



1st Quarter FY26 Financial Report

Focus: City Retirement Plans

- November 17, 2025

Retirement Plans Overview

- Traditional Defined Benefit Pension Plan and OPEB (Other Post-Employment Benefits)
 - Started in the 1950s
 - 678 active members
 - Benefit formula based on salary and years of service
- Optional Defined Contribution Plan (401a)
 - Started in 2001
 - 471 active members
 - Set City contribution and employee-led investment account
- Optional Deferred Compensation Plan (457b)
 - Started in 1987
 - 415 active members
 - Employee contributions and employee-led investment account



Plan Oversight- Retirement Commission

Three employees

Member of City Council

City Manager

Finance Director

Treasurer

HR Director

Retiree

Two Community Members

Plan Assets



Traditional Defined Benefit Plan

Pension - \$194 Million

OPEB - \$68 Million



Defined Contribution Plan

\$36.6 Million



Deferred Compensation Plan

\$42.7 Million

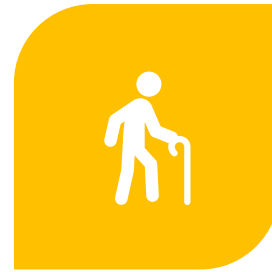
Services for Plan Participants



HR RETIREMENT
ADMINISTRATOR



REGULAR EDUCATION
ON RETIREMENT
TOPICS



ACCESS TO
RETIREMENT
PLANNING SPECIALIST



ACCESS TO A
CERTIFIED FINANCIAL
PLANNER

FY2025 Accomplishments

Improved Funded Status of Pension Plan by 7.1%

Fully funded Actuarially Determined Contribution and all impacts of Collective Bargaining

Utilized lower-cost investment structures to save DC Plan participants over \$30k in management fees annually

Added participant friendly provisions to DC Plan enabled by Secure 2.0

Created and adopted bylaws and Electronic Meeting Provisions for Retirement Commission

Updated City Code to clarify Public Safety Disability Provisions and added Pension eligibility for EMS Only Role

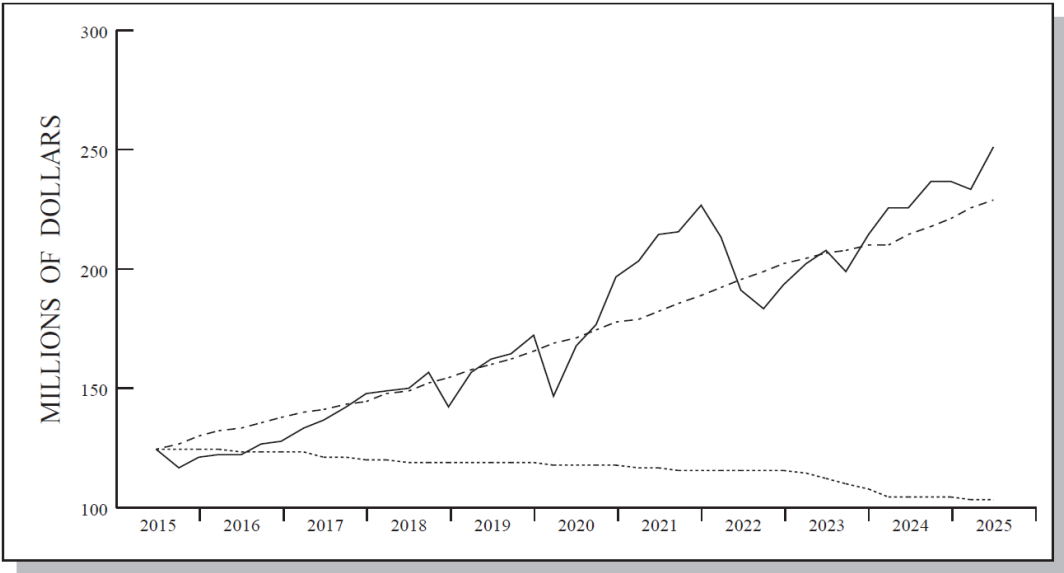


Pension Plan Focus-Asset Allocation

ASSET ALLOCATION

Large Cap Equity	35.5%	\$ 89,456,722
Mid Cap Equity	14.0%	35,281,373
Small Cap	7.8%	19,663,992
Int'l Developed	10.1%	25,379,327
Emerging Markets	3.5%	8,741,571
Real Assets	13.3%	33,390,640
Fixed Income	14.5%	36,550,671
Cash	1.4%	3,461,977
Total Portfolio	100.0%	\$ 251,926,273

Pension Plan Focus- Investment Performance



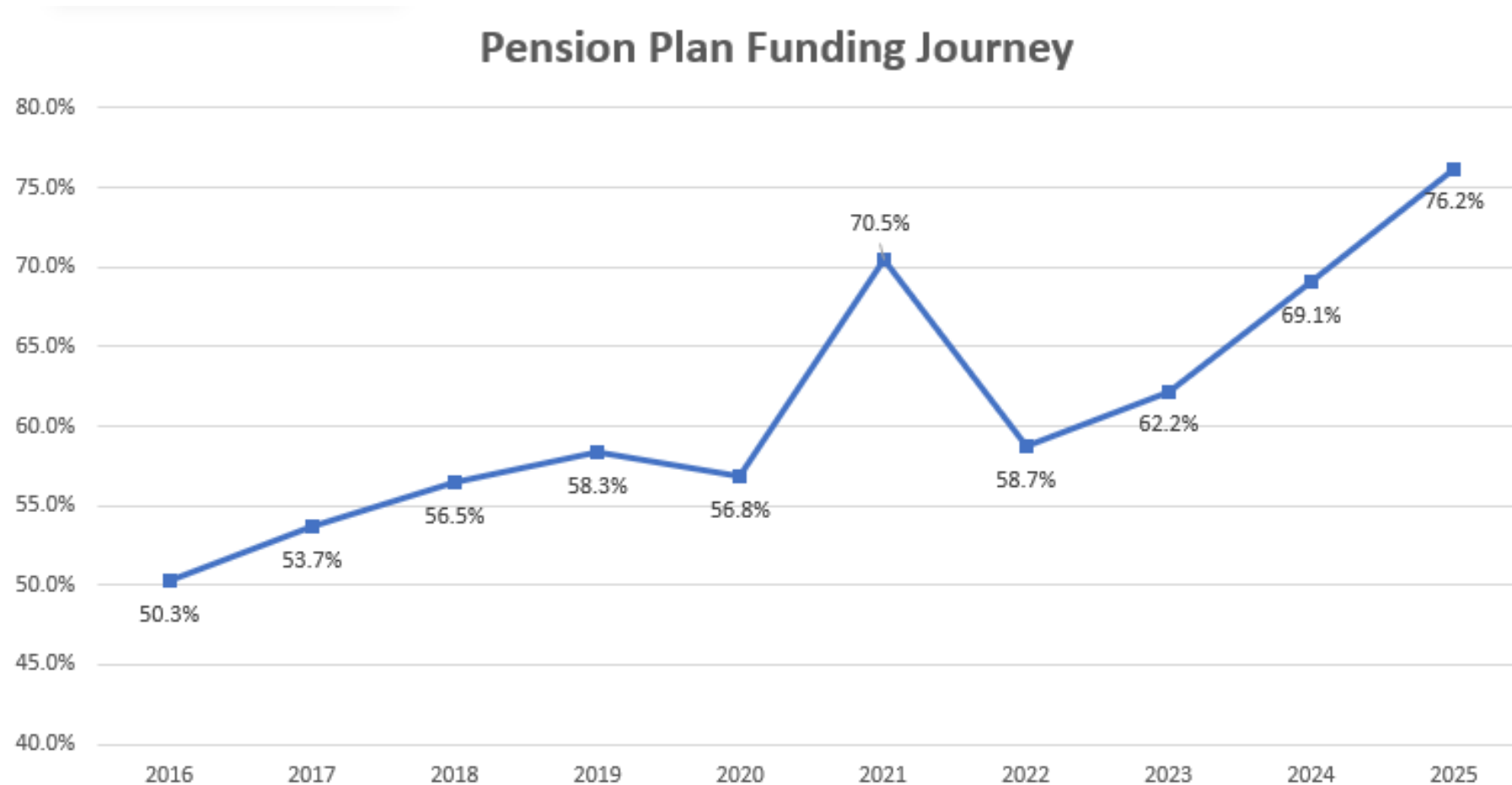
10 Year return compared to 7.5% assumption

Plan returns compared to policy index

1 Year	3 Years	5 Years	Inception or 10 Years	
12.2 (15)	11.7 (18)	10.0 (19)	8.5 (11)	06/15
11.5 ---	10.9 ---	9.6 ---	8.4 ---	06/15

Pension Plan Focus-Funding Plan

On track to reach an 80% funded status around 2027



Highlight-OPEB Trust

- The OPEB Trust (Other Post-Employment Benefits) pays medical, dental, and life insurance benefits for eligible retirees
- Localities must disclose OPEB liabilities, but most have failed to prefund those liabilities
- The City's OPEB trust fund has \$68 Million invested and is funded at 93% of plan liabilities
- The combined funded status for the Pension and OPEB plans is 80%

Retirement Plan Summary

- 2015 Sustainability Study set the stage for progress and the City has honored the commitments it made
 - Modernizing plan assumptions
 - Implementing cost-sharing (employee contribution)
 - Pre-funding retiree COLAs
 - Funding all new liabilities, including CBAs
 - Making all required contributions
 - Making excess pension contributions
- Active and engaged Retirement Commission
- Continue to leverage plan partners, internal staff, and external expertise



Questions?

The Retirement
Commission meets at
8:30 AM on the first
Wednesday of each
month



CITY OF CHARLOTTESVILLE

To be a place where everyone thrives

To: City Council

From: Sam Sanders, City Manager
Krisy Hammill, Director, Budget and Grants Management

Date: November 17, 2025

Topic: FY 2026 Q1 Financial Review

A review of the City's Q1 financial performance for FY 2026 has completed and some highlights have been compiled and noted within this memorandum.

General Fund

Expenditures

As of September 30, 2025, 27.4% or \$73,664,334 of the total General Fund budget has been spent. Salary/Benefit Expenses account for \$17.2M and other expenses totaled \$56.5M.

Total General Fund Other Expense spending is slightly up for FY26 at 30.6% compared to FY25's 23.4%. Timing on the payments for annual software licenses and contracted services are contributing to the increased Q1 spending when compared with Q1 last year. While the trend indicates increased spending, these expenses were planned for in the budget and as such there are no major concerns or red flags regarding Q1 budget spending.

Revenues

As of September 30, 2025, 12.5% or \$33,224,403 of the total General Fund Budget has been collected. Real Estate and Personal Property tax payments for the second half of 2025 are due on December 5th and represent two of the City's largest revenue sources. Current revised projections indicate that revenues are tracking slightly over budget, by \$921,707 or 0.43%.

The chart below indicates revenue projections which have been revised for FY 2026 based on performance. Of good news, after multiple months of declines, we have begun to see a slight upward trend for both meals and sales tax. Public Service Tax reflects a slight increase based on completed assessments and will and deeds continue to perform stronger than expected. Interest earnings are continuing to perform strong with rates staying higher than originally anticipated. Refunds from a Prior Year are higher than expected with Jaunt returning \$131,989 in excess funds from FY2024 and with the \$13,803 in FY 2024 funds returned from the Blue

Ridge Health District. Several state revenues have been adjusted to reflect the adopted state budget figures that were not available at the time the budget was adopted.

FY 2026 Revenue Revised Projections

<u>Local Taxes</u>	FY 2026 Budget	FY 2026 Revised*	Change
Real Estate Tax	\$ 116,989,377	\$ 116,711,274	\$ (278,103)
Personal Property Tax	15,000,000	14,500,000	(500,000)
Public Service Tax	1,961,548	2,099,227	137,679
Tax on Wills & Deeds	600,000	763,000	163,000
Sales & Use Tax	14,500,000	14,800,000	300,000
Meals Tax	18,200,000	18,500,000	300,000
Vehicle Daily Rental	140,000	135,000	(5,000)
<u>Revenue from State Agencies</u>			
State Highway Assistance	\$ 5,742,410	\$ 5,810,627	68,217
Reimbursement/Constitutional Offices	2,430,032	2,485,704	55,672
State Aid for Police Protection	2,734,706	2,681,144	(53,562)
<u>Miscellaneous Revenues</u>			
Interest Income	\$ 2,700,000	\$ 3,300,000	600,000
Refund of Prior Year Expenses	\$ 50,000	\$ 150,000	100,000
<u>Designated Revenues</u>			
Meals Tax Designated for the Debt Service Fund	\$ 3,000,000	\$ 3,033,804	\$ 33,804
Total Revenue Budget Surplus			\$ 921,707

**Projected as of September 30, 2025*

Surplus/Deficit as a % of Total Adopted Budget 0.35%

Capital (CIP) Fund

The City's current capital budget totals \$261.7M with \$201M in unspent budget carrying over from prior years and \$60.7M being added in FY 2026. As of the end of Q1, 24.95% or \$65.3M was spent or encumbered for various projects.

Individual project budget details can be reviewed using the Budget Explorer Tool described below.

Budget Explorer Tool

Expenditure details can be viewed using the [Budget Explorer Tool](http://www.charlottesville.gov/budget) which can be found on the City's Budget webpage at www.charlottesville.gov/budget. These quarterly tabs are automatically updated at the end of each quarter and are available for public viewing. The 1st quarter visualization contains financial information through September 30, 2025. The tool gives

you the ability to review the results of other City funds in addition to the General Fund as well as the ability to drill-down to the individual department expenditure detail. The information presented in the visualization comes directly from SAP, the City's financial system, and represents dollars that have been received and/or paid out as of the chosen date.

New for this Quarter

A new expanded CIP Quarterly Report has been added to the Budget Explorer Tool. The CIP Quarterly Report will highlight selected projects by providing more depth detail beyond just the financials. Using this dashboard, you will be able to locate the project on a map and access detailed project summary and description information including the objectives and status of the project.