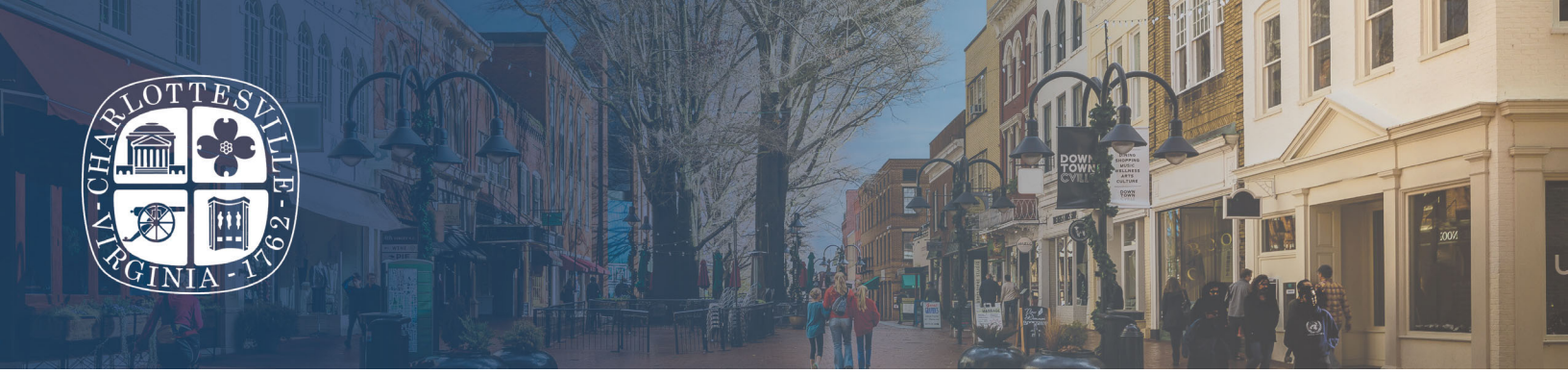


CITY OF CHARLOTTESVILLE
To be a place where everyone thrives

To: City Council

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

Date: November 16, 2026

Topic: FY 2027 Q1 Financial Review

A review of the City's Q1 financial performance for FY 2027 has completed and some highlights have been compiled and noted within this memorandum.

General Fund

Expenditures

As of September 30, 2026, the City had spent $70,978,834, or 25.0% of the total General Fund budget. Salary and benefit expenses accounted for $18 million, while other expenses totaled $53 million.

Total General Fund spending on other expenses is slightly lower in FY 2027, at 27.2%, compared with 30.6% in FY26. Many City operations are seasonal, and large General Fund interfund transfers—such as transfers for debt service, the Capital Improvement Program (CIP), and Charlottesville Area Transit (CAT)—are posted as lump sums later in the fiscal year. In addition, first-quarter recruiting and procurement activities for the new fiscal year are only beginning. Together, these factors create an irregular expenditure pattern that is difficult to project. We will continue to monitor expenditures, but current indicators suggest that expenses are tracking in line with the budget.

Revenues

As of September 30, 2026, 11.27% or $31,612,388 of the total General Fund Budget has been collected. Real Estate and Personal Property tax payments for the second half of 2026 are due on December 5th and represent two of the City's largest revenue sources. Current revised projections indicate that total revenues are tracking slightly over budget, by $2,448,808 or 0.93%.

The chart below indicates revenue projections which have been revised for FY 2027 based on performance. Real Estate and Personal Property projections have been increased to reflect supplement billings for projects that have been partially completed, and stronger than

anticipated vehicle supplements. Public Service Tax reflects a slight increase based on completed assessments. Meals and sales tax collections continue to perform stronger than expected. Interest earnings are continuing to perform strong with rates staying higher for longer than originally anticipated. Refunds from a Prior Year are higher than expected with Jaunt returning $225,252 in excess funds from FY 2026. Several state revenues have been adjusted to reflect the final decisions of the General Assembly. State highway assistance reflects a statewide reduction of 4% passed on to all localities. State police assistance reflects a revised projection that remains flat with the FY 2026 funding amount. The proposed state budget included amendments to increase the amount of police assistance for FY 2027, but the final budget kept allocations flat.

FY 2027 Revenue Revised Projections

Local Taxes	FY 2027 Budget	FY 2027 Revised*	Change
Real Estate Tax	$ 122,152,333	$ 122,615,065	$ 462,732
Personal Property Tax	15,100,000	15,400,000	300,000
Public Service Tax	2,048,263	2,163,056	114,793
Utility Taxes	5,020,000	5,371,400	351,400
Virginia Communications Sales and Use Tax	2,000,000	1,950,000	(50,000)
Sales & Use Tax	16,033,000	16,100,000	67,000
Transient Room Tax	9,785,000	10,300,000	515,000
Meals Tax	19,584,000	19,714,286	130,286
Vehicle Daily Rental	135,000	125,000	(10,000)
Revenue from State Agencies			
State Highway Assistance	$ 5,926,840	$ 5,810,627	(116,213)
Reimbursement/Constitutional Offices	2,457,327	2,485,704	28,377
State Aid for Police Protection	2,734,767	2,681,144	(53,623)
Miscellaneous Revenues			
Interest Income	$ 2,700,000	$ 3,300,000	600,000
Refund of Prior Year Expenses	$ 150,000	$ 225,252	75,252
Designated Revenues			
Meals Tax Designated for the Debt Service Fund	$ 3,000,000	$ 3,033,804	$ 33,804
	Total Revenue Budget Surplus		**$ 2,448,808**

**Projected as of October 18, 2026*

Surplus/Deficit as a % of Total Adopted Budget **0.93%**

Capital (CIP) Fund

The City's current capital budget totals $233.9M with $185M in unspent budget carrying over from prior years and $48.6M being added in FY 2027. As of the end of Q1, 13.29% or $31.1M 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 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, 2026. 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.