

City of Charlottesville
City Manager's Office
MEMO



TO: Council
FROM: Michael C. Rogers, Interim City Manager
DATE: June 21, 2022
SUBJECT: Financial Report – FY 2022 through May 31, 2022

The online Budget Explorer which can be found at on the Budget Office webpage at www.charlottesville.gov/budget has been revised and 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. For this report in particular, the 4th quarter visualization contains financial information through May 31, 2022. Final 4th quarter data will be provided once the year is officially closed and the audit is completed. This usually happens in late November or early December. 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. This memo serves as a supplement to those reports to provide updates and any other relevant narrative that pertains to the City's finances.

Revenue Budget Projections

As of May 31, 2022, approximately 84% of the budgeted revenue has been collected. We remain on track to collect more than the Adopted Revenue budget of \$192,212,843. Real Estate and Personal Property tax payments for the first half of 2022 were due on June 6th and are not reflected in the totals below. The revenue team continues to monitor and revise many of the large tax revenues. The following revenue budget revisions are projected:

<u>Local Taxes</u>	<u>FY 2022 Budget</u>	<u>FY 2022 Revised</u>	<u>Change</u>
Real Estate Tax (using current rate of \$0.95/\$100)	\$ 80,277,442	\$ 84,314,057	\$ 4,036,615
Personal Property Tax (using current rate of \$4.20/\$100)	9,741,000	11,700,000	1,959,000
Public Service Tax	1,542,930	1,589,086	46,156
Utility Taxes	4,500,000	4,590,000	90,000
Virginia Communications Sales and Use Tax	2,400,000	2,270,000	(130,000)
Tax on Bank Stock	1,200,000	1,157,411	(42,589)
Tax on Wills & Deeds	725,000	1,000,000	275,000
Sales & Use Tax	12,000,000	14,200,000	2,200,000
Transient Room Tax	5,000,000	7,200,000	2,200,000
Meals Tax	10,700,000	13,100,000	2,400,000
Cigarette Tax	550,000	400,000	(150,000)
<u>Licenses and Permits</u>			
Business & Professional Licenses	\$ 7,000,000	\$ 8,700,000	1,700,000
<u>Charges for Services</u>			
Recreation Income	\$ 1,665,859	\$ 1,000,000	(665,859)
<u>Designated Revenues</u>			
Meals Tax Designated for the Debt Service Fund	\$ 2,140,000	\$ 2,600,000	\$ 460,000
Total Revenue Budget Surplus			\$ 14,378,323

Expenditure Budget Projections

Due to their cyclical nature, expenditure projections are not quite as straightforward as revenue to project. Many factors make projecting expenditures a little more difficult to project than revenues. Many of the City operations are seasonal and the interfund transfers are large amounts that get posted all at once. As of May 31, 2022, we are approximately 92% of the way through the fiscal year and the City's financials indicate that 85.61% of the budget has been spent. This is a good indicator that expenses are tracking well with the budget. Early indications are that there is likely to also be some budget savings in expenditures as well.

Please note all the information presented in this memo and the visualization is collected as of a specific point in time. All amounts are subject to change until the audit is complete and the books are officially closed. At that time, a final report will be presented to Council by the City's Finance Director and the actual surplus will be quantified at that time.

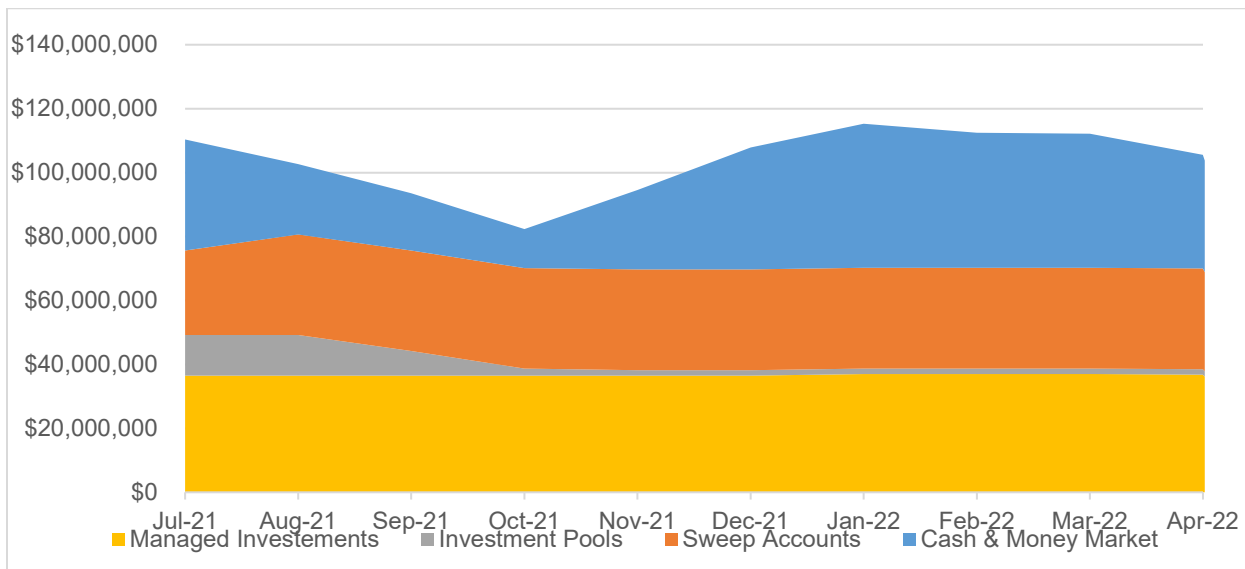
Other Financial Matters

As part of the FY 23 budget development process, the Charlottesville City School Board committed some of its federal ARP and CSLFRF (Coronavirus State and Local Recovery Funds) grant funds to help reduce City dollars for school CIP projects. \$808k in HVAC projects were identified as eligible to be covered by the CSLFRF grant funds. City and School staff have been working together to document those projects and to transfer the funding. To date, CCS has reimbursed the City CIP \$163k using CSLFRF HVAC grant funds.

City of Charlottesville Treasurer's Office
Cash & Investment Report
April 30, 2022

- 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



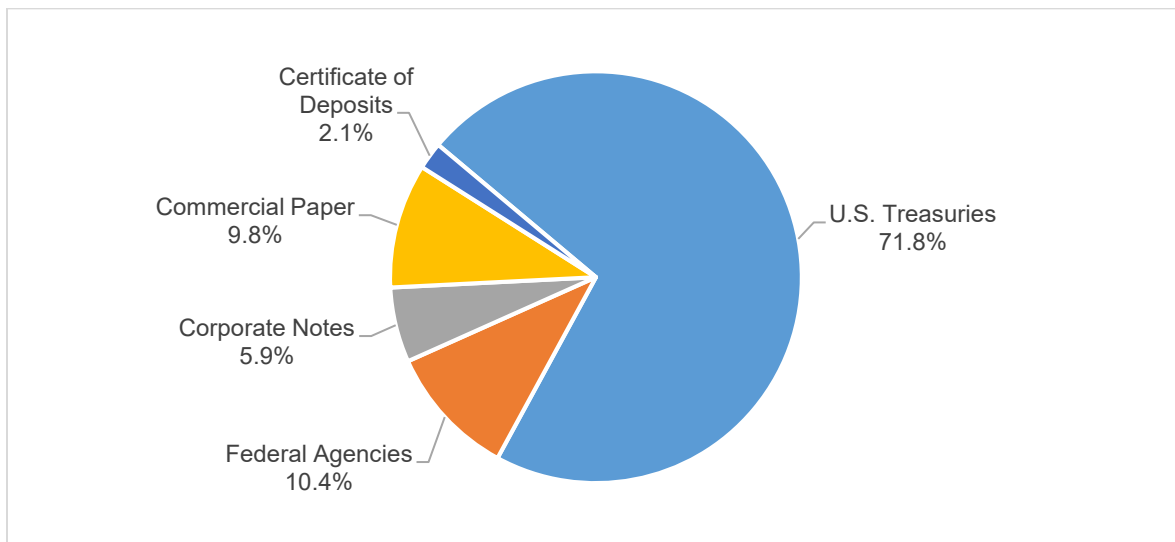
End-of-Quarter Balance by Investment Category

Category	Quarter Ending 9/30/2021	Quarter Ending 12/31/2021	Quarter Ending 3/31/2022	Month Ending 4/30/2022
Cash & Money Market	\$17,918,751	\$38,218,626	\$41,892,496	\$35,522,724
Sweep Accounts	\$31,489,651	\$31,515,982	\$31,536,440	\$31,553,480
Investment Pools	\$7,685,349	\$1,685,629	\$1,686,411	\$1,686,949
Managed Investments	\$36,483,906	\$36,483,906	\$37,020,645	\$36,810,896
Total Amount Invested	\$93,577,658	\$107,904,143	\$112,135,992	\$105,574,049

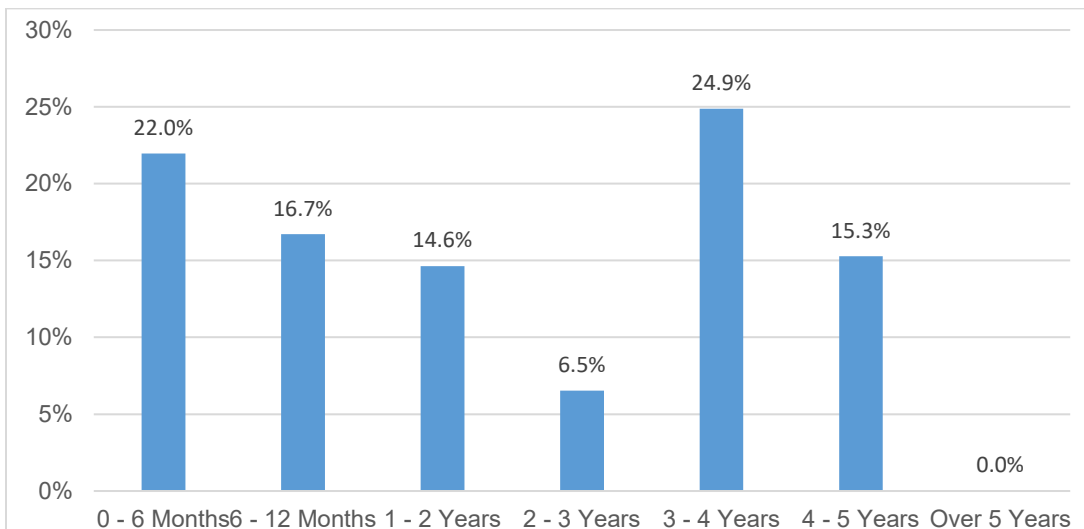
Quarterly Investment Earnings by Investment Category

Category	Quarter Ending 9/30/2021	Quarter Ending 12/31/2021	Quarter Ending 3/31/2022	Quarter-to-Date 4/30/2022
Cash & Money Market	\$84,478	\$62,060	\$141,707	\$42,474
Sweep Accounts	\$27,644	\$27,712	\$27,136	\$9,052
Investment Pools	\$2,179	\$393	\$669	\$538
Managed Investments	\$96,735	\$76,029	\$103,257	\$8,129
Total Amount Invested	\$211,036	\$166,193	\$272,768	\$60,194

Managed Investments - Portfolio Composition



Managed Investments - Maturity Distribution



Permitted Investments and Diversification

Permitted Investments	Sector Limit	Issuer Limit	Duration Limit
U.S. Treasury Obligations	100%	100%	5 Years
Federal Agency Obligations	100%	100%	5 Years
Municipal Obligations	10%	3%	5 Years
Commercial Paper	20%	3%	270 days
Bankers' Acceptances	10%	3%	180 days
Corporate Notes	20%	3%	5 Years
Negotiable Certificates of Deposit and Bank Deposit Notes	20%	3%	5 Years
Money Market Mutual Funds	100%	50%	Liquid
LGIP	50%	50%	Liquid
Repurchase Agreements	35%	35%	Liquid