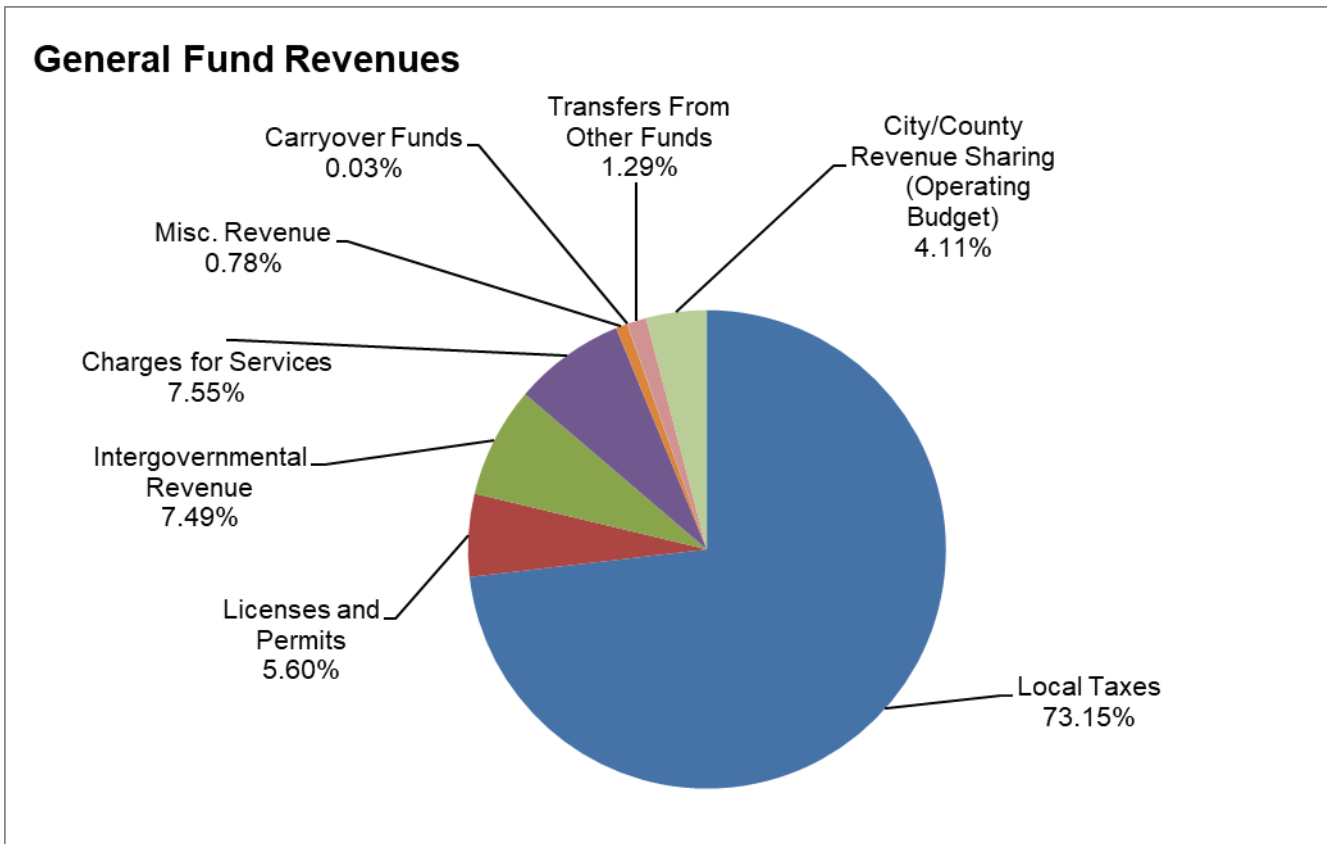


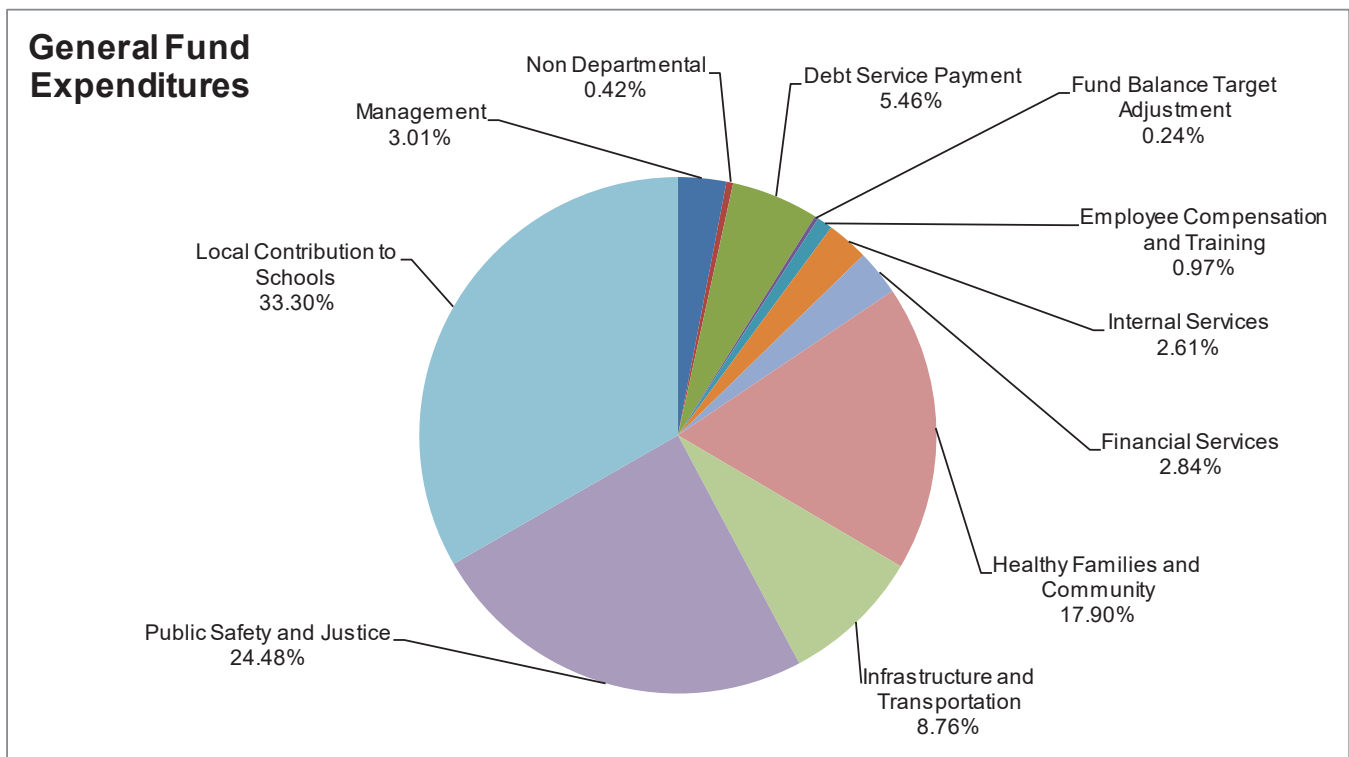
## General Fund Revenue Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Increase/ (Decrease)	% Change
<b>General Fund Revenue</b>						
Local Taxes	\$106,575,490	\$112,471,770	\$115,372,867	\$126,030,812	\$10,657,945	9.2%
Licenses and Permits	10,272,626	10,688,145	9,365,500	9,648,500	283,000	3.0%
Intergovernmental Revenue	12,538,836	12,431,502	12,589,441	12,896,320	306,879	2.4%
Charges for Services	11,763,565	10,409,438	13,204,971	13,011,843	(193,128)	(1.5%)
Parking Fines	396,721	0	0	0	0	
Misc. Revenue	1,291,284	1,694,803	1,143,000	1,344,000	201,000	17.6%
Carryover Funds	0	0	1,006,659	44,000	(962,659)	(95.6%)
Transfers From Other Funds	0	2,073,475	2,350,000	2,222,579	(127,421)	(5.4%)
City/County Revenue Sharing (Operating Budget)	10,491,920	10,290,321	9,921,594	7,086,443	(2,835,151)	(28.6%)
<b>TOTAL OPERATING BUDGET</b>	<b>\$153,330,442</b>	<b>\$160,059,454</b>	<b>\$164,954,032</b>	<b>\$172,284,497</b>	<b>\$7,330,465</b>	<b>4.4%</b>



## General Fund Expenditure Summary

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	Increase/ (Decrease)	% Change
<b>General Fund Expenditures</b>						
Management	\$4,358,838	\$5,202,745	\$5,619,852	\$5,188,406	(\$431,446)	(7.7%)
Non Departmental	1,011,891	1,200,074	763,415	723,415	(40,000)	(5.2%)
Debt Service Payment	7,450,497	7,968,000	8,560,788	9,410,788	850,000	9.9%
Fund Balance Target Adjustment	0	0	413,148	413,148	0	0.0%
Employee Compensation and Training	272,220	854,482	1,224,884	1,677,747	452,863	37.0%
Internal Services	1,465,277	1,473,085	4,436,259	4,502,573	66,314	1.5%
Financial Services	4,589,383	4,823,396	4,828,113	4,898,103	69,990	1.4%
Healthy Families and Community	26,243,149	28,252,234	29,601,810	30,844,624	1,242,814	4.2%
Infrastructure and Transportation	13,877,877	13,856,781	14,381,520	15,088,596	707,076	4.9%
Public Safety and Justice	38,008,287	42,165,631	41,126,041	42,170,474	1,044,433	2.5%
Local Contribution to Schools	49,330,604	51,330,604	53,998,202	57,366,623	3,368,421	6.2%
<b>TOTAL OPERATING BUDGET</b>	<b>\$146,608,024</b>	<b>\$157,127,033</b>	<b>\$164,954,032</b>	<b>\$172,284,497</b>	<b>\$7,330,465</b>	<b>4.4%</b>



## Explanation of FY 2020 Revenues

Services provided by the City of Charlottesville are funded by a variety of revenue sources: local, state, federal, and other intergovernmental revenue. When preparing revenue estimates for the budget, a team of staff reviewed prior year revenue activity, current year to date activity, and future factors that will affect the City’s economic vitality. City staff uses a variety of revenue projection techniques in order to ensure the accuracy of the revenue projections.

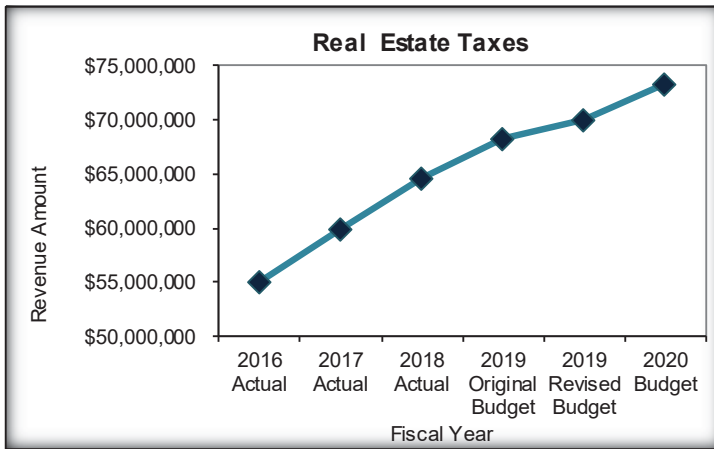
- Informed/Expert Judgment (e.g. the advice of a department head)
- Deterministic Techniques (e.g. formulaic revenues)
- Time Series Techniques (e.g. moving averages and predictive statistics)
- Estimates from the Commonwealth of Virginia (e.g. transfer payments)
- Long Term Forecasting (e.g. looking five years out at the start of the budget process in order to better plan for future revenue conditions and expenditure needs)

In practice, most revenue projections combine two or more of these techniques. Generally, the amount of revenue available to the City depends on current and future economic activity. Below is a listing of the major revenue sources (individually approximately 1% or more of the total City revenue) for the City of Charlottesville, which make up 88.1% of the total General Fund revenue collected by the City of Charlottesville.

Revenue Source	FY 2020 Projection	% of General Fund Total Revenues
Real Estate Taxes	\$73,337,626	38.8%
Meals Tax	14,932,800	7.9%
City/County Revenue Sharing	14,199,607	7.5%
Sales & Use Taxes	12,000,000	6.4%
Personal Property Taxes	9,300,000	4.9%
State Assistance	8,054,627	4.3%
Business & Professional Licenses	7,700,000	4.1%
Transient Occupancy Tax	6,535,753	3.5%
Payment in Lieu of Taxes: Utilities	5,975,560	3.2%
Utility Services Consumer Tax	4,926,600	2.6%
PPTRA	3,498,256	1.9%
Virginia Communications Sales & Use Tax	2,800,000	1.5%
Recreation Income	1,694,683	0.9%
Public Service Corporation Taxes	1,428,230	0.8%
<b>TOTAL</b>	<b>\$166,383,742</b>	<b>88.1%</b>

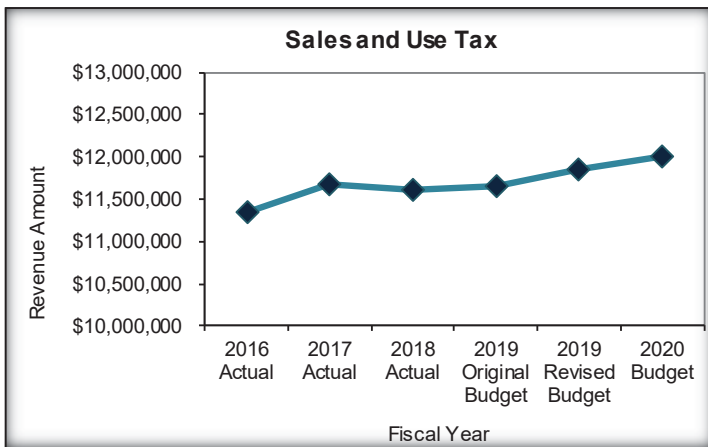
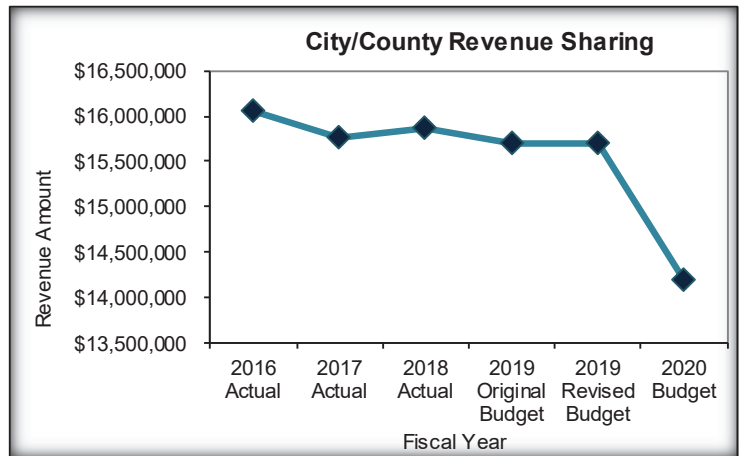
In the following section, a graph has been presented for each of the major revenues listed in the above chart. This provides a graphical representation of the trend data that was used when the revenue projections were made for FY 20. The data in the graphs represents the amount of actual revenue collected for FY 16 – FY 18, along with the originally budgeted amounts and revised revenue estimates for FY 19, all of which were important factors in projecting the revenues for FY 20.

## Major Local Revenue – Descriptions and Trend Data

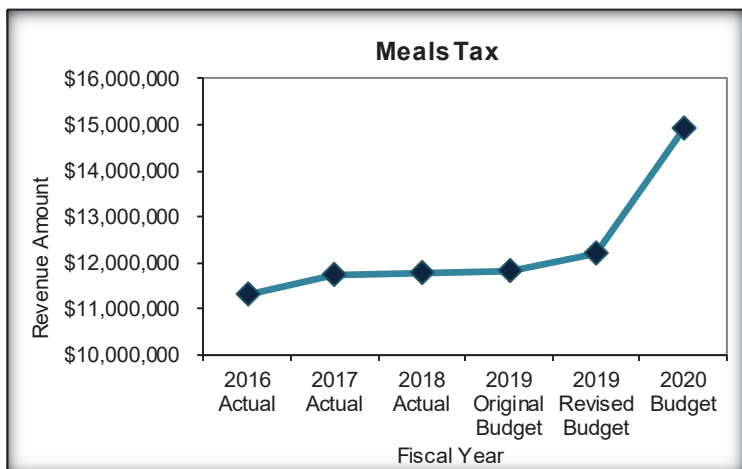


**Real Estate Taxes** are the largest source of revenue for the City. They are *ad valorem* taxes based on the assessed value of real property owned by businesses, individuals, and corporations. They are assessed at 100% valuation, with tax rates being applied per \$100 of assessed value. **The proposed tax rate for FY 20 is \$.95 per \$100 of assessed value.**

**City/County Revenue Sharing** is based on an agreement between the City of Charlottesville and the County of Albemarle dated February 17, 1982. The agreement requires the County to contribute a portion of its real property tax base to the City in exchange for the City’s agreement to forgo annexation of any County property. The FY 20 transfer from the County is calculated in part from the CY 17 total assessed values for real property for the City and County. The majority of this revenue is dedicated to projects and operations that benefit City and County residents alike, including replacement of transit infrastructure and transportation improvements, enhancements to parks and recreation facilities and programs, public safety enhancements, and road and infrastructure maintenance.

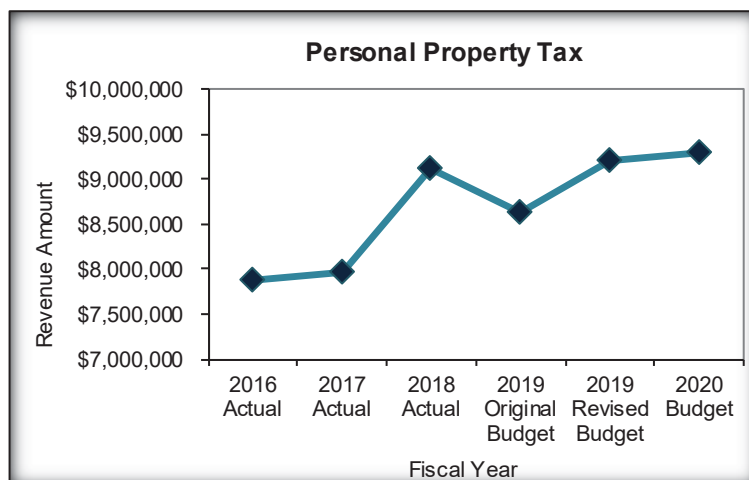


**Sales and Use Taxes** are revenues received by the City from 1-cent of the 5.3-cent State sales tax generated within the City. Starting July 1, 2013, an additional .3% was collected that is dedicated to statewide transportation projects. This was approved by the General Assembly during their 2013 session. Growth in this revenue has been positive the past few years however, due to continued strong performance FY 19 projections have been revised to show a 2.0% increase from the original budget projections. Staff continues to keep an eye on this revenue trend because while FY 18 may have trended down from FY 17, these revenues are beginning to show continued improvement in actual collections. **The Sales Tax rate is 5.3% for general sales purchases and 2.5% for non-prepared foods (implemented July 1, 2005).**

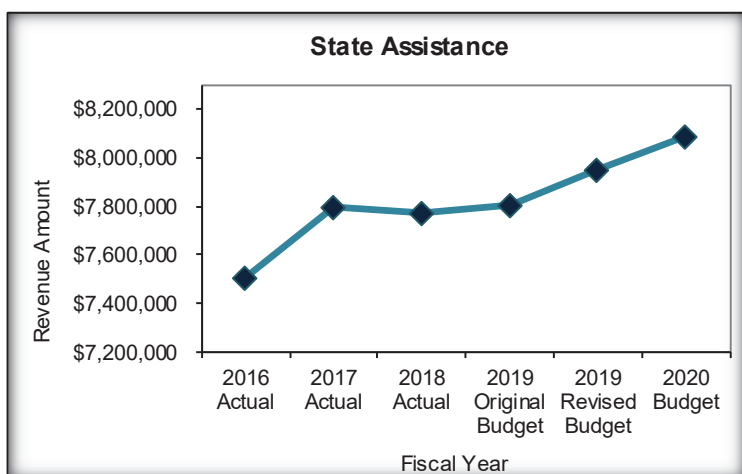


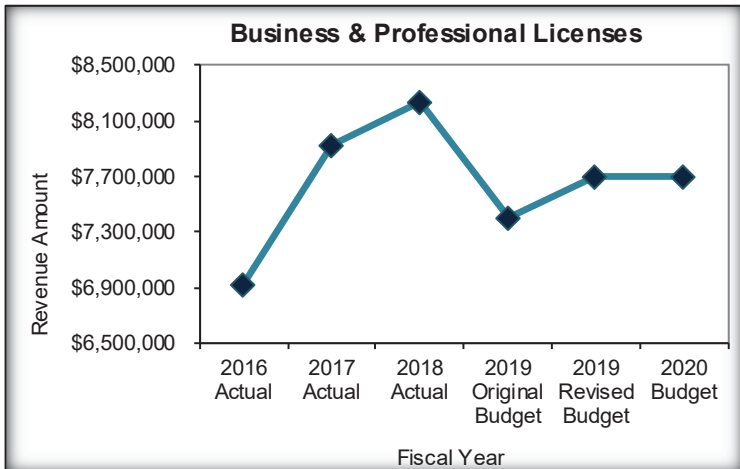
**Meals Tax** is assessed on the sales price of prepared food and beverages sold in the City. 1-cent of the tax rate is dedicated to the Debt Service Fund to pay off the future debt of bond issuances used to pay for capital projects. The remaining is dedicated to the General Fund. Between FY 11 and FY 18, this tax has shown consistent growth. FY19 revised budget projections are showing a 3.2% increase from the original budget projections, and even before the proposed tax rate increase revenues in FY 20 were expected to increase to \$12.1 million. **The FY 20 tax rate is proposed to be increased from 5% to 6%.**

**Personal Property Taxes** are levied on vehicles owned by individuals and businesses, as well as tangible property owned by businesses. In the fall of 2005, City Council approved changing the valuation method of personal property from average loan value to trade in value. FY 20 Personal Property Tax revenue is projected to increase by 7.8% from the FY 19 original budget amount. This projected increase is due mainly to a higher number of new vehicle purchase and increase in the overall value of vehicles registered in the City. **The proposed tax rate for FY 20 is unchanged at \$4.20 per \$100 of assessed value.**



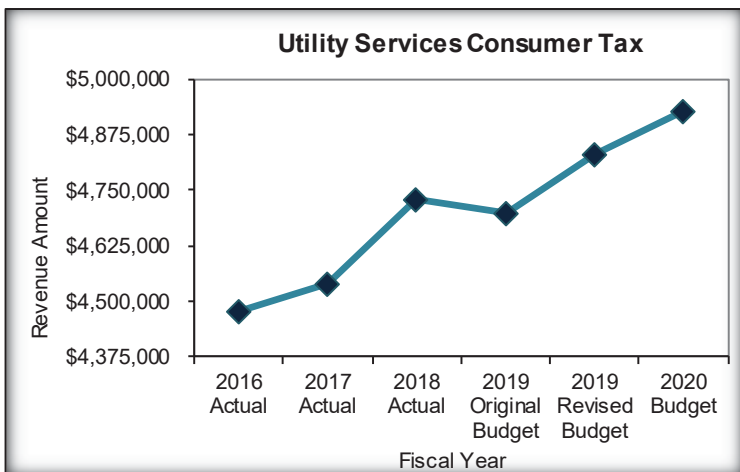
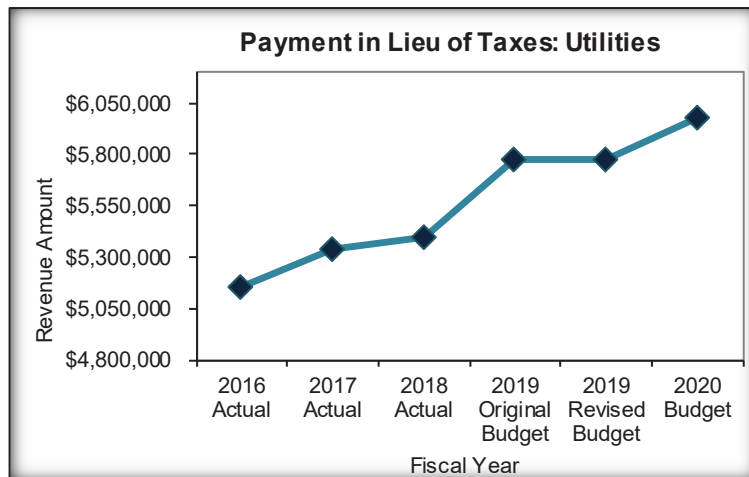
**State Assistance** consists of four major revenue items: **Constitutional Officer Reimbursement**, which is determined by the State Compensation Board on an annual basis for the elected official offices, including the Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court, and Commonwealth's Attorney; **State Highway Assistance** is highway maintenance funds received from the State based on a formula which includes road type, lane miles, and rate of payment per lane mile; **State Aid for Police Protection**, where the amount of revenue received by the localities is based upon a proportional formula that uses the adjusted crime rate index for the locality as its base.



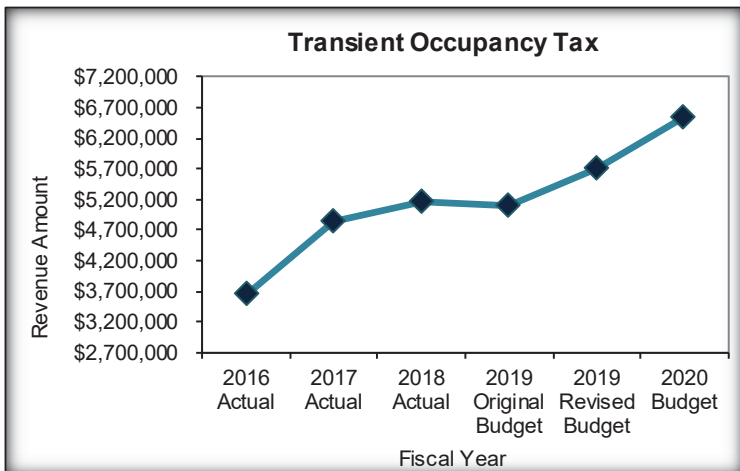


Licenses and Permits are a category of revenues collected from permits and privilege fees required by the City. The largest of these sources is the **Business and Professional Licenses**, which is a local license fees on the privilege of doing business within the City. These fees are based on the gross receipts of the business applying for the license. Business and Professional Licenses are estimated to bring in \$7.7 million in FY 20, which represents a 4.1% increase from the FY 19 original budgeted figure.

**Payment in Lieu of Taxes: Utilities** covers the property taxes and business licenses that city-owned water, sewer, and gas operations would pay if they were private businesses. The payment in lieu of taxes for the utilities is calculated by a predetermined formula. In FY 20, this revenue item is estimated to generate approximately \$5.97 million in revenue, a 3.5% increase from the FY 19 original budgeted figure.

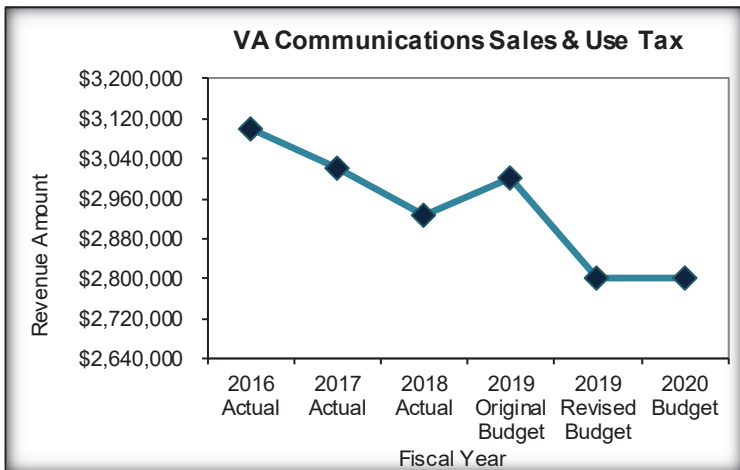
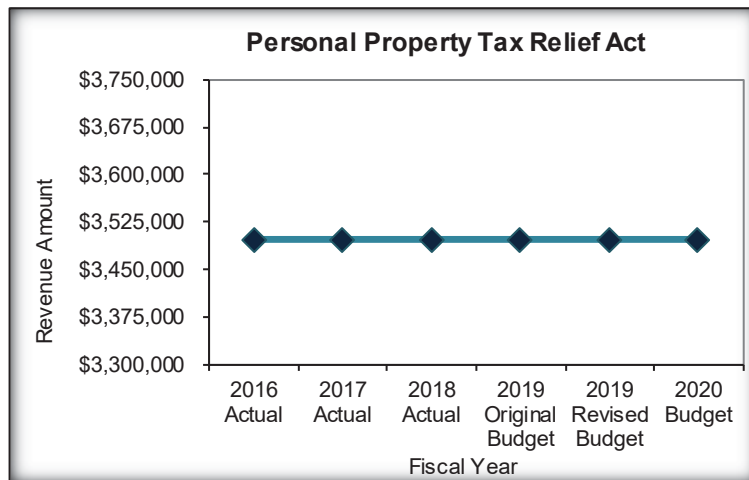


The **Utility Services Consumer Tax** is collected on the sale of goods and services from the following utility services: electric service, gas service, and water service. Beginning in January 2007, Telephone and Cable taxes previously recorded under Utility Taxes were rolled into a new revenue stream called the Virginia Communications Sales and Use Tax. For FY 20, revenue from these taxes is projected to increase by 2.0% from the FY19 estimates.



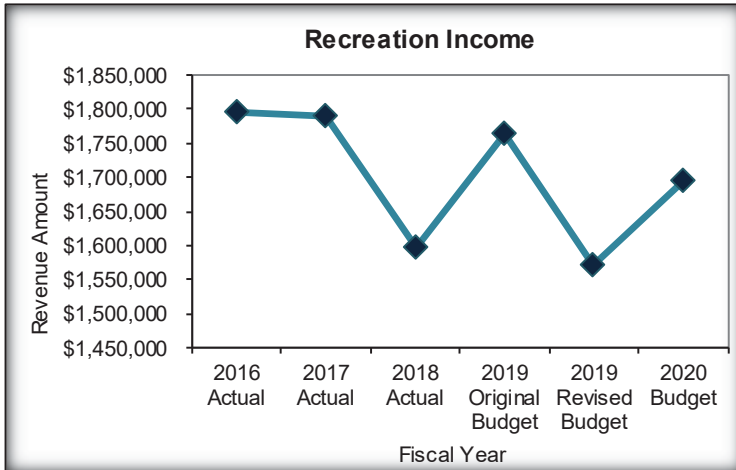
**Transient Occupancy Tax**, often called the lodging tax, consists of taxes assessed on the use of rooms in hotels, motels, and boarding houses. The actual revenue collected in FY 17 was an increase of over \$1.18 million (32.3%) from the prior fiscal year. This is due to several factors: 1) In the Adopted FY 17 Budget, City Council adopted an increase in the tax rate from 6% to 7%; 2) Several new hotels have open in the City since the original revenue projections; 3) The estimated room occupancy rates, and average daily room rates for the City continue to increase. For FY 20, this strong performance is expected to continue and the Transient Room tax was projected to see a 12.1% increase from the FY 19 original budget projections before the tax rate increase. **The FY 20 tax rate is proposed to be increased from 7% to 8%.**

**PPTRA** is the State reimbursement to the localities for those vehicles that qualify for reduced personal property tax rates under the Personal Property Tax Relief Act. SB 5005 establishes what amounts to a fixed, annual block grant to localities, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. The state's obligation to localities is capped, and localities determine how relief will be distributed.



Effective January 2007, the consumer tax on telephone service, the E-911 service tax, the tax on Cable service, and the Cable Franchise fee were rolled into one revenue stream called the **Virginia Communications Sales & Use Tax**. The tax is levied in the amount of 5% of the sales price of each communications service. This is a State administered local tax and the City is reimbursed on a monthly basis. This tax continues to see a steady decline over the past several years and is projected to decrease again by approximately 6.7%. The increase in cell phone usage and internet entertainment providers for television services as opposed to traditional land line phone service and cable television service can explain this steady decline.





**Recreation Income** is derived from a variety of sources, including access pass fees to recreation centers, summer pass fees to outdoor pools, daily admissions to indoor and outdoor recreational facilities, as well as multiple fee-based recreation programs held at a variety of facilities. Additional income is received from the rental of recreational facilities, picnic shelters, garden plots, etc. and participation fees for adult league sports such as volleyball and softball.

**Public Service Corporation Taxes** are levied on the real estate and tangible property such as computer equipment, furniture and office equipment, and central office equipment owned by railroads, utilities, pipelines, and other businesses required to register with the State Corporation Commission. The FY 19 budgeted amount for these revenues are expected to remain level from the FY 18 original budget.

