

City of Charlottesville
City Manager's Office
MEMO



TO: Council
FROM: Michael C. Rogers, Interim City Manager
DATE: April 18, 2022
SUBJECT: Quarterly Financial Report - March 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 now also includes a quarterly report tab for both revenues and expenditures. These quarterly tabs will automatically be updated at the end of each quarter and available for public viewing. The functionality allows for a both a citywide view as well as the ability to drill down to the individual department level. 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. Going forward, at the end of each quarter, we will present a summary memo to you as part of the City Manager's Report. The memo will serve as a supplement to those reports to provide updates and any other relevant narrative that pertains to the City's finances.

Revenue Budget Projections

Currently, 66.93% of the budgeted revenue has been collected. We remain on track to collect more than the Adopted Revenue budget of \$192,212,843. Only half of the City's real estate and personal property tax has been billed and collected. The second half billing is due on June 6, 2022. Based on current trends, the revenue team has revised many of the large tax revenues and the following revenue budget revisions are projected:

	FY 2022	FY 2022	
	Budget	Revised	Change
<u>Local Taxes</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/\$10)	9,741,000	10,641,000	900,000
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	13,900,000	1,900,000
Transient Room Tax	5,000,000	7,000,000	2,000,000
Meals Tax	10,700,000	12,825,000	2,125,000
Cigarette Tax	550,000	450,000	(100,000)
<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	\$ 1,472,699	(193,160)
<u>Designated Revenues</u>			
Meals Tax Designated for the Debt Service Fund	\$ 2,140,000	\$ 2,565,000	\$ 425,000
Total Revenue Budget Surplus			<u>\$13,032,022</u>

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 March 31, 2022, we are 75% of the way through the fiscal year and the City's financials indicate that 74.92% of the budget has been spent. This is a good indicator that expenses are tracking well with the budget. However, it is worth noting that also included in the current expenditure total for FY 22, is the FY 21 surplus of \$6,674,971 that was transferred to the CIP. Once that amount is factored out, the current FY 22 budget is approximately 72% spent. 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. That report is typically presented in the November or December of each year.

Cash and Investment Portfolio

The City's Cash and Investments portfolio is collected and safeguarded by the City Treasurer with the aims of safety, liquidity, and yield. The attached report is an overview to provide some insight on quarterly cash flows and give Council a sense for how funds are managed and invested to help achieve the City's financial goals.

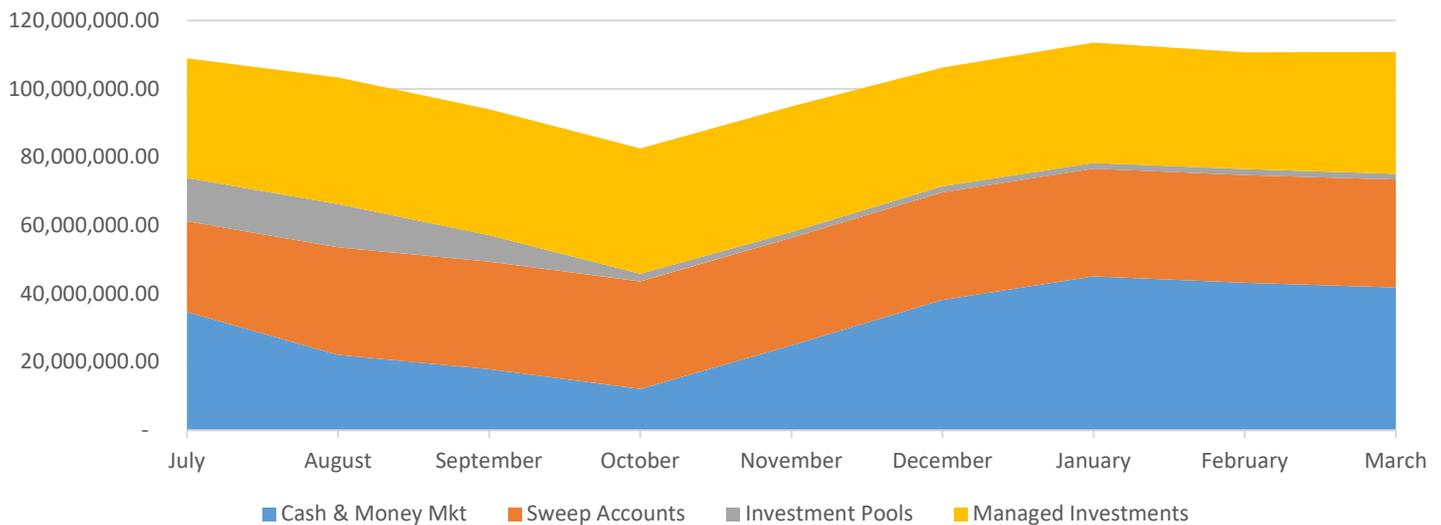
City of Charlottesville Treasurer's Office

Cash & Investment Report

March 31, 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 Flow by Investment Type



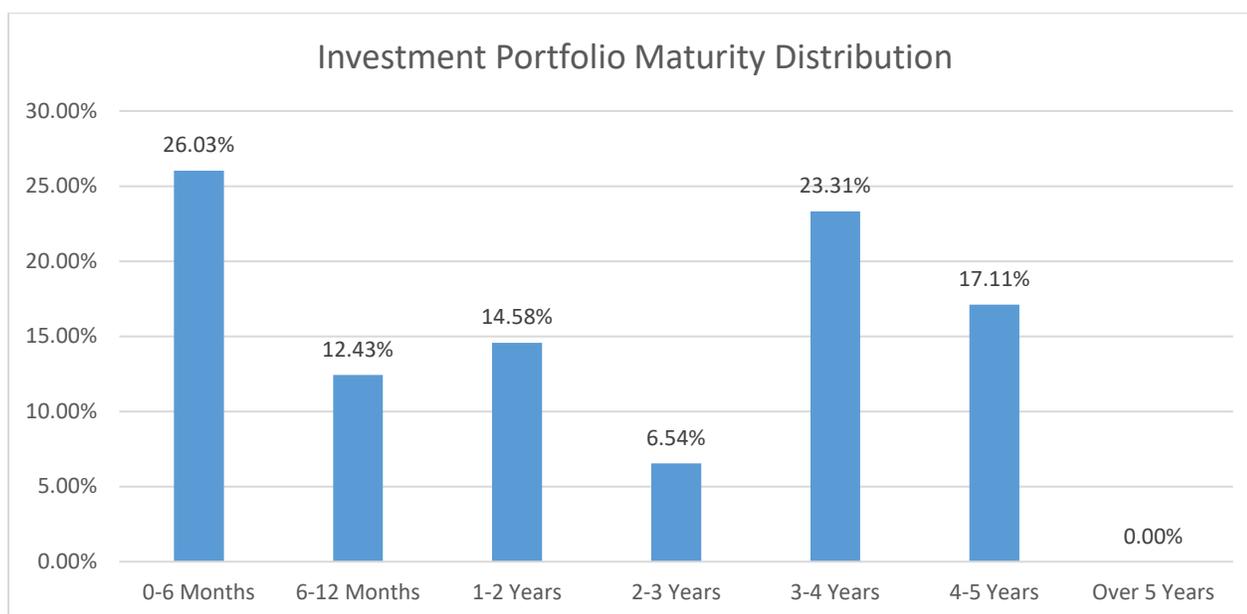
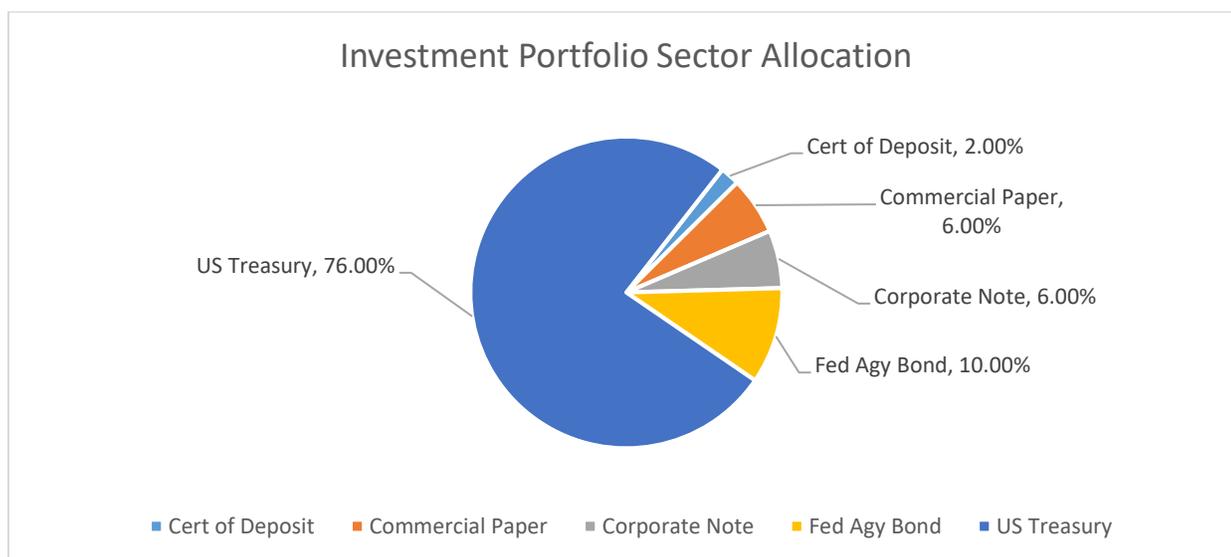
Quarterly Balance by Investment Category

Category	Quarter Ending 9/30/21	Quarter Ending 12/31/21	Quarter Ending 3/31/22
Cash & Money Mkt	17,918,751.17	38,218,626.23	41,872,151.91
Sweep Accounts	31,489,650.99	31,517,332.63	31,544,437.28
Investment Pools	7,685,349.54	1,685,742.39	1,686,410.97
Managed Investments	36,931,390.22	34,767,704.28	35,630,132.52
Total Amount Invested	94,025,141.92	106,189,405.53	110,733,132.68

Quarterly Investment Earnings by Investment Category

Category	Quarter Ending 9/30/21	Quarter Ending 12/31/21	Quarter Ending 3/31/22
Cash & Money Mkt	\$84,477.58	\$61,947.56	\$141,696.97
Sweep Accounts	\$27,643.97	\$27,711.72	\$27,135.63
Investment Pools	\$2,179.26	\$392.85	\$668.58
Managed Investments	\$174,190.57	\$88,476.63	\$118,245.90
Total Interest Earned	\$288,491.38	\$178,528.76	\$287,747.08

Investment Portfolio Composition



Permitted Investments and Diversification

Permitted Investment	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