

City of Charlottesville  
City Manager's Office  
MEMO



**TO:** Council  
**FROM:** Samuel Sanders, City Manager  
**DATE:** May 19, 2025  
**SUBJECT:** Financial Report – FY 2025 through March 31, 2025

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### **Revenue Budget Projections**

As of March 31st, approximately 67.5% of the budgeted revenue for this fiscal year has been collected. Real Estate and Personal Property tax payments for the 1<sup>st</sup> half of 2025 are due on June 5<sup>th</sup> and revised revenue estimates for real estate and personal property taxes are based on the 2025 general reassessment, which indicates residential values increased 8.60% and commercial values increased 6.48% in 2025. Overall, total assessed values are up 7.74% over 2024.

Revised revenue projections indicate that revenues are tracking slightly above the adopted budget of \$251,948,630, by \$4.0M or 1.89%. As a note of comparison, the financial report issued for the 3rd quarter last year, anticipated a revenue surplus of 5.41% or \$11.5M.

Sales, meals, and lodging tax revenues continue to under-perform despite the tax rate increases which were adopted for meals and lodging as part of the FY 25 budget. As was noted in the last quarterly report, except for the pandemic related declines, the City has not experienced underperformance since 2008 for sales tax revenue and 2009 for lodging tax revenue.

The following FY 25 revenue budget revisions are projected:

### FY 2025 Revenue Projections

<u>Local Taxes</u>	<u>FY 2025 Budget</u>	<u>FY 2025 Revised*</u>	<u>Change</u>
Real Estate Tax	\$ 108,438,706	\$ 110,638,044	\$ 2,199,338
Personal Property Tax	13,304,762	14,300,000	995,238
Penalty/Interest on Delinquent Taxes	850,000	880,000	30,000
Public Service Tax	1,746,954	1,961,548	214,594
Utility Taxes	4,700,000	4,900,000	200,000
Virginia Communications Sales and Use Tax	2,082,500	2,065,000	(17,500)
Tax on Wills & Deeds	550,000	600,000	50,000
Sales & Use Tax	15,810,000	14,000,000	(1,810,000)
Transient Room Tax	9,562,500	9,100,000	(462,500)
Meals Tax	18,217,044	18,100,000	(117,044)
Cigarette Tax	550,000	450,000	(100,000)
Short-term Rental Tax	60,000	64,200	4,200
Vehicle Daily Rental Tax	135,000	140,000	5,000
Plastic Bag Tax	100,000	75,000	(25,000)
 <u>Licenses and Permits</u>			
Business & Professional Licenses	\$ 10,000,000	\$ 11,000,000	\$ 1,000,000
Building and Plumbing Permits	570,000	2,300,000	1,730,000
 <u>Revenue from State Agencies</u>			
State Highway Assistance	\$ 5,591,341	\$ 5,629,814	\$ 38,473
State Aid for Police Protection	2,640,188	2,681,084	40,896
Fire Operations - UVA	360,060	402,325	42,265
UVA Service Charge	60,000	107,000	47,000
 <u>Designated Revenues</u>			
Meals Tax Designated for the Debt Service Fund	\$ 3,036,174	\$ 3,000,000	\$ (36,174)
<b>Total Revenue Budget Surplus</b>			<b>\$ 4,028,786</b>

*\*Projected as of May 13, 2025*

**Surplus/Deficit as a % of Total Budget      1.89%**

## 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 later in the fiscal year. These factors lead to a more cyclical and irregular expenditure pattern that is harder to project. At the end of the 3rd quarter, the expenditure budget is 79.7% spent which suggests that expenses are tracking well with the budget. Expenditure details can be viewed using the [Budget Explorer](#)

[Tool](#) which can be found on the City's Budget webpage. These quarterly tabs are automatically updated at the end of each quarter and are available for public viewing. The 3rd quarter visualization contains financial information through March 31, 2025. Both a citywide view as well as the ability to drill down to the individual department level is available. The information presented in the visualization comes directly from the City's financial system and represents dollars that have been received and/or paid out as of the chosen date.

## Other Financial Matters

Based on the quarterly report submitted to the U.S. Treasury, the City's outstanding (unspent) ARP allocations are as follows:

Project	I/O	TOTAL
Downtown Mall Improvements	1900465	\$113,857.50
Safe Routes to Schools	1900467	\$231,474.95
Equipment Replacement	1900490	\$180,802.84
Success Factors	1900522	\$803,598.10
Wayfinding	1900488	\$2,970.00
Strategic Investment	1900491	\$50,000.00
ADA Transition	1900524	\$50,988.75
Pathways	Human Services	\$4,480.00
<b>TOTAL</b>		<b>\$1,237,972.14</b>

## New CIP Quarterly Report

In our ongoing commitment to transparency and progress, we are excited to introduce a new online format for our CIP quarterly report. This digital edition provides a more interactive way to share key updates, insights, and developments. To ensure the tool meets the needs and addresses the desire for more information, Deputy City Manager James Freas will present a demonstration to Council, gathering valuable feedback before we finalize and publicly release it.

*\*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.*