

City of Charlottesville
City Manager's Office
MEMO



TO: Council
FROM: Samuel Sanders, City Manager
DATE: February 1, 2024
SUBJECT: Financial Report – FY 2024 through December 31, 2024

Revenue Budget Projections

As of December 31st, approximately 47% of the budgeted revenue for this fiscal year has been collected. Real Estate and Personal Property tax payments for the first half of 2024 are due on June 5th and represent two of the City's largest revenue sources. The Adopted Revenue budget for FY 24 totals \$228,433,246. Current revised projections indicate that revenues are tracking slightly above the budget, and we are currently anticipating a modest revenue surplus of 4.41% or \$9.4M. Revised estimates for real estate and personal property taxes are based on the 2024 general reassessment, which indicates residential values increased 5.95% and commercial values increased 3.63% in 2024. Overall, total assessed values are up 5% over 2023. The remaining drivers of the anticipated surplus include sales tax, meals tax, business and professional licenses and interest income. These early projections are offered only as a reference and are subject to change. The revenue team continues to closely monitor revenue collections for FY 24 and is diligently working to refine projections for the development of the FY 25 budget.

The following FY 24 revenue budget revisions are projected:

FY 2024 Revenue Projections

<u>Local Taxes</u>	<u>FY 2024 Budget</u>	<u>FY 2024 Revised*</u>	<u>Change</u>
Real Estate Tax	\$ 99,403,417	\$ 102,348,188	\$ 2,944,771
Personal Property Tax	12,600,000	13,200,000	600,000
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	500,000	(225,000)
Sales & Use Tax	14,400,000	15,500,000	1,100,000
Transient Room Tax	8,300,000	8,300,000	-
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
<u>Licenses and Permits</u>			
Business & Professional Licenses	\$ 8,900,000	\$ 9,300,000	400,000
Vehicle Licenses	-	15,000	15,000
<u>Revenue from State Agencies</u>			
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)
<u>Miscellaneous Revenues</u>			
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)
<u>Designated Revenues</u>			
Meals Tax Designated for the Debt Service Fund	\$ 2,836,363	\$ 3,000,000	\$ 163,637
Total Revenue Budget Surplus			\$ 9,398,594

**Projected as of January 31, 2024*

Surplus as a % of Total Budget 4.41%

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. As of December 31st, approximately 59% of the overall expenditure budget has been spent or obligated. 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 2nd quarter visualization contains financial information through December 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.

Other Financial Matters

The City submitted its most recent quarterly ARP compliance report to US Treasury on January 31 for expenditure of funds for the time period October – December. The Director of Finance is updating the City's obligations and expenditures of all ARP funds to date and will be providing City Council more detailed information at the March 7 budget work session.

**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.*