

City of Charlottesville  
City Manager's Office  
MEMO



**TO:** Council  
**FROM:** Samuel Sanders, City Manager  
**DATE:** May 20, 2024  
**SUBJECT:** Financial Report – FY 2024 through March 31st

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### **Revenue Budget Projections**

As of March 31st, approximately 66% of the budgeted revenue for this fiscal year has been collected. The Adopted Revenue budget for FY 24 totals \$228,433,246. Current projections are anticipating a revised revenue budget of \$239,959,652 creating a modest revenue surplus of 5.41% or \$11.5M.

Real Estate and Personal Property tax payments for the first half of 2024 are due on June 5<sup>th</sup> and reflect an overall 5% general reassessment increase and tax rate increases approved by Council on April 15<sup>th</sup> as part of the FY 25 budget development process. The real estate tax rate increased by \$0.02 going from \$0.96/\$100 to \$0.98/\$100 and the personal property tax rate increased \$0.20 going from \$4.20/\$100 to \$4.40/\$100. Although approved in April, the rate increases are calendar rates that become effective on January 1, 2024. The real estate tax rate increase accounts for approximately \$1M in additional and unplanned revenue. The personal property assessments for 2024 and tax rate increase accounts for \$600,000 in additional revenue than previously projected. Sales tax, meals tax, business and professional licenses and interest income continue to perform strong and remain large contributors to the total anticipated revenue surplus for FY 24. The additional revenue from state agencies is largely the result of a timing difference between when the City adopted its FY 24 budget as compared to when the State released its final budget.

The following FY 24 revenue budget revisions are projected:

**FY 2024 Revenue Projections**

<b><u>Local Taxes</u></b>	<b><u>FY 2024 Budget</u></b>	<b><u>FY 2024 Revised*</u></b>	<b><u>Change</u></b>
Real Estate Tax	\$ 99,403,417	\$ 103,426,000	\$ 4,022,583
Personal Property Tax	12,600,000	13,800,000	1,200,000
Penalty/Interest on Delinquent Taxes	700,000	850,000	150,000
Public Service Tax	1,630,567	1,746,954	116,387
Tax on Wills & Deeds	725,000	600,000	(125,000)
Sales & Use Tax	14,400,000	15,500,000	1,100,000
Transient Room Tax	8,300,000	8,150,000	(150,000)
Meals Tax	15,600,000	16,500,000	900,000
Short-Term Rental Tax	75,000	60,000	(15,000)
Vehicle Daily Rental Tax	170,000	135,000	(35,000)
Plastic Bag Tax	40,000	100,000	60,000
<b><u>Licenses and Permits</u></b>			
Business & Professional Licenses	\$ 8,900,000	\$ 9,800,000	900,000
Vehicle Licenses	-	15,000	15,000
<b><u>Revenue from State Agencies</u></b>			
State Highway Assistance	\$ 4,645,517	\$ 5,481,707	836,190
Reimbursement/Constitutional Offices	1,975,433	2,233,001	257,568
State Aid for Police Protection	2,460,982	2,588,420	127,438
DMV Select Office Commissions	35,000	1,500	(33,500)
<b><u>Miscellaneous Revenues</u></b>			
Interest Income	\$ 1,050,000	\$ 3,600,000	2,550,000
Recreation Income	1,509,269	1,055,789	(453,480)
Utility Cut Permits	185,000	125,000	(60,000)
Waste Disposal Fees	1,115,000	1,200,000	85,000
Other Miscellaneous Revenues	619,375	533,958	(85,417)
<b><u>Designated Revenues</u></b>			
Meals Tax Designated for the Debt Service Fund	\$ 2,836,363	\$ 3,000,000	\$ 163,637

<b>Total Revenue Budget Surplus</b>	<b>\$ 11,526,406</b>
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*\*Projected as of May 13, 2024*

<b>Surplus as a % of Total Budget</b>	<b>5.41%</b>
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## Expenditure Budget Projections

Many City operations are seasonal and interfund transfers, which represent large expenditures in the General Fund (i.e. Debt Service Transfer, CIP transfer, Transfer to CAT, etc.), get posted as a lump sum during the fiscal year. These factors contribute to a more irregular expenditure pattern that is harder to project. However, we continue to monitor expenditures and indicators suggest that expenses are tracking well with the budget. As of March 31<sup>st</sup>, approximately 76% of the overall expenditure budget has been spent or obligated. 65% of the funds budgeted in the general fund has been spent. Position vacancies are still anticipated to generate budgetary savings in FY 24. However, efforts to fill positions are continuing and vacancy savings were specifically addressed in the FY 25 budget by netting out \$2 million in savings from the total amount budgeted for personnel. Amounts awarded for real estate tax relief exceeded the original budget by a little over \$206,705. However, that overage is offset by savings in the amounts allocated for rent relief and CHAP. Staff will be bringing a memo to Council to appropriately revise and reallocate the budget to accurately reflect the relief granted by type.

The tax relief breakdown is as follows:

FY24 Budget		Actuals	
Disabled	\$ 290,000.00	\$ 102,015.66	1st Half
		\$ 108,851.63	2nd Half
		\$ 210,867.29	
Elderly	\$ 750,000.00	\$ 472,099.62	1st half
		\$ 563,738.01	2nd Half
		\$ 1,035,837.63	
Total	\$ 1,040,000.00	\$ 1,246,704.92	

[Budget Explorer Tool](#) which can be found on the City's Budget webpage will allow you to view expenditure details by quarter using a citywide view or by viewing individual departments. Currently, the information presented in the visualization includes data through March 31, 2024. The data comes directly from the City's financial system and represents dollars that have been received and/or paid out as of the chosen date. These quarterly tabs are automatically updated at the end of each quarter and are available for public viewing.

## **Other Financial Matters**

The City submitted its most recent quarterly ARP compliance report to the US Treasury on April 30 for expenditure of funds for the time-period of January - March. The Director of Finance continues to monitor the City's progress on obligating and spending ARP funds per the timeframes prescribed by the US Treasury.

*\*Please note all the information presented in this memo and the Budget Explorer visualization is collected as of a specific point in time. All amounts are subject to change until the City's annual audit is complete and the books are officially closed for any given fiscal year.*