



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: May 18, 2026

Topic: FY 2026 Q3 Financial Review

A review of the City's Q3 financial performance for FY 2026 has been completed and some highlights have been compiled and noted within this memorandum.

General Fund

Expenditure

As of March 31, 2026, 78.36% or \$205,741,743 of the total General Fund budget has been spent or encumbered. Salary/Benefit Expenses account for \$59.1M and other expenses totaled \$146.6M.

Discretionary Spending Across Departments

Nearly every General Fund department has spent around 75% of its discretionary funds by the third quarter (Q3) of FY26. This level of expenditure suggests that departments are generally following their budget plans and spending is well aligned with expectations for the year.

Quarterly Spending Trends

Overall, Q3 spending was lower, with 19.5% of the total budget expended during this quarter. This compares to 27.9% in Q3 of FY25. While this represents a decrease, it is not a significant drop when viewed alongside Q3 spending in FY24 (24.6%) and FY23 (23.9%).

Factors Influencing Q3 Expenditures

The reduction in Q3 expenditures reflects a standard pattern compared to the first two quarters. This is likely because larger expense items, such as computer software and contractual services, are typically paid earlier in the fiscal year.

Revenues

As of March 31, 2026, 67.29% or \$178,629,413 of the total General Fund Budget has been collected. Real Estate and Personal Property tax payments for the first half of 2026 are due on June 5th.

Current revised projections indicate that total revenues are tracking slightly over budget, by \$4.7M or 1.78%.

FY 2026 Revenue Revised Projections

	FY 2026 Budget	FY 2026 Revised*	Change
<u>Local Taxes</u>			
Real Estate Tax	\$ 116,989,377	\$ 117,264,232	\$ 274,855
Personal Property Tax	15,000,000	15,100,000	100,000
Public Service Tax	1,961,548	2,048,263	86,715
Utility Taxes	4,800,000	5,020,000	220,000
Tax on Wills & Deeds	600,000	850,000	250,000
Sales & Use Tax	14,500,000	15,670,000	1,170,000
Virginia Communications Sales and Use Tax	2,082,500	2,000,000	(82,500)
Meals Tax	18,200,000	19,000,000	800,000
Lodging Tax	9,100,000	9,500,000	400,000
Tax on Bank Stock	1,171,353	1,062,945	(108,408)
Short-Term Rental	61,000	75,000	14,000
Vehicle Daily Rental	140,000	135,000	(5,000)
Plastic Bag Tax	75,000	63,000	(12,000)
<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
DMV Select Office Commissions			-
<u>Miscellaneous Revenues</u>			
Interest Income	\$ 2,700,000	\$ 3,800,000	1,100,000
Refund of Prior Year Expenses	\$ 50,000	\$ 150,000	100,000
Waste Disposal Fees	1,210,000	1,300,000	90,000
<u>Designated Revenues</u>			
Meals Tax Designated for the Debt Service Fund	\$ 3,000,000	\$ 3,200,000	\$ 200,000
Total Revenue Budget Surplus			\$ 4,667,989

*Projected as of May 11, 2026

Surplus/Deficit as a % of Total Adopted Budget 1.78%

Capital (CIP) Fund

The City's current capital budget totals \$262.4M with \$171.6M unspent budget which includes funds approved with FY26 budget and unspent funds carried over from prior years. As of the end of Q3, 34.62% or \$90.8M 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 3rd quarter visualization contains financial information through March 31, 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.

Reminder

A newly expanded CIP Quarterly Report has been added to the Budget Explorer Tool. The CIP Quarterly Report will highlight selected projects by providing more detail in depth 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.