

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 Budget	FY 2023 Revised*	Change
<u>Local Taxes</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.*



City of Charlottesville

TREASURER'S OFFICE

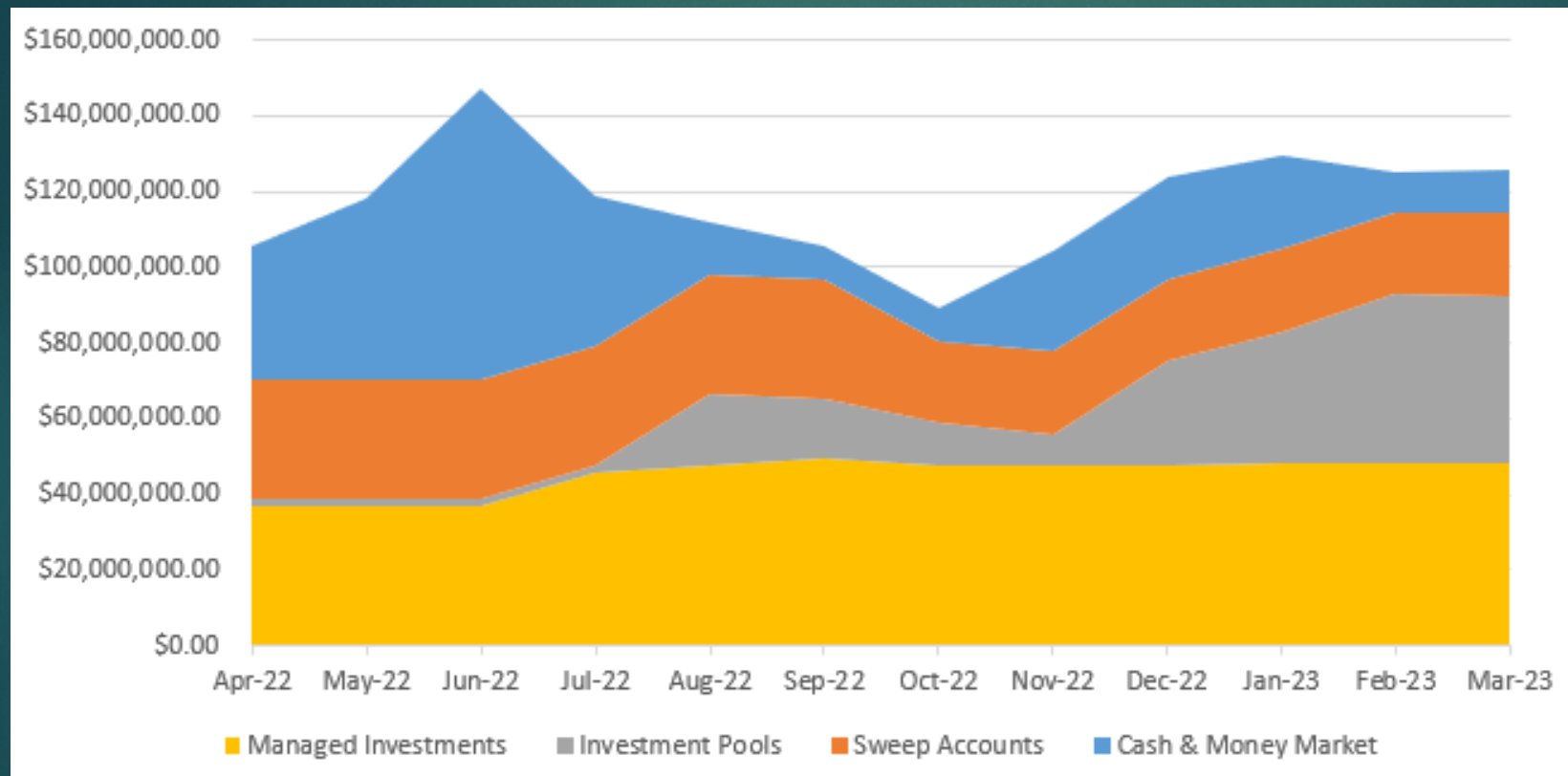
INVESTMENT PORTFOLIO UPDATE

APRIL 17, 2023

Investment Policy Guidelines

- ▶ The Investment Policy has been established by the Treasurer of the City of Charlottesville to ensure effective management of the day-to-day investment activity for the City, and is designed to increase non-tax revenues by investing funds when not needed for current obligations.
- ▶ The Treasurer of the City of Charlottesville is an elected office ("Constitutional Officer") charged with receiving, collecting, safeguarding and disbursing City funds with general custody of City funds from all sources. The general custody of all funds requires the investment of those funds within the confines of the Code of Virginia and a comprehensive Investment Policy developed and maintained by the Treasurer.
- ▶ All funds are managed to accomplish the fundamental goals of safety, liquidity, and yield.

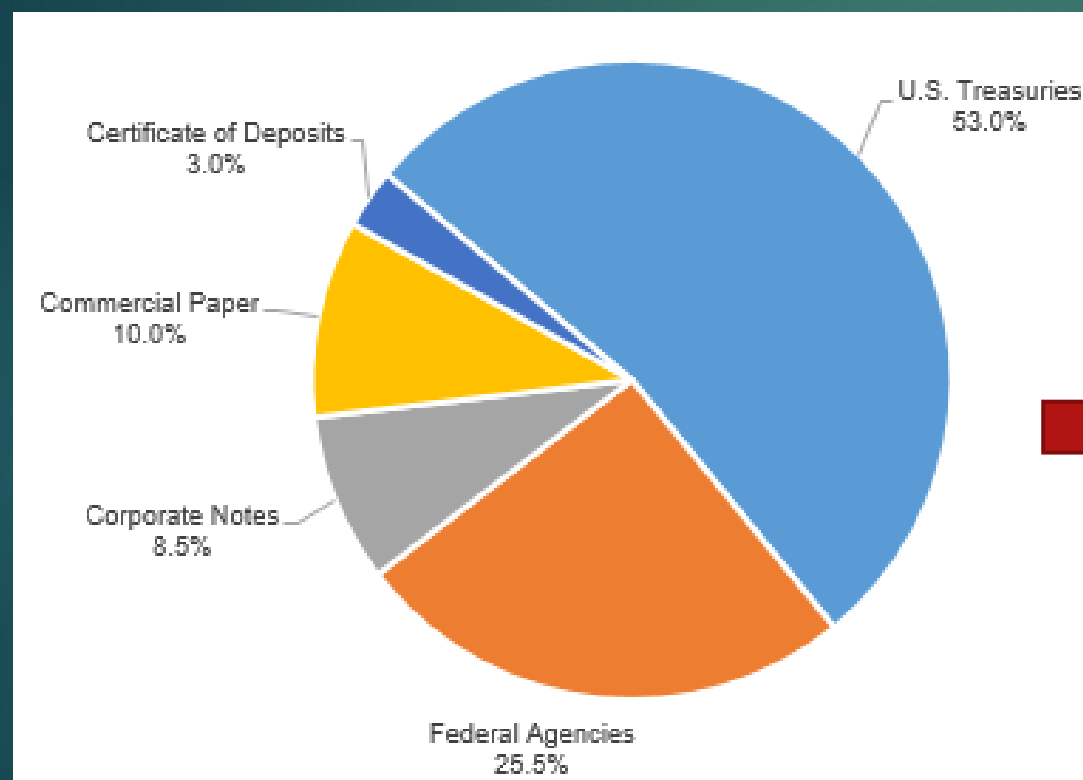
Monthly Cash Balance by Investment Type



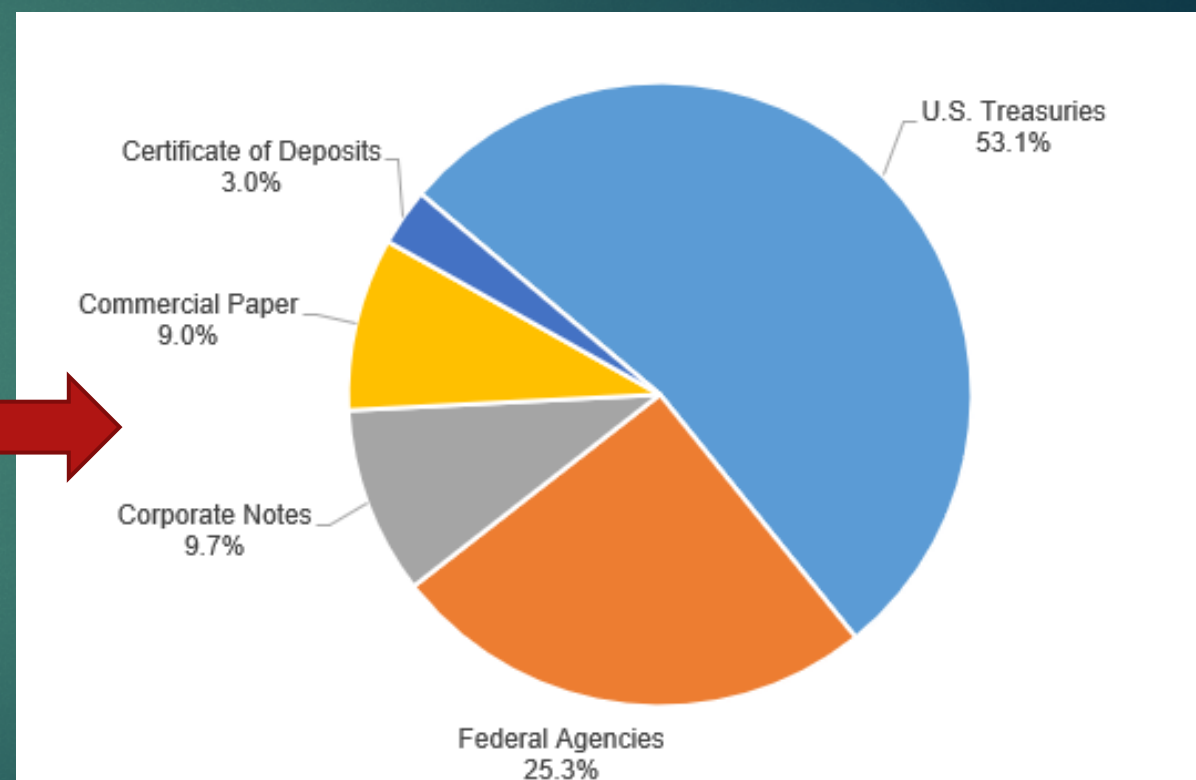
As investment rates have become more attractive relative to cash earnings, we have shifted more of the portfolio into longer term investments and investment pools and out of cash holdings.

Managed Investments Portfolio Composition

December 2022

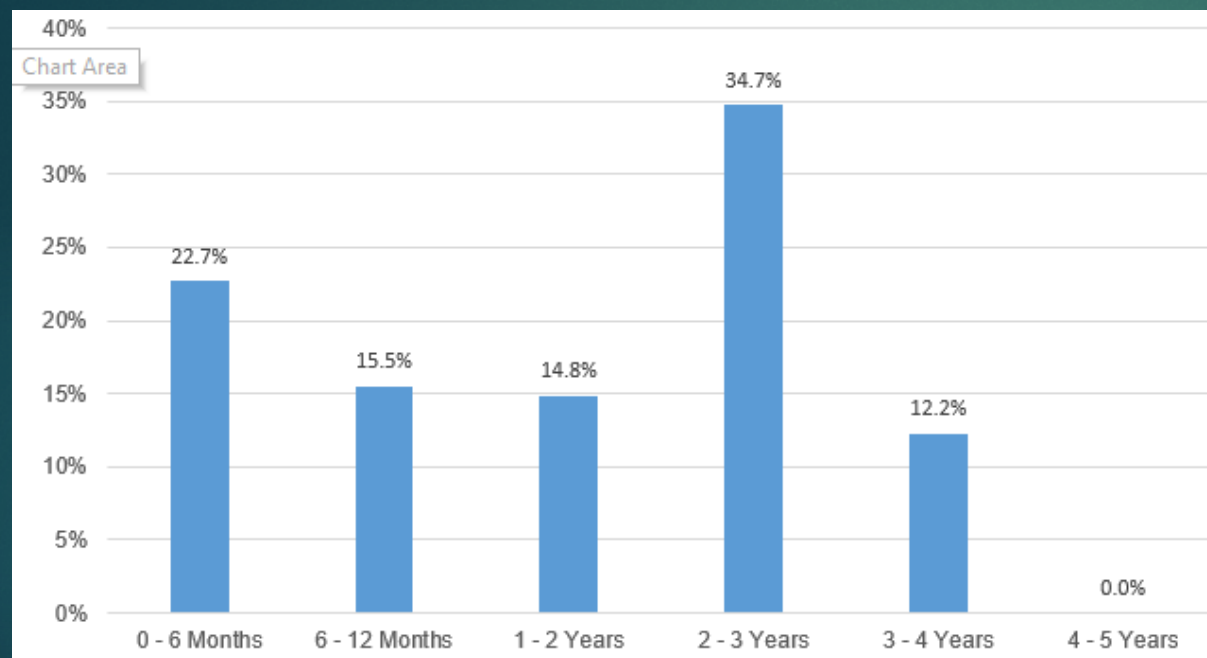


March 2023



There have been no significant changes in the asset allocation in the managed portfolio this quarter.

Managed Portfolio Maturity Distribution and Yields



Intermediate-term rates are stabilizing and more of the portfolio redemptions have been invested in the 2-3 year range to lock in higher rates.