these loans is not readily determinable. The Authority administered rebates in the amount of \$187,024 during the year ended June 30, 2018.

Contractor assistance program

The Contractor Assistance Program (CAP) is a loan program created by City Council and administered by the City's Office of Economic Development and the Authority, which is designed to provide working capital, equipment financing, receivables financing and other qualifying uses that will support the delivery of goods or services that further the purpose of the CAP. The loan program provides loans to eligible borrowers of up to \$100,000 with varying amortizations and interest rates from 4% to 9% per annum depending on the overall credit rating of the transaction.

At June 30, 2018, the carrying value of loans receivable from the CAP program was \$132,931, less an uncollectible allowance of \$56,714. The fair value of these loans is not readily determinable.

Revolving loan program

The Citywide Revolving Loan Program (RLP) is a loan program created by City Council and administered by the City's Office of Economic Development and the Authority, which is designed to provide capital for property and land acquisition, infrastructure costs, construction, rehabilitation, working capital, machinery and equipment purchases, leasehold improvements and any other use that meets the Department of Housing and Urban Development's national objectives. The loan program provides loans to eligible borrowers of up to \$250,000 with amortizations of up to 20 years and interest rates that can vary from 3% to 9% per annum depending on the overall credit rating of the transaction.

At June 30, 2018, the carrying value of loans receivable from the RLP program was \$350,232, less an uncollectible allowance of \$66,330. The fair value of these loans is not readily determinable.

Enterprise zone incentive loans

During 1996, the Enterprise Zone Incentive Loan (EZIL) program was implemented to provide City incentives through the Authority to worthy businesses. These incentives were designed to encourage investment and job creation by new or existing businesses within the City's enterprise zones.

The EZIL Program is no longer being funded by the City. During the year ended June 30, 2011, all remaining loans receivable from the EZIL program were written off. The fund remains open to collect residual loan recovery payments. There were no recoveries from loans previously written off during the year ended June 30, 2018.

Economic development and housing loan fund

During 2013, the Economic Development and Housing Loan Fund (EDHLF) was implemented for the purpose of providing financing to local developers and small businesses pursuing Section 108 eligible projects which meet one of the Community Development Block Grant National Objectives: to facilitate large real estate economic development projects, the creation of affordable housing and other special use projects that benefit low and moderate income persons, prevent or eliminate slums or blight, create or retain jobs and provide area benefits in the City's commercial corridors and residential neighborhoods.

During the fiscal year 2013, the City had drawn down the approved loan from the United States Department of Housing and Urban Development (HUD) in the amount of \$10,125,000 and transferred the proceeds to the Authority. At June 30, 2018, approximately five million in loans had been granted from these funds, and the carrying value of the loans was \$3,560,669 which includes \$1,625 in fee income receivable, less an uncollectible allowance of \$35,647.

9. Conduit Debt

The Authority can authorize the issuance of revenue bonds for the purpose of obtaining and constructing facilities. Such debt is payable solely from the revenues derived from structured liens or pass-through leases of the facilities constructed for the related enterprises. Collections of revenues pledged to liquidate the bonds are assigned to a trustee. Such debt does not constitute a debt or pledge of the faith and credit of the Authority, the Commonwealth of Virginia or any political subdivision thereof. Accordingly, such debt and related assets are not presented in the financial statements.

10. Notes Payable

During the year ended June 30, 2015, the Authority entered into certain real estate transactions as part of obtaining the property at the site of the Stone Brewing Co. facility. The following is a summary of the resulting notes payable:

Note payable to the Richmond Redevelopment and Housing Authority of \$282,422 due in annual interest-only payments of 6.00%, all unpaid principal and interest due at maturity, April 2030.	<u>\$ 282,422</u>
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11. Related Party Transactions

Enterprise funds

During the year ended June 30, 2018, the Authority received \$4,687,689 in economic development incentives from the City to be passed on to businesses operating within the City. Incentive grants of \$2,986,929 were paid out during the year. The Authority has received from the City \$550,000 in funding for a Façade Improvement Grant Program. Grants totaling \$306,836 were awarded under this program in prior years and \$140,388 was awarded during the year ended June 30, 2018. These grants are included in other operating expenses on the statement of revenues, expenses, and changes in net position. The remaining balance of \$102,776 is classified as restricted net position on the statement of net position.

Agency funds

The Authority receives bookkeeping services from a third-party CPA firm. During 2000, the Authority, through the CARE program, loaned the CPA firm \$125,000. Under the original terms of this loan, interest only payments were required until May 2016 at which time the principal was to be due in full; however, this loan was refinanced during the year-ended June 30, 2017, with interest only payments required until May 2022 at which time the principal is to be due in full.

12. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

13. Due to City of Richmond - Agency Fund

Amounts noted as due to the City of Richmond within the Agency Funds (CARE, CAP, RLP, EDHLF and EZIL) are funds which belong to and would be returned to the City should the programs cease operations.

14. Recoverable Grant Payable - Enterprise Fund

Amounts noted as a recoverable grants payable are amounts payable to the City of Richmond. The funds were received from the City and were used for developing the Leigh Street and Stone Brewing projects. Funds must be paid back to the City in an amount equal to the initial outlay at the conclusion of the project. There have been no agreements or terms developed by the Authority or the City regarding repayment of the Leigh Street \$8,500,000 grant payable. During 2017, the terms of the Stone Brewing project grant payable were determined and are as follows:

Recoverable grant payable to the City of Richmond of \$23,000,000 due in annual installments of varying amounts and at various interest rates through June 1, 2041; interest payable semi-annually at rates ranging 3%-4%. \$ 21,805,000

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 635,000	\$ 803,763	\$ 1,438,763
2020	660,000	778,362	1,438,362
2021	685,000	751,963	1,436,963
2022	710,000	731,412	1,441,412
2023	730,000	710,113	1,440,113
Thereafter	<u>18,385,000</u>	<u>7,513,888</u>	<u>25,898,888</u>
	<u>\$ 21,805,000</u>	<u>\$ 11,289,501</u>	<u>\$33,094,501</u>

15. Interfund Transactions

Transfers between funds during the year were as follows:

	<u>In</u>	<u>Out</u>
Operating Fund	\$ -	\$ 36,944
Leigh Street	19,998	-
Stone Brewery Fund	<u>16,946</u>	<u>-</u>
	<u>\$ 36,944</u>	<u>\$ 36,944</u>

Compliance Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Members of the Board of Directors
Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities of the Economic Development Authority of the City of Richmond, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Economic Development Authority of the City of Richmond, Virginia's basic financial statements, and have issued our report thereon dated October 2, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Economic Development Authority of the City of Richmond, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Economic Development Authority of the City of Richmond, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Economic Development Authority of the City of Richmond, Virginia's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Economic Development Authority of the City of Richmond, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Economic Development Authority of the City of Richmond, Virginia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**Richmond, Virginia
October 2, 2018**

Supplementary Information

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	Agency Funds						
	CARE	CAP	RLP	EZIL	EDHLF	Agency Operations	Total
ASSETS							
Cash and cash equivalents	\$ 391,783	\$ 796,647	\$ 1,187,330	\$ 222,469	\$ 5,534,844	\$ 5,169	\$ 8,138,242
Receivables, net of allowance							
Notes	182,944	76,217	283,902	-	3,525,022	-	4,068,085
Interest	877	7,015	16,412	-	60,380	-	84,684
City of Richmond	150,000	-	-	-	-	-	150,000
Equipment, net of accumulated depreciation	-	98	-	-	-	-	98
Total assets	<u>\$ 725,604</u>	<u>\$ 879,977</u>	<u>\$ 1,487,644</u>	<u>\$ 222,469</u>	<u>\$ 9,120,246</u>	<u>\$ 5,169</u>	<u>\$ 12,441,109</u>
LIABILITIES							
Due to the City of Richmond, Virginia	\$ 725,604	\$ 879,977	\$ 1,487,644	\$ 222,469	\$ 9,120,246	\$ 3,544	\$ 12,439,484
Accounts payable	-	-	-	-	-	1,625	1,625
Total liabilities	<u>\$ 725,604</u>	<u>\$ 879,977</u>	<u>\$ 1,487,644</u>	<u>\$ 222,469</u>	<u>\$ 9,120,246</u>	<u>\$ 5,169</u>	<u>\$ 12,441,109</u>

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
CARE				
Assets:				
Cash	\$ 41,524	\$ 496,241	\$ (145,982)	\$ 391,783
Notes receivable, net	128,174	-	54,770	182,944
Interest receivable	1,046	877	(1,046)	877
Due from City of Richmond	-	150,000	-	150,000
Total assets	<u>\$ 170,744</u>	<u>\$ 647,118</u>	<u>\$ (92,258)</u>	<u>\$ 725,604</u>
Liabilities:				
Due to City of Richmond	<u>\$ 170,744</u>	<u>\$ 647,118</u>	<u>\$ (92,258)</u>	<u>\$ 725,604</u>
CAP				
Assets:				
Cash	\$ 786,937	\$ 49,384	\$ (39,674)	\$ 796,647
Notes receivable, net	116,411	-	(40,194)	76,217
Interest receivable	5,031	7,015	(5,031)	7,015
Equipment, net	332	-	(234)	98
Total assets	<u>\$ 908,711</u>	<u>\$ 56,399</u>	<u>\$ (85,133)</u>	<u>\$ 879,977</u>
Liabilities:				
Due to City of Richmond	<u>\$ 908,711</u>	<u>\$ 56,399</u>	<u>\$ (85,133)</u>	<u>\$ 879,977</u>
RLP				
Assets:				
Cash	\$ 1,116,167	\$ 122,006	\$ (50,843)	\$ 1,187,330
Notes receivable, net	392,266	-	(108,364)	283,902
Interest receivable	8,380	16,412	(8,380)	16,412
Total assets	<u>\$ 1,516,813</u>	<u>\$ 138,418</u>	<u>\$ (167,587)</u>	<u>\$ 1,487,644</u>
Liabilities:				
Due to City of Richmond	<u>\$ 1,516,813</u>	<u>\$ 138,418</u>	<u>\$ (167,587)</u>	<u>\$ 1,487,644</u>

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2018

(Continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
EZIL				
Assets:				
Cash	\$ 221,632	\$ 1,158	\$ (321)	\$ 222,469
Liabilities:				
Due to City of Richmond	\$ 221,632	\$ 1,158	\$ (321)	\$ 222,469
EDHLF				
Assets:				
Cash	\$ 6,408,971	\$ 151,017	\$ (1,025,144)	\$ 5,534,844
Notes receivable, net	3,391,861	133,161	-	3,525,022
Interest receivable	6,147	60,380	(6,147)	60,380
Total assets	\$ 9,806,979	\$ 344,558	\$ (1,031,291)	\$ 9,120,246
Liabilities:				
Due to City of Richmond	\$ 9,806,979	\$ 344,558	\$ (1,031,291)	\$ 9,120,246
OPERATING				
Assets:				
Cash	\$ 7,638	\$ 3,832	\$ (6,301)	\$ 5,169
Liabilities:				
Accounts payable	\$ 736	\$ 1,625	\$ (736)	\$ 1,625
Due to City of Richmond	6,902	2,207	(5,565)	3,544
	\$ 7,638	\$ 3,832	\$ (6,301)	\$ 5,169
Total - All Agency Funds				
Assets:				
Cash	\$ 8,582,869	\$ 823,638	\$ (1,268,265)	\$ 8,138,242
Notes receivable, net	4,028,712	133,161	(93,788)	4,068,085
Interest receivable	20,604	84,684	(20,604)	84,684
Due from City of Richmond	-	150,000	-	150,000
Equipment, net	332	-	(234)	98
Total assets	\$ 12,632,517	\$ 1,191,483	\$ (1,382,891)	\$ 12,441,109
Liabilities:				
Accounts payable	\$ 736	\$ 1,625	\$ (736)	\$ 1,625
Due to City of Richmond	12,631,781	1,189,858	(1,382,155)	12,439,484
Total all agency funds	\$ 12,632,517	\$ 1,191,483	\$ (1,382,891)	\$ 12,441,109

See accompanying notes.