

City of Charlottesville
City Manager's Office
MEMO



TO: Council
FROM: Michael C. Rogers, Interim City Manager
DATE: April 12, 2023
SUBJECT: Financial Report – FY 2023 through March 31, 2023

The online Budget Explorer which can be found at on the Budget Office webpage at www.charlottesville.gov/budget includes a quarterly report tab for both revenues and expenditures. 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, 2023. 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.

Revenue Budget Projections

As of March 31st, approximately 67% of the budgeted revenue for this fiscal year has been collected. The Adopted Revenue budget for FY 23 totals \$212,889,291. Current revised projections continue to indicate strong performance, and we are currently anticipating a revenue surplus of 4.89% or \$10.4M. The largest drivers of the anticipated surplus continue to be real estate and personal property tax revenues. 2023 property values increased by 12.33%. Property tax payments for the 2nd half of the year are due on June 5th. Real estate tax collections are projected to account for \$4.6M or 44.2% of the total revenue surplus anticipated for FY 2023. Additionally, meals, sales, and lodging taxes continue to perform strong and are projected to make up another \$2.8 million of the projected surplus. The revenue team continues to remain optimistic about the revenue performance and actively monitor collections and national trends. Please note that these projections are offered only as a reference and are highly subject to change.

The following FY 23 revenue budget revisions are projected:

| | FY 2023 | FY 2023 | |
|---|----------------------|------------------------|----------------------|
| <u>Local Taxes</u> | <u>Budget</u> | <u>Revised*</u> | <u>Change</u> |
| Real Estate Tax | \$ 89,487,993 | \$ 94,092,906 | \$ 4,604,913 |
| Personal Property Tax | 12,000,000 | 13,800,000 | 1,800,000 |
| Public Service Tax | 1,589,086 | 1,630,567 | 41,481 |
| Penalties and Interest | 415,000 | 650,000 | 235,000 |
| Utility Taxes | 4,600,000 | 4,600,000 | - |
| Virginia Communications Sales and Use Tax | 2,125,000 | 2,200,000 | 75,000 |
| Tax on Bank Stock | 1,200,000 | 1,157,411 | (42,589) |
| Tax on Wills & Deeds | 725,000 | 725,000 | - |
| Sales & Use Tax | 13,900,000 | 14,300,000 | 400,000 |
| Transient Room Tax | 7,000,000 | 8,100,000 | 1,100,000 |
| Meals Tax | 14,075,026 | 15,400,000 | 1,324,974 |
| Cigarette Tax | 550,000 | 550,000 | - |
| Vehicle Daily Rental | 82,500 | 170,000 | 87,500 |
| Plastic Bag Tax (<i>*implementation currently underway</i>) | - | 20,000 | 20,000 |
| | | | |
| <u>Licenses and Permits</u> | | | |
| Business & Professional Licenses | \$ 8,700,000 | \$ 9,400,000 | \$ 700,000 |
| Vehicle Licenses | 890,000 | 150,000 | (740,000) |
| | | | |
| <u>Intergovernmental Revenue</u> | | | |
| State Highway Assistance | \$ 4,263,654 | \$ 4,645,517 | \$ 381,863 |
| State Aid for Police Protection | 2,238,352 | 2,460,982 | 222,630 |
| | | | |
| <u>Miscellaneous Revenues</u> | | | |
| Interest Income | \$ 580,000 | \$ 1,050,000 | \$ 470,000 |
| Transfer from Parking Fund | 500,000 | - | (500,000) |
| | | | |
| <u>Designated Revenues</u> | | | |
| Meals Tax Designated for the Debt Service Fund | \$ 2,564,974 | \$ 2,800,000 | \$ 235,026 |
| Total Revenue Budget Surplus | | | \$10,415,798 |

**Projected as of March 30, 2023*

Surplus as a % of Total Budget 4.89%

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. However, we continue to monitor expenditures and indicators suggest 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.

**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.*