



**County of Albemarle, Virginia  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2016**





COUNTY OF ALBEMARLE, VIRGINIA  
Comprehensive Annual Financial Report  
Year Ended June 30, 2016

Prepared By:

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Department of Finance



COUNTY OF ALBEMARLE, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2016

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November 11, 2016

To the Honorable Board of Supervisors,  
the Citizens of the County of Albemarle, and  
the Financial Community:

We are pleased to present the County of Albemarle's Comprehensive Annual Financial Report (CAFR), for the fiscal year ended June 30, 2016. Responsibility for the accuracy and completeness of the data presented and the fairness of the presentations, including all disclosures, rests with the County. We believe the data presented is accurate in all material aspects and that it is designed and presented in a manner to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds. All the necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs. This report also may be found online at [www.albemarle.org](http://www.albemarle.org).

The financial statements of Albemarle County are prepared in accordance with generally accepted accounting and reporting principles as determined by the Governmental Accounting Standards Board (GASB), using the financial reporting model as prescribed by the GASB Statement No. 34, *Basic Financial Statements, and Management's Discussion and Analysis - for State and Local Governments* (GASB 34).

In accordance with Generally Accepted Accounting Principles (GAAP), a narrative introduction, overview, and analysis accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The County of Albemarle's MD&A can be found immediately following the report of the independent auditors.

## THE REPORTING ENTITY AND ITS SERVICES

Albemarle County is located in central Virginia, 110 miles southwest of Washington, D.C. and 70 miles west of the state capital in Richmond. At the center of the County is the ten-square mile City of Charlottesville. Albemarle County's urban areas include the development area around Charlottesville, as well as the Town of Scottsville. Albemarle County is located within the Charlottesville Metropolitan Statistical Area, which includes Albemarle County, Fluvanna County, Greene County, and the City of Charlottesville.

The County of Albemarle was formed from the County of Goochland in 1744 by an act of the Virginia General Assembly. The County is named for William Anne Keppel, the Second Earl of Albemarle, who was at that time the Governor-General of Virginia. Scottsville was the original County seat until 1761 when the County Government was moved to Charlottesville. The original land area included today's counties of Amherst, Buckingham, Fluvanna, Nelson, and portions of Appomattox and Campbell Counties. The present boundaries of the County were established in 1777. The development of the County and its 726 square miles is such that although it contains a large urban area, it also has a considerable amount of agricultural, commercial and industrial land.

## THE REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

The County adopted the County Executive form of government and organization in 1933. Under this form of government, the County is governed by a popularly elected six-member Board of Supervisors representing each of the County's magisterial districts. A County Executive, appointed by the Board of Supervisors, serves as the County's chief executive officer. The County Executive is responsible for implementing policies set by the Board of Supervisors, and for directing, coordinating, and supervising the daily activities of County government. A seven-member School Board elected by County voters oversees school issues. A Superintendent of Schools is appointed by the School Board and is responsible for providing leadership and oversight of Albemarle's Public Schools. The County contains the independent Town of Scottsville, which is governed by an elected six-member town council.

The County provides a full range of governmental services. Major programs include administration, judicial, public safety, public works, human development, parks and recreation, education, and community development. The County also serves as fiscal agent for several City/County jointly governed entities that include the Charlottesville-Albemarle Joint Health Center Building Fund, the Charlottesville/UVA/Albemarle County Emergency Communications Center, and Darden Towe Memorial Park. The County serves as fiscal agent for the Albemarle-Charlottesville Regional Jail Authority and the Blue Ridge Juvenile Detention Commission.

### Public Schools

Albemarle County Public Schools include 16 elementary, 6 middle, and 4 high schools. In addition, the County and the City of Charlottesville jointly operate the Charlottesville-Albemarle Technical Education Center (CATEC), which provides vocational education for local students. Albemarle County also partners with other jurisdictions to operate Ivy Creek School, which provides alternative K-12 education for individuals with special learning needs.

Over the past ten years, the number of enrolled students in Albemarle County's public schools has risen 10.6 percent from 12,446 in 2006 to 13,767 in 2016. In the past five years, the school system has experienced a 7.6 percent increase in the number of students. In school year 2015-2016, twenty-one schools were fully accredited, four were accredited with warning, and one was denied accreditation. The dropout rate decreased for 2014/15 to 0.71 percent compared with a 0.76 percent rate for school year 2013/14.

### Higher Education

The County is also home to three institutions of higher learning, the University of Virginia (UVA); Piedmont Virginia Community College (PVCC); and American National University (ANU).

Founded in 1819 by Thomas Jefferson, the University of Virginia is situated on 188 acres and has a current student enrollment of almost 23,900. In 2015, the U.S. News and World Report ranked the University as the nation's 2<sup>nd</sup> best public university and 24th best among all national universities. The University is comprised of the Schools of Architecture, Business, Commerce, Continuing and Professional Studies, Engineering, Law, Leadership and Public Policy, Medicine, Nursing, and Education; and the College of Arts and Sciences.

Piedmont Virginia Community College (PVCC) is a nonresidential two-year institution of higher education. PVCC offers Associates Degrees transfer opportunities to a four-year college or university to complete a Bachelor's Degree. Piedmont Virginia Community College has guaranteed admission agreements with most colleges and universities in Virginia. PVCC is accredited by the Southern Association of Colleges and Schools Commission on Colleges. Since establishment in 1972, an estimated 213,000 students have attended credit and noncredit classes. Currently there have been over 12,000 associates degrees and certificates awarded. PVCC also offers extensive workforce training programs for local employees.

## THE REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

### Higher Education: (Continued)

American National University opened its Charlottesville campus in 1979 and continues to build on its reputation among Central Virginia employers for its skilled graduates. ANU offers many Diploma Programs, as well as Associates, Bachelor's and Master's Degrees in medical, business, and technology fields including Business Administration Management and Cybersecurity. American National University is accredited by the Accrediting Council for Independent Colleges and Schools (ACICS).

### Travel and Tourism

The County and immediate areas contain numerous cultural and recreational facilities and historic sites. The travel and tourism industry contributes significantly to the local economy, generating over \$343 million in revenues in 2015 and over 3,200 jobs in the County.

Albemarle has a wealth of historic resources, including prehistoric archaeological sites, Monticello, Highland, and the University of Virginia. Four sites are National Historic Landmarks, and Monticello and the University of Virginia's "Academical Village" are on the World Heritage list.

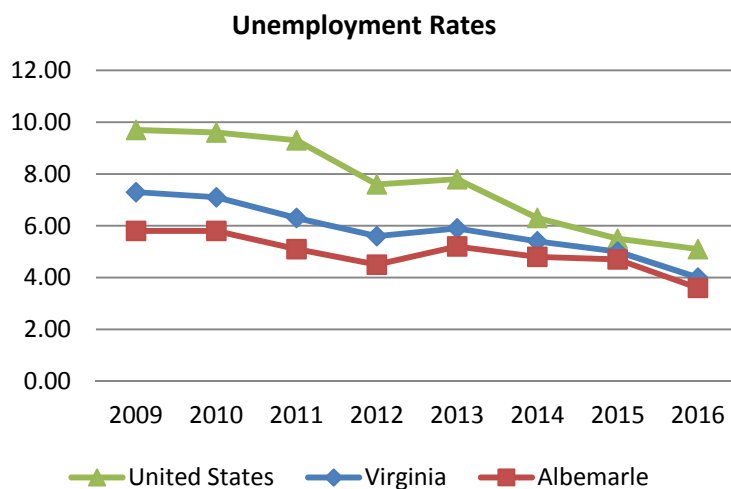
President Jefferson's home, Monticello, is located within the County and attracts over 500,000 visitors annually. In addition to Monticello, the County's historical heritage includes President James Monroe's home, Highland; Dr. Thomas Walker's 1765 Plantation, Castle Hill; the birth site of George Rogers Clark; Patrick Henry's family tavern, and Michie Tavern. Other area attractions include Skyline Drive, Blue Ridge Parkway, and Shenandoah National Park, all located in the western part of the County.

The County is serviced by the Charlottesville-Albemarle Airport (CHO), a non-hub, commercial service airport offering over 50 daily non-stop flights to and from Charlotte, Philadelphia, New York/LaGuardia, Washington/Dulles, Atlanta, and Chicago. CHO includes a 60,000 sq. ft. terminal facility with amenities including on-site rental cars, ground transportation, and food service. General aviation facilities include an executive terminal offering a full-service fixed base operation, flight school, and aircraft charter firms.

## ECONOMIC CONDITION AND OUTLOOK

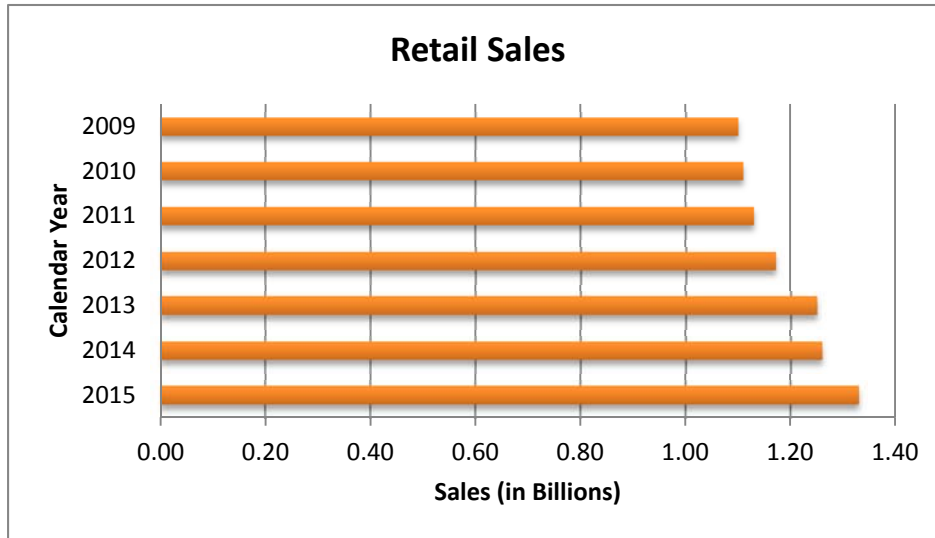
Albemarle County's rich historical heritage plays a part in the area's economic growth. Its location, rural character, urban conveniences, strong educational system and superior quality of life combine to make Albemarle an attractive, vital community. The predominant economic sectors are education, service, manufacturing, tourism, and retail trade. Among the largest employers are the University of Virginia, County of Albemarle, Sentara Healthcare, State Farm Mutual Insurance, and the United States Department of Defense.

According to the Virginia Employment Commission, as of June, 2016, unemployment for Albemarle County was at 3.6 percent. The area continues to have one of the lower unemployment rates and was ranked 31<sup>st</sup> lowest in the Commonwealth (tied with Goochland, Louisa, Middlesex, and Nelson counties). For the same period, Virginia's unemployment rate was 4.0 percent and ranked ninth lowest in the nation (tied with Colorado and Minnesota). The national unemployment rate was 5.1 percent.

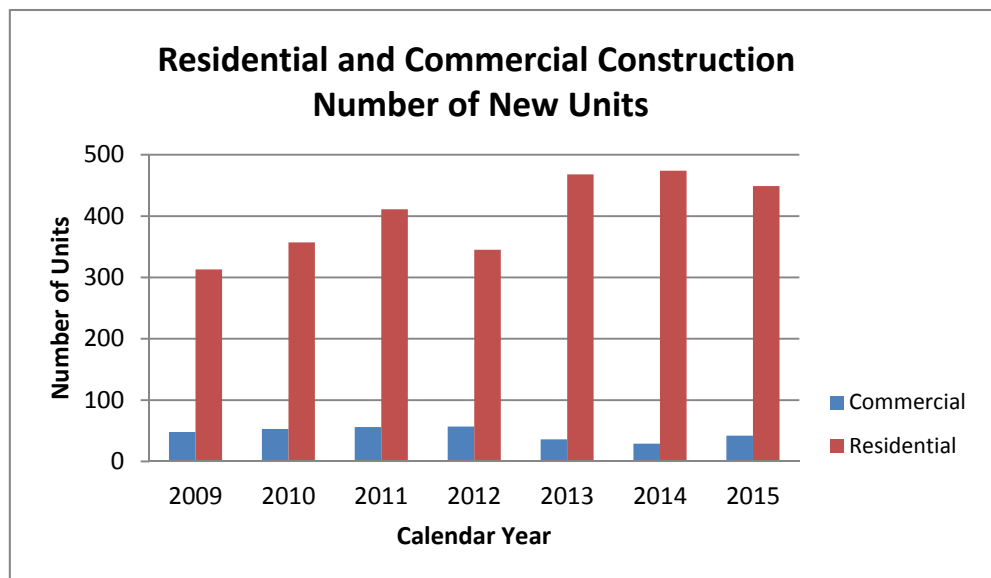


## ECONOMIC CONDITION AND OUTLOOK: (CONTINUED)

Retail sales in the County increased in 2015 for the 6<sup>th</sup> consecutive year. As of December 31, 2015, the increase was 5.5%, with \$1.33 billion compared to \$1.26 billion in 2014. Retail sales figures for the first and second quarters of 2016 increased 6.49%, with \$679 million being reported compared to \$638 million in the first and second quarters of 2015.



The number of building permits issued for new residential construction decreased from 474 in 2014 to 449 in 2015. The value of this construction was \$135,509,501. The number of new commercial permits increased from 29 in 2014 to 42 in 2015, with a total value of \$82,191,494.



As of June 2016, the median sales price of homes in the County of Albemarle was \$352,000. The median sales price of homes in the City of Charlottesville during the same period was \$287,000. This is a 9.3 percent and 5.9 percent increase respectively from the previous year.

## FINANCIAL POLICIES

The County's Financial Management Policies provide a solid framework from which sound financial decisions can be made for the long-term betterment and stability of the County. The County has a long standing history of adherence to its fiscal policies, which effectively insulate the County from fiscal crises and enhances the County's credit worthiness. The County has achieved the highest credit and bond rating possible from Moody's, S&P, and Fitch credit rating agencies, AAA. Albemarle is one of the smallest jurisdictions in the United States to achieve AAA ratings; our excellent credit rating benefits our citizens because highly-rated jurisdictions enjoy the most competitive interest rates on long-term borrowing, thus saving interest costs.

The County also adheres to the operating budget policies consistent with guidelines established by the Government Finance Officers Association. The County approves an annual capital budget in accordance with the Capital Improvements Program.

The management of Albemarle County is responsible for establishing and maintaining internal controls. Estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. Internal controls are designed to provide reasonable, but not absolute, assurance that (1) County assets are safeguarded against unauthorized use or disposition and, (2) financial transactions are conducted properly and in accordance with County policy.

Budgetary controls are established to ensure compliance with the annual appropriation ordinance adopted by the Board of Supervisors. General, School, Debt Service, and School Self-Sustaining Funds are included in this ordinance. A separate appropriation, approved by the Board of Supervisors, is adopted for Education and General Government Capital Improvement Programs.

Budgetary controls are maintained at the department level. All purchase orders are reviewed prior to issuance to confirm sufficient appropriated balances exist. Purchase orders that would result in over-expenditures are not released unless additional funds are appropriated.

The local government Five-Year Financial Plan is an important long term planning tool that provides the Board of Supervisors with reasonable projections for the next five years so they can provide staff with direction regarding the Board's long range goals and priorities. The Plan is based on a set of assumptions regarding how the County's revenues and expenditures are likely to change over time, based on the best information available at the time the Plan is reviewed. While the plan is not a budget document, it sets directions that will influence budget decisions in the years to come. The plan is reviewed and updated on an annual basis.

## MAJOR INITIATIVES

### Current Initiatives

The County's major initiatives are focused on enhancing its strategic goals and building a premier community. During fiscal year 2016, the County undertook or continued initiatives in the following areas:

- Emergency Communication Center (ECC) Regional 800 MHz Communication System - This project plans for the replacement of major technology components and equipment of the existing 800 MHz radio system, to include: electronic components at all tower sites and the prime site as well as new console equipment at the ECC. As a regional system, costs will be shared proportional to use. Partners include Albemarle County, City of Charlottesville, University of Virginia, Regional Jail, Regional Airport, Albemarle County Service Authority, and Rivanna Water & Sewer Authority. The project will take approximately 24 months to complete and will be operational in fiscal year 2018.

## MAJOR INITIATIVES: (CONTINUED)

### Current Initiatives: (Continued)

- Regional Firearms Range Facility - This is a joint project with the City of Charlottesville and the University of Virginia to develop and construct a regional firearms training center, which will provide unprecedented training and education in the use of firearms and will improve the safety and effectiveness of local law enforcement agencies. Currently, all regional public safety agencies train separately. This new regional facility will allow all agencies to train together in preparation for joint responses. This will, in turn, improve the public safety response to incidents in the Albemarle-Charlottesville region. The center itself will be a fully enclosed firing range structure with special HVAC requirements, noise buffering provisions, controlled acoustics and ballistic safety. It will also include at least one multipurpose classroom for training and education. The occupancy permit was issued July 5, 2016.
- Western Albemarle High School (WAHS) Environmental Studies Center - This project is to support the Environmental Studies Academy at WAHS. The project consists of design and construction of a wood-framed classroom and workroom building with an attached pre-engineered greenhouse. The Center includes 1,045 sq. ft. for classroom work and storage, and the glass greenhouse is 1,150 sq. ft. The Certificate of Occupancy was issued on February 8, 2016.
- Henley Middle School Auxiliary Gym Addition - This project provides funding for the design and construction of a 7,800 sq. ft. addition for Henley Middle School. This will include an auxiliary gym, a physical education storage room, mechanical space, and a connection corridor. The new space will include a fitness area and provides a third teaching station for physical education as well as expanded opportunities for shared community use for after-hours events.

### Future Initiatives

- Sidewalk Improvements - These projects are part of the Virginia Department of Transportation (VDOT) revenue sharing. Each improvement supports pedestrian safety. Some of the projects are:
  - Crozet Avenue North - 1,110 linear feet (lf) between St. George Avenue and Crozet Elementary School
  - State Farm Boulevard - 660 lf between Richmond Road and Hickman Road
  - Ivy Road - From City of Charlottesville limits to Stillfried lane with a potential future extension along the UVA property to the Route 29/250 Bypass interchange.
  - Rio Road - Connect the Stonehenge residential neighborhood to the John Warner Parkway and Rio Road sidewalks
  - Avon Street - Construct sidewalks from apartment buildings to neighborhood shopping as well as Cale Elementary School
- School Bus Replacement - This project funds the replacement of school buses based on prescribed needs-based fleet size and replacement guidelines outlined by the Albemarle County School Board. During each operating year, 12 school buses will be purchased to replace buses that are eligible and in need of replacement. The purchase of each bus also includes necessary equipment to support the operation including 2 way radios and specialized equipment to meet special student needs (wheelchair lift, etc.).
- Learning Space Modernization - This project will begin to fund needed improvements to instructional spaces at all schools including existing classrooms, libraries, and other elective and support areas. Modifications will include furniture to create a flexible and comfortable learning environment including ergonomic seating, work surfaces that vary in height and size, but are mobile. Additional items include updating wood finishes, casework, lighting, and connections to adjacent spaces.



## AUDIT INFORMATION

### Independent Audit

The Commonwealth of Virginia requires that the financial statements of the County be audited by an independent certified public accountant. The accounting firm of Robinson, Farmer, Cox Associates has performed an audit for the County for the fiscal year ended June 30, 2016. The auditors' opinion is included in this report.

## AWARDS AND ACKNOWLEDGEMENTS

### Certificate of Achievement

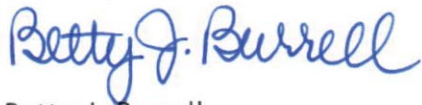
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Albemarle, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for an award.

### Acknowledgements

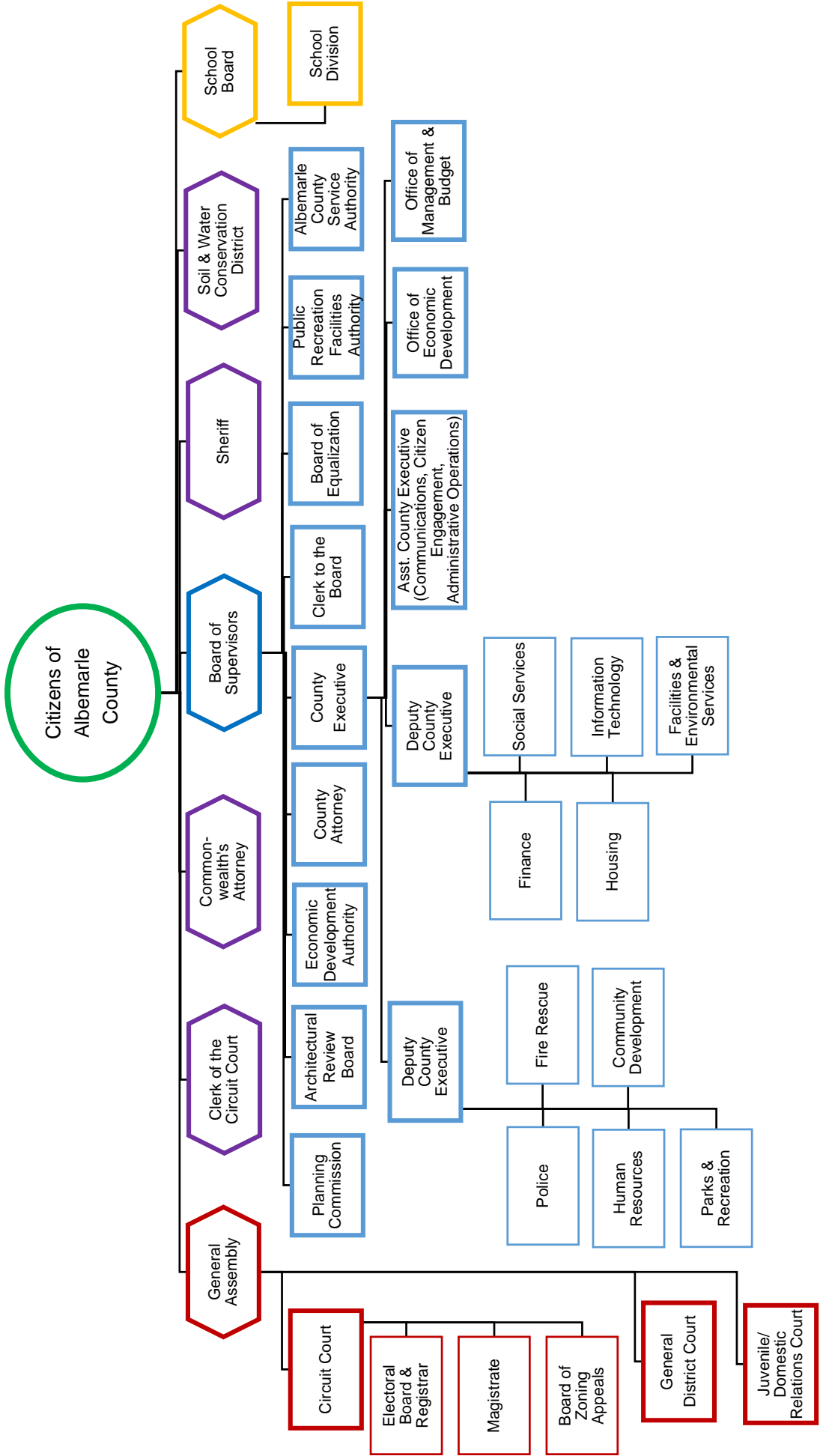
This Comprehensive Annual Financial Report is the result of work performed by a Finance Department team of competent and dedicated professionals, to whom I am grateful for their commitment to excellence. I also thank the elected Board members of Albemarle County, as well as the County Executive's Office and School Superintendent's Office for their ongoing support of our professional and progressive financial operations.

Respectfully,



Betty J. Burrell  
Director of Finance

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COUNTY OF ALBEMARLE, VIRGINIA

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BOARD OF SUPERVISORS

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Liz A. Palmer, Chairperson  
Diantha H. McKeel, Vice-Chair

Norman G. Dill  
Ann H. Mallek

Rick Randolph  
Brad L. Sheffield

Claudette K. Borgensen, Clerk

SCHOOL BOARD

---

Kate Acutt, Chairperson  
Stephen Koleszar, Vice-Chair

Jason Buyaki  
Jonno Acaro  
Pamela Moynihan

David Oberg  
Graham Paige

Jennifer W. Johnston, Clerk

## COUNTY OF ALBEMARLE, VIRGINIA

### OTHER OFFICIALS

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County Executive	Thomas C. Foley
School Superintendent	Dr. Pamela Moran
Deputy County Executive	Douglas Walker
Deputy County Executive	William M. Letteri
Assistant County Executive	Lee P. Catlin
Clerk of the Circuit Court	Jon Zug
Judge of the Circuit Court	Cheryl Higgins
Commonwealth Attorney	Robert N. Tracci
County Attorney	Greg Kamptner
Director of Information Services	Michael C. Culp
Director of Community Development	Mark B. Graham
Extension Agent	Carrie Swanson
Director of Finance	Betty J. Burrell
Clerk of the General District Court	Crystal L. Byers
Judge of the General District Court	Robert H. Downer, Jr.
Director of Zoning	Amelia G. McCulley
Director of Emergency Communications Center	Thomas A. Hanson
Director of Parks and Recreation	Robert P. Crickenberger
Director of Human Resources	Lorna Gerome
Director of Planning (Acting)	David Benish
Chief of Police	Ron L. Lantz
Registrar	Richard J. Washburne
Sheriff	J.E. "Chip" Harding
Director of Social Services	Phyllis C. Savides
Director of Facilities & Environmental Services	Trevor K. Henry
Director of Inspections/Building Official	Jay Schlothauer
Director of Housing	Ron White
Fire Chief	J. Dan Eggleston
Director of Economic Development	Faith V. McClintic
Director of Management & Budget	Lori S. Allshouse





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Albemarle  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

To the Honorable Members of the Board of Supervisors  
County of Albemarle, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Albemarle, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Albemarle, Virginia, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, and 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-16, 104-105 and 106-110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Albemarle, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of the County of Albemarle, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Albemarle, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 10, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The County of Albemarle presents the following discussion and analysis as an overview of the financial activities of the County for fiscal year ending June 30, 2016. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements which follow this section.

### FINANCIAL HIGHLIGHTS FOR THE YEAR

#### Government-wide Statements (Full Accrual Accounting)

- The County's total assets and deferred outflows of resources, excluding its component unit, totaled \$284,183,944. Liabilities and deferred inflows of resources totaled \$234,392,845. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,791,149, of which \$28,705,894 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased \$5,215,534 from the prior year. This increase is primarily a result of increases in general revenues including taxes as well as increases in both charges for services and grants & contributions.

#### Fund Financial Statements (Modified Accrual Accounting)

- As of June 30, 2016, the County's governmental funds reported combined fund balances of \$86,443,289, an increase of \$27,202,639 in comparison with the prior year. Approximately 52.86% of the combined fund balances, \$45,696,114, is unassigned and available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$47,933,070, an increase of \$8,077,563 from June 30, 2015. General Capital Improvements Fund reported a fund balance of \$31,919,471; and Other Governmental Funds reported \$6,590,748 in total fund balance.

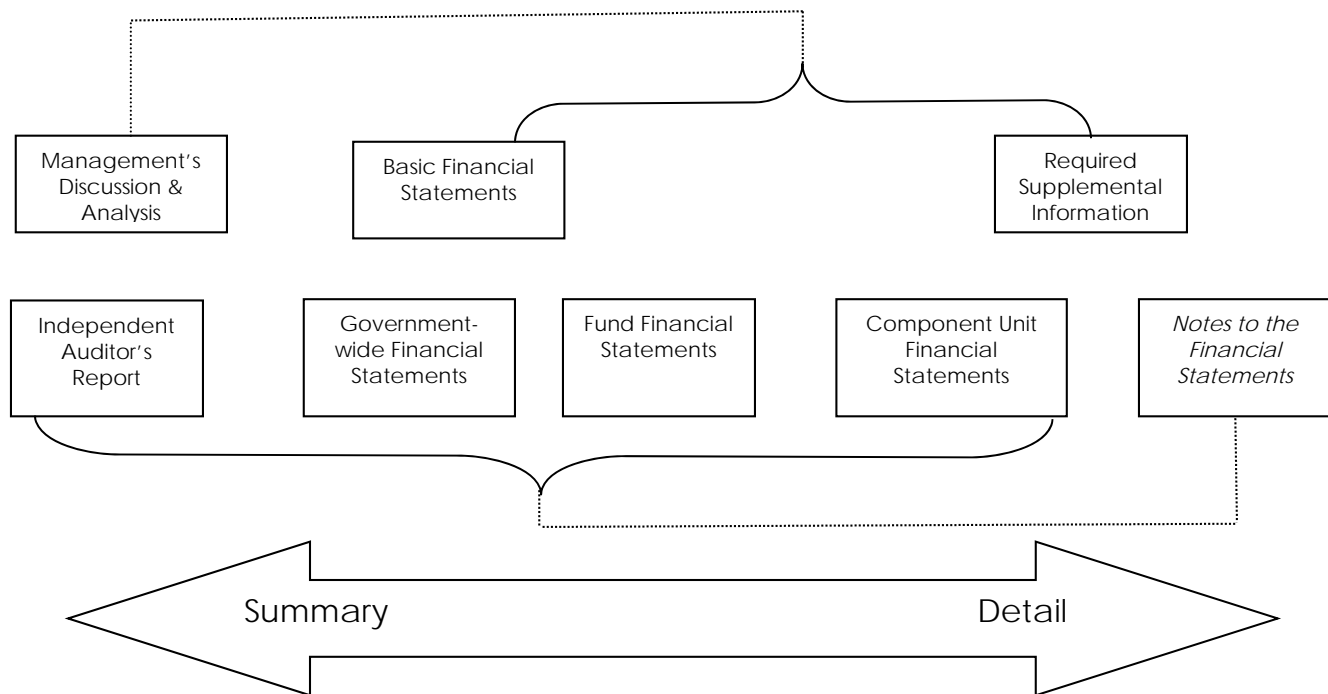
### OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance.

- The *introductory section* includes the transmittal letter, the County's organizational chart, a list of principal officers and a copy of the 2015 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association.
- The *financial section* has five component parts - the independent auditor's report, management's discussion and analysis (this section), the basic financial statements (which include government-wide financial statements and fund financial statements), required supplementary information, and other supplementary information.
- The *statistical section* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations.

## OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

### Components of the Financial Section



Local government financial reports consist of two kinds of statements, each with a different view of the County's finances. The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. The fund financial statements, focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. The basic financial statements also contain notes to explain, in greater detail, the information found in the financial statements.

#### Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how they have changed during the fiscal year.

The first government-wide statement - the Statement of Net Position - presents information on all of the County's assets and liabilities. The difference between assets and liabilities, net position, can be used as one way to measure the County's financial condition. Over time, increases or decreases in the net position can be one indicator of whether the County's financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

The second statement - the Statement of Activities - also uses the accrual basis accounting method and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

## OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

### Government-wide Financial Statements: (Continued)

The government-wide statements are divided into the following three categories:

Governmental Activities: Most of the County's basic services are reported here, including general administration, judicial administration, public safety, public works, health and welfare, education, parks and recreation, and community development. These activities are financed primarily by property taxes, other local taxes, and federal and state grants. Governmental funds and internal service funds are included in the governmental activities.

Business-type Activities: Albemarle County does not have any business-type activities.

Discretely Presented Component Unit: The County includes the Albemarle County Public Schools in its annual financial report. Although a legally separate entity, this component unit is included in the County's financial report because the School System is fiscally dependent on the County.

### Fund Financial Statements

Traditional users of government financial statements will find the fund financial statements more familiar. These statements provide more detailed information about the County's most significant funds. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenues and expenses for particular purposes. The County has three kinds of funds:

Governmental Funds - Most of the County's basic services are included in governmental funds. Governmental funds utilize the modified accrual basis of accounting, which focuses on (1) how cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available to meet current financial needs. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are financial resources that can be spent in the near future to finance the County's programs. Additional exhibits provide a reconciliation of the fund financial statements to the government-wide statements because they do not include information on long-term assets and liabilities. The General Fund is the main operating account of the County and therefore, the largest of the governmental funds. All other governmental funds, which include special revenue funds and debt service funds, are collectively referred to as non-major governmental funds. The General Capital Improvements Fund (capital projects) is considered to be a major fund.

Proprietary Funds - Proprietary funds, which consist of enterprise funds and internal service funds, operate in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements provide both long and short-term financial information. The County does not have an enterprise fund, but does have six internal service funds: health insurance fund, dental plan pool fund, duplication fund, facilities development fund, computer replacement fund and vehicle replacement fund. These funds are funded by charging County departments and the School Board on a cost reimbursement basis.

Fiduciary Funds - Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County's programs. The County's fiduciary funds consist of private purpose trust funds and agency funds. The funds are used to account for monies received, held, and disbursed on behalf of certain developers, housing programs, recipients of scholarship funds, the Commonwealth of Virginia, and certain other agencies and governments.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

Summary of Net Position As of June 30, 2016 and 2015 (\$ in thousands)						
	Governmental Activities		Component Unit		Total Entity	
	2016	2015	2016	2015	2016	2015
Assets and deferred outflows of resources:						
Current and other assets	\$ 110,713	\$ 86,290	\$ 30,973	\$ 28,275	\$ 141,686	\$ 114,565
Deferred outflows of resources	5,464	5,211	14,058	12,535	19,522	17,746
Capital assets (net)	168,007	161,263	65,393	68,284	233,400	229,547
Total Assets and deferred outflows of resources	<u>\$ 284,184</u>	<u>\$ 252,764</u>	<u>\$ 110,424</u>	<u>\$ 109,094</u>	<u>\$ 394,608</u>	<u>\$ 361,858</u>
Liabilities and deferred inflows of resources:						
Other liabilities	\$ 8,785	\$ 9,037	\$ 18,709	\$ 18,477	\$ 27,494	\$ 27,514
Deferred inflows of resources	5,976	12,203	11,705	21,527	17,681	33,730
Long-term liabilities	219,632	186,949	152,861	145,378	372,493	332,327
Total liabilities and deferred inflows of resources	<u>\$ 234,393</u>	<u>\$ 208,189</u>	<u>\$ 183,275</u>	<u>\$ 185,382</u>	<u>\$ 417,668</u>	<u>\$ 393,571</u>
Net Position:						
Net investment in capital assets	\$ 19,119	\$ 19,618	\$ 65,393	\$ 68,284	\$ 84,512	\$ 87,902
Restricted	1,966	1,050	-	-	1,966	1,050
Unrestricted	28,706	23,908	(138,243)	(144,573)	(109,537)	(120,665)
Total net position	<u>\$ 49,791</u>	<u>\$ 44,576</u>	<u>\$ (72,850)</u>	<u>\$ (76,289)</u>	<u>\$ (23,059)</u>	<u>\$ (31,713)</u>

The Commonwealth of Virginia requires that counties, as well as their fiscally dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public school facilities, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government. GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

On September 15, 2015, the County of Albemarle issued \$43,278,732 (\$38,880,000 par amount and \$4,398,732 premium) of Public Facility Revenue Bonds, Series 2015-B to fund capital projects including Court Facilities additions and renovations, Emergency telephone and computer enhancements, Firearms Range construction, County apparatus replacement, Volunteer Fire station renovations, as well as School bus replacement, School renovations and additions, and School maintenance.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)**

**Statement of Activities:**

The following table presents revenues and expenses of governmental activities:

Changes in Net Position For the Fiscal Year Ended June 30, 2016 and 2015 (\$ in thousands)			
	Governmental Activities		Total %
	2016	2015	Change 2016-2015
Revenues:			
Program Revenues:			
Charges for services	\$ 6,975	\$ 5,957	17.09%
Operating grants and contributions	24,223	23,351	3.73%
Capital grants and contributions	3,357	2,100	59.86%
General Revenues:			
General property taxes, real and personal	165,116	152,303	8.41%
Other taxes	48,736	45,956	6.05%
Grants and contributions not restricted	21,017	21,120	-0.49%
Use of money and property	1,632	986	65.52%
Miscellaneous revenue	482	1,363	-64.64%
Total Revenues	\$ 271,538	\$ 253,136	7.27%
Expenses:			
General government	\$ 14,185	\$ 13,858	2.36%
Judicial administration	5,910	6,048	-2.28%
Public safety	44,154	41,295	6.92%
Public works	7,784	7,843	-0.75%
Health and welfare	27,448	27,158	1.07%
Education	122,558	117,177	4.59%
Parks, recreation, and cultural	11,098	7,852	41.34%
Community Development	27,080	27,900	-2.94%
Interest on long-term debt	6,105	5,417	12.70%
Total Expenses	\$ 266,322	\$ 254,548	4.63%
Increase (decrease) in net position	\$ 5,216	\$ (1,412)	-469.41%
Beginning net position	44,576	45,988	-3.07%
Ending net position	\$ 49,792	\$ 44,576	11.70%

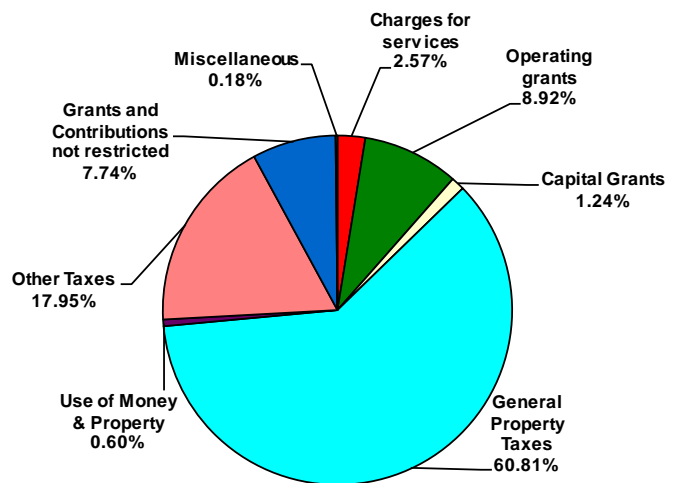
Charges for services increased double digits primarily due to increases in services performed in public safety, public works, and community development. Capital grants and contributions increased tremendously due to federal grant monies for the Regional firearms range. Use of Money and Property increased over 65% due primarily to increases in the sale of surplus and rent payments for leased properties, most significantly for Northside Library. Miscellaneous Revenues decreased over 64% primarily due to a decrease in proffer revenues. Proffers are (i) any money voluntary proffered in writing signed by the owner of property subject to rezoning, submitted as part of a rezoning application and accepted by a locality pursuant to the authority granted by Va. Code § 15.2-2303, or § 15.2-2298, or (ii) any payment of money made pursuant to a development agreement entered into under authority granted by Va. Code § 15.2-2303.1.

Public safety experienced over a 6% increase due to filling of several positions in the Police Department as well as Fire Rescue along with the addition of the Regional Firearms Range. Parks, recreation, and cultural experienced over a 41% increase due to several park maintenance projects during FY 2016.

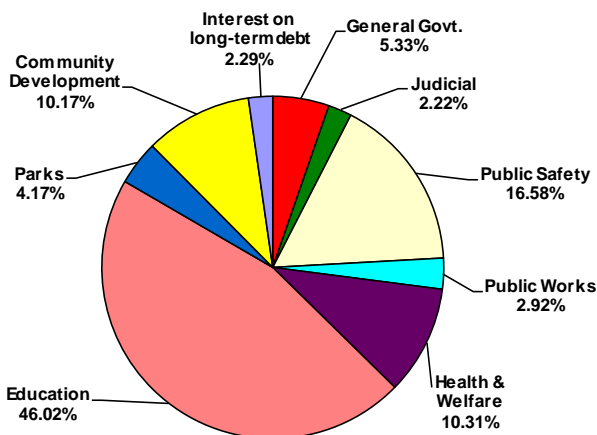
**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)**

**Governmental Activities - Revenues by Source  
For the Fiscal Year Ended June 30, 2016**

Governmental activities total net position increased \$5,215,534 with an ending net position of \$49,791,149. Revenues from governmental activities totaled \$271,537,282 for FY 2016 compared to FY 2015 revenues from governmental activities of \$253,135,340. Taxes comprise the largest source of these revenues, totaling \$213,851,582 or 78.76% of all governmental activities revenue. Of this amount, general property taxes comprise 77.21% of the taxes collected totaling \$165,115,649.



**Governmental Activities - Expenses by Function  
For the Fiscal Year Ended June 30, 2016**



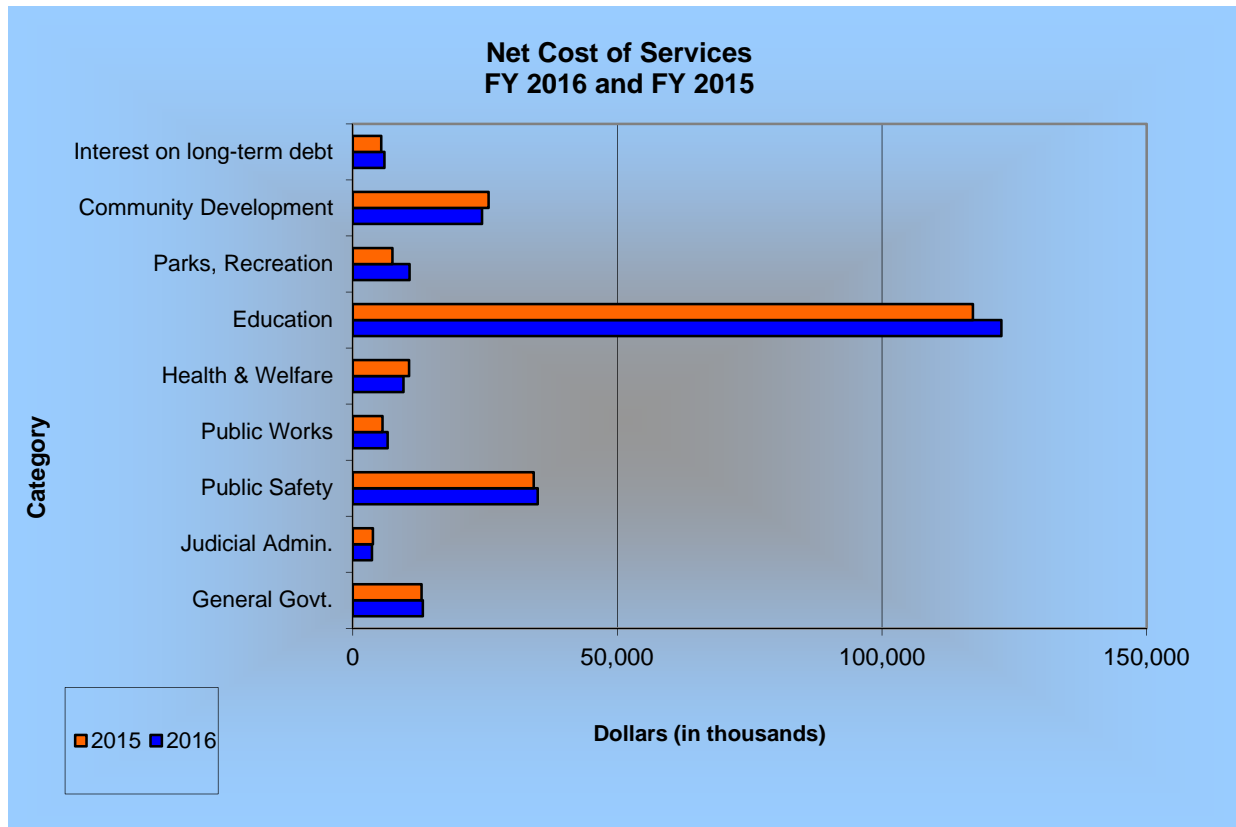
The total cost of all governmental activities for this fiscal year was \$266,321,748. As the chart to the left illustrates, Education continues to be the County's largest program with expenses totaling \$122,557,855. Public Safety expenses, which total \$44,153,582 represents the second largest expense, followed by Health and Welfare at \$27,448,264, Community Development at \$27,080,262, and General Government Administration at \$14,184,519.

For the County's governmental activities, the net expense (total cost less associated fees and program-specific governmental aid) is illustrated in the following table.

<b>Total Cost and Net Cost of Governmental Activities For the Fiscal Year Ended June 30, 2016 and 2015</b>						
	<b>Total Cost of Services</b>			<b>Net Cost of Services</b>		
	2016	2015	Percentage Change	2016	2015	Percentage Change
General government	\$ 14,184,519	\$ 13,857,864	2.36%	\$ 13,241,736	\$ 13,011,341	1.77%
Judicial administration	5,909,977	6,047,874	-2.28%	3,627,315	3,820,143	-5.05%
Public safety	44,153,582	41,294,799	6.92%	34,963,468	34,210,411	2.20%
Public works	7,783,781	7,842,960	-0.75%	6,603,483	5,647,286	16.93%
Health & welfare	27,448,264	27,157,789	1.07%	9,586,643	10,663,179	-10.10%
Education	122,557,855	117,177,041	4.59%	122,557,855	117,177,041	4.59%
Parks, recreation & cultural	11,098,308	7,852,218	41.34%	10,751,139	7,516,333	43.04%
Community development	27,080,262	27,900,025	-2.94%	24,437,561	25,690,804	-4.88%
Interest on long-term debt	6,105,200	5,416,853	12.71%	5,997,603	5,402,425	11.02%
<b>Total</b>	<b>\$ 266,321,748</b>	<b>\$ 254,547,423</b>	<b>4.63%</b>	<b>\$ 231,766,803</b>	<b>\$ 223,138,963</b>	<b>3.87%</b>

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)**

For the year ended June 30, 2016, governmental activities generated \$6,975,266 in program revenues from users of services provided by the activity, as compared to \$5,957,041 for FY 2015. The largest percent of charges were generated from Public Safety with 45.32%, while Community Development generated 35.52% of charges for services program revenue. Operating grant and contribution revenues increased to \$24,223,061 when compared to \$23,351,090 in FY 2015. Capital grant and contribution revenues totaled \$3,356,618 which increased by \$1,256,289 when compared with 2015.



**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As of June 30, 2016, the County's governmental funds reported a combined ending fund balance of \$86,443,289, an increase of \$27,202,639 in comparison with the prior year. Approximately 52.86% (\$45,696,114) is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is nonspendable (\$147,135); restricted (\$1,966,148); or committed (\$38,633,892). For further details on Fund Balance, please refer to Exhibit 3 located in the Fund Financial statements section.

The General Fund contributed \$116.6 million in operating funds to support the Schools operations as well as \$13.4 million to the School Capital Projects Fund.

In the General Capital Improvement Fund, the County expended \$18.2 million in FY 2016. Approximately 26.93% of those expenditures, \$4.9 million, was used to complete the construction of the Regional Firearms Training Center. The Certificate of Occupancy was issued on July 5, 2016. The County also expended \$2.9 million for park maintenance, \$1.0 million for the county share of Emergency Communication Center (ECC) upgrades, and \$1.0 million for Fire-Rescue apparatus.

## BUDGETARY HIGHLIGHTS

### General Fund

The following table provides a comparison of original budget, final budget and actual revenues and expenditures in the general fund:

<b>Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2016</b>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<b>Revenues:</b>			
Taxes	\$ 205,788,848	\$ 205,788,848	\$ 213,530,125
Other	6,250,418	6,379,427	6,705,090
Intergovernmental	34,761,358	34,902,216	34,924,515
Total	<u>\$ 246,800,624</u>	<u>\$ 247,070,491</u>	<u>\$ 255,159,730</u>
<b>Expenditures:</b>			
Expenditures	\$ 214,070,766	217,141,914	\$ 211,407,716
Excess (deficit) of revenues over expenditures	<u>\$ 32,729,858</u>	<u>\$ 29,928,577</u>	<u>\$ 43,752,014</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	\$ 4,019,506	\$ 8,890,011	\$ 2,654,988
Transfers out	(36,749,364)	(38,818,588)	(38,329,439)
Total	<u>\$ (32,729,858)</u>	<u>\$ (29,928,577)</u>	<u>\$ (35,674,451)</u>
Change in Fund Balance	\$ -	\$ -	\$ 8,077,563
Fund balance, beginning of year	-	-	39,855,507
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,933,070</u>

Actual revenues were \$8,089,239, or 3.27% more than final budget amounts and actual expenditures were \$5,734,198 or 2.64% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2016, include the following:

- Actual tax revenues exceeded budgeted amounts by \$7,741,277 primarily due to increased efforts of current as well as delinquent collections including Business Personal Property and Business License.
- Actual revenues from Fines and forfeitures were less than budgeted by \$153,434 due to a reduction in County fines. Several factors include reduced fines for red light cameras due to construction on Route 29 and community engagement and education by police to "correct the problem, not write the ticket".
- Actual revenues from the Federal Government were \$1,089,363 more than budgeted due to additional grant funding approval.
- Public Safety actual expenditures were \$886,341 less than budgeted, General government actual expenditures were \$747,918 less than budgeted, and Health and Welfare actual expenditures were \$410,147 less than budgeted. These savings were primarily due to employee retirement as well as a number of unfilled vacancies.
- Expenditures in Public Works were \$671,671 less than budgeted as a result primarily of uncompleted projects carried forward to FY 2017.

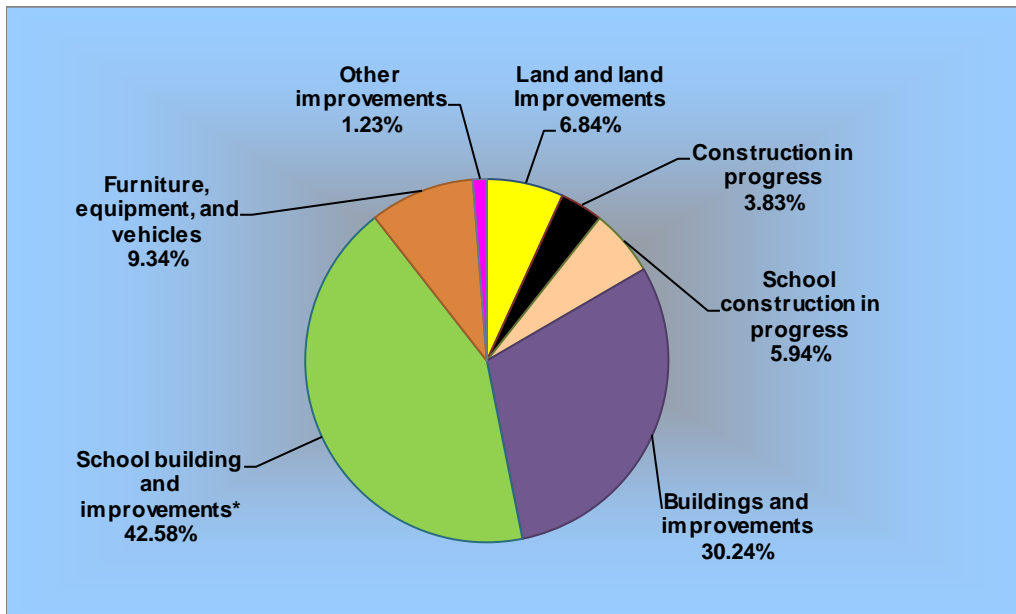


**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets**

As of June 30, 2016, the County’s investment in capital assets totaled \$168,007,428 as summarized below:

**Capital Assets as of June 30, 2016**



During Fiscal Year 2016, the County’s net capital assets (including additions, decreases, and depreciation) increased \$6,744,284 as summarized below:

<b>Change in Capital Assets Governmental Funds</b>			
	<u>Balance July 1, 2015</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2016</u>
Land and land Improvements	\$ 11,486,536	\$ -	\$ 11,486,536
Construction in progress	18,924,826	(12,487,051)	6,437,775
School land and construction in progress*	7,157,233	2,820,911	9,978,144
Buildings and improvements	68,209,433	11,306,481	79,515,914
School building and improvements*	82,943,746	227,933	83,171,679
Furniture, equipment, and vehicles	41,882,953	9,294,460	51,177,413
Other improvements	9,389,933	238,397	9,628,330
<b>Total Capital Assets</b>	<b>\$ 239,994,660</b>	<b>\$ 11,401,131</b>	<b>\$ 251,395,791</b>
Less accumulated depreciation	<u>(78,731,516)</u>	<u>(4,656,847)</u>	<u>(83,388,363)</u>
<b>Total capital assets, net</b>	<b>\$ 161,263,144</b>	<b>\$ 6,744,284</b>	<b>\$ 168,007,428</b>

\* School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

## CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

### Capital Assets (Continued)

This year's major capital asset events included the following:

- Continued funding for the construction of the Regional Firearms Training Center. The Certificate of Occupancy was issued on July 5, 2016.
- Funding for Fire/Rescue apparatus including Earlysville and Western Albemarle fire stations. Renovations for Station 8 also began in FY 2016.
- On-going renovations to several schools including Agnor-Hurt Elementary, Henley Middle, and Western Albemarle High School. In addition to regular maintenance projects the replacement of furniture, lockers, and lighting are being continued as well as replacement of heating and air systems and playground equipment.
- Continued funding for the replacement of school buses.

More detailed information regarding capital assets can be found in Note 7 of the Notes to Financial Statements.

### Long-term Debt

In September 2015, the County issued Public Facility Revenue Bonds in the amount of \$38,880,000. These bonds will mature incrementally over the next 20 years and will be used to finance several local government as well as school construction projects.

The change in the County's long-term obligations are summarized in the following chart:

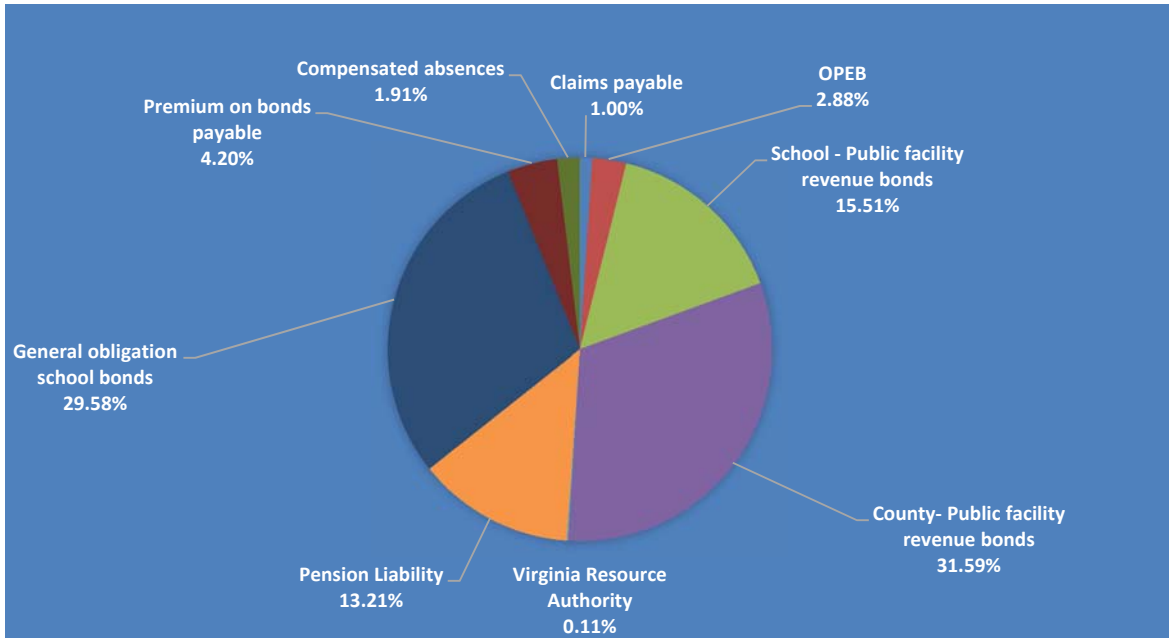
<b>Summary of Long-Term Obligation Changes For the Fiscal Year Ended June 30, 2016</b>			
	<b>Amounts Payable July 1, 2015</b>	<b>Net Increase (Decrease)</b>	<b>Amounts Payable June 30, 2016</b>
<b>Primary Government</b>			
General obligation school bonds	\$ 73,000,000	\$ (8,030,000)	\$ 64,970,000
School - Public facility revenue bonds	22,172,312	11,902,765	34,075,077
County - Public facility revenue bonds	46,797,688	22,584,235	69,381,923
Virginia Resource Authority	283,423	(40,533)	242,890
Premium on bonds payable	6,037,843	3,194,043	9,231,886
Claims payable	2,516,355	(311,217)	2,205,138
Net pension liability	26,490,296	2,522,433	29,012,729
Net OPEB obligations	5,480,000	848,000	6,328,000
Compensated absences	4,171,229	13,401	4,184,630
<b>Total</b>	<b>\$ 186,949,146</b>	<b>\$ 32,683,127</b>	<b>\$ 219,632,273</b>

## CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

### Long-term Debt (Continued)

As of June 30, 2016, the County's long-term obligations total \$219,632,273 and can be summarized as follows:

#### Long-Term Obligations Primary Government as of June 30, 2016



The County has achieved the highest credit and bond rating possible from Moody's, S&P, and Fitch credit rating agencies, AAA. Albemarle is one of the smallest jurisdictions in the United States to achieve AAA ratings; our excellent credit rating benefits our citizens because highly-rated jurisdictions enjoy the most competitive interest rates on long-term borrowing, thus saving interest costs.

General obligation indebtedness must be approved by voter referendum prior to issuance except for debt incurred from the State Literary Fund or the Virginia Public School Authority.

The Board of Supervisors has established the following policies relating to debt:

- The County will not fund current operations from the proceeds of borrowed funds.
- The County will manage its financial resources in a way that prevents borrowing to meet working capital needs.
- The County will confine long-term borrowing and capital leases to capital improvements or projects that cannot be financed by current revenues.
- To the extent feasible, any year that the debt service payment falls below its current level, those savings will be used to finance one-time capital needs.
- The County's debt offering documents will provide full and complete public disclosure of financial condition and operating results and other pertinent credit information in compliance with municipal finance industry standards for similar issues.

## CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

### Long-term Debt (Continued)

- Recognizing the importance of underlying debt to its overall financial condition, the County will set target debt ratios, which will be calculated annually and included in the annual review of fiscal trends:
  - Net debt as a percentage of the estimated market value of taxable property should not exceed 2%.
  - The ratio of debt service expenditures as a percent of general fund and school fund revenues should not exceed 10%.
- The County intends to maintain a 10 year payout ratio at or above 60% at the end of each adopted five-year CIP for tax supported debt and lease payments. When the County finances capital improvements or other projects through bonds or capital leases, it will repay the debt within a period not to exceed the expected useful life of the projects.

More detailed information on the County's long-term obligations is presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The average unemployment rate for the County of Albemarle in June 2016 was 3.6%, which is a decrease of 1.10% from the rate in June 2015. This compares favorably to the state's rate of 4.0% and the national rate of 5.1% for the same period.
- According to the U.S. Census Bureau, the estimated population in Albemarle was 105,051, as of July 1, 2015, with an estimated 79% of individuals over the age of eighteen. The median was calculated at 37.7 years of age.
- The Fiscal Year 2017 Adopted Budget anticipates general fund revenues and expenditures to be \$257,500,398, a 3.33% increase over the fiscal year 2016 budget. Revenues are comprised primarily of General Property Taxes at 65% with Other Local Taxes comprising 20%. The County's transfer to fund Education operations (including Education debt service) continues to be the largest expenditure area at 45% of total expenditures with Public Safety being the next largest at 15%.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Betty J. Burrell, Director of Finance, County of Albemarle, 401 McIntire Road, Room 149 Charlottesville, VA 22902, telephone (434) 296-5855, or visit the County's web site at [www.albemarle.org](http://www.albemarle.org).

**BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Position  
At June 30, 2016

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
<b>Assets</b>		
Cash and investments	\$ 63,769,157	\$ 17,212,311
Investments - restricted	22,451,911	5,895,254
Receivables (net of allowance for doubtful accounts) - Note 4	10,860,508	1,669,945
Due from other governments - Note 5	13,520,844	5,832,666
Prepaid items	28,812	80,593
Inventories	81,775	282,715
Capital assets - Note 7:		
Land and construction in progress	27,902,455	6,174,142
Other capital assets (net of accumulated depreciation)	140,104,973	59,218,377
Total capital assets, net	<u>\$ 168,007,428</u>	<u>\$ 65,392,519</u>
Total assets	<u>\$ 278,720,435</u>	<u>\$ 96,366,003</u>
<b>Deferred Outflows of Resources:</b>		
Deferred amount on refunding	\$ 423,400	\$ -
Differences between expected and actual experience	69,581	111,776
Changes in proportionate share of employer contributions and proportionate share of contributions	-	1,355,000
Differences in proportionate share of net pension liabilities	61,634	-
Pension contributions subsequent to measurement date	4,908,944	12,591,478
Total deferred outflows of resources	<u>\$ 5,463,559</u>	<u>\$ 14,058,254</u>
Total assets and deferred outflows of resources	<u>\$ 284,183,994</u>	<u>\$ 110,424,257</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 5,689,841	\$ 18,553,016
Amounts held for others	1,329,349	-
Accrued interest payable	1,765,794	-
Unearned revenue	-	155,531
Long-term liabilities - Note 8:		
Due within one year	16,251,461	257,903
Due in more than one year	203,380,812	152,603,525
Total liabilities	<u>\$ 228,417,257</u>	<u>\$ 171,569,975</u>
<b>Deferred Inflows of Resources</b>		
Deferred revenue - Note 9	\$ 2,908,942	\$ -
Changes in proportionate share of employer contributions and proportionate share of contributions	-	564,000
Differences between expected and actual experience	-	1,921,000
Differences between projected and actual earnings on plan investments	3,066,646	9,220,257
Total deferred outflows of resources	<u>\$ 5,975,588</u>	<u>\$ 11,705,257</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 19,119,107	\$ 65,392,519
Restricted:		
Grant compliance	1,966,148	-
Unrestricted	28,705,894	(138,243,494)
Total net position	<u>\$ 49,791,149</u>	<u>\$ (72,850,975)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 284,183,994</u>	<u>\$ 110,424,257</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Activities  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
<b>Primary Government</b>						
<b>Governmental activities</b>						
General government administration	\$ 14,184,519	\$ 397,260	\$ 545,523	\$ -	\$ (13,241,736)	\$ -
Judicial administration	5,909,977	500,335	1,782,327	-	(3,627,315)	-
Public safety	44,153,582	3,161,337	3,727,794	2,300,983	(34,963,468)	-
Public works	7,783,781	102,082	22,581	1,055,635	(6,603,483)	-
Health and welfare	27,448,264	-	17,861,621	-	(9,586,643)	-
Education	122,557,855	-	-	-	(122,557,855)	-
Parks, recreation and cultural	11,098,308	336,689	10,480	-	(10,751,139)	-
Community development	27,080,262	2,477,563	165,138	-	(24,437,561)	-
Interest on long-term debt	6,105,200	-	107,597	-	(5,997,603)	-
<b>Total governmental activities</b>	<b>\$ 266,321,748</b>	<b>\$ 6,975,266</b>	<b>\$ 24,223,061</b>	<b>\$ 3,356,618</b>	<b>\$ (231,766,803)</b>	<b>\$ -</b>
<b>Component Unit</b>						
Albemarle County Public Schools	\$ 188,700,452	\$ 6,583,247	\$ 55,447,030	\$ 1,026,000	\$ -	\$ (125,644,175)
<b>General Revenues</b>						
Taxes:						
General property taxes, real and personal				\$ 165,115,649	\$ -	\$ -
Local sales and use taxes				15,093,147	-	-
Business licenses tax				11,952,487	-	-
Consumer utility taxes				4,404,363	-	-
Meals tax				7,415,331	-	-
Motor vehicle licenses tax				3,732,953	-	-
Other taxes				6,137,652	-	-
Payment from County of Albemarle:						
Education				-		122,891,483
Grants and contributions not restricted to specific programs						
Unrestricted use of money and property				21,017,419	-	-
Miscellaneous				1,631,677		1,206,650
				481,659		3,244,419
<b>Total general revenues</b>				<b>\$ 236,982,337</b>		<b>\$ 127,342,552</b>
<b>Change in net position</b>				<b>\$ 5,215,534</b>		<b>\$ 1,698,377</b>
<b>Net position, beginning of year, as restated</b>				<b>44,575,615</b>		<b>(74,549,352)</b>
<b>Net position, end of year</b>				<b>\$ 49,791,149</b>		<b>\$ (72,850,975)</b>

The accompanying notes to financial statements are an integral part of this statement.

## **Fund Financial Statements**

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Balance Sheet  
 Governmental Funds  
 At June 30, 2016

	General Fund	General Capital Improve- ments	Other Govern- mental Funds	Total Govern- mental Funds
<b>Assets</b>				
Cash and investments	\$ 37,299,693	\$ 11,098,309	\$ 6,039,321	\$ 54,437,323
Investments - restricted	-	22,451,911	-	22,451,911
Property taxes receivable, (net of allowance for uncollectibles) - Note 4	7,761,804	-	-	7,761,804
Receivables, (net of allowance for uncollectibles) - Note 4	2,892,642	36,548	164,475	3,093,665
Due from other governments - Note 5	11,425,755	213,900	1,881,189	13,520,844
Prepaid items	28,812	-	-	28,812
Inventories	81,775	-	-	81,775
<b>Total assets</b>	<b>\$ 59,490,481</b>	<b>\$ 33,800,668</b>	<b>\$ 8,084,985</b>	<b>\$ 101,376,134</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,153,087	\$ 1,881,197	\$ 1,494,237	\$ 5,528,521
Amounts held for others	1,329,349	-	-	1,329,349
<b>Total liabilities</b>	<b>\$ 3,482,436</b>	<b>\$ 1,881,197</b>	<b>\$ 1,494,237</b>	<b>\$ 6,857,870</b>
<b>Deferred Inflows of resources</b>				
Unavailable revenue - Note 9	\$ 8,074,975	-	-	\$ 8,074,975
<b>Fund Balance</b>				
Nonspendable:				
Inventories and prepaid items	\$ 110,587	-	-	\$ 110,587
Loan receivable	-	36,548	-	36,548
Restricted:				
Grant compliance	-	-	1,966,148	1,966,148
Committed:				
Encumbrances:				
General government administration	\$ 554,634	-	-	\$ 554,634
Judicial administration	2,400	-	-	2,400
Public safety	112,762	-	-	112,762
Health and welfare	20,428	-	-	20,428
Community development	38,148	-	-	38,148
<b>Total encumbrance commitments</b>	<b>\$ 728,372</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 728,372</b>
Other Commitments:				
General capital projects	-	\$ 31,882,923	-	\$ 31,882,923
Storm water projects	-	-	2,089,370	2,089,370
Special revenue	-	-	2,535,230	2,535,230
Education - School Reserve Fund	1,397,998	-	-	1,397,998
Unassigned	45,696,114	-	-	45,696,114
<b>Total fund balance</b>	<b>\$ 47,933,070</b>	<b>\$ 31,919,471</b>	<b>\$ 6,590,748</b>	<b>\$ 86,443,289</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 59,490,481</b>	<b>\$ 33,800,668</b>	<b>\$ 8,084,985</b>	<b>\$ 101,376,134</b>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
At June 30, 2016

Total fund balances for governmental funds (Exhibit 3) \$ 86,443,289

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	11,486,536	
Construction in progress		6,437,775	
School Board construction in progress		9,978,144	
Buildings and improvements, net of accumulated depreciation		50,806,185	
Other improvements, net of accumulated depreciation		2,068,120	
Furniture, equipment and vehicles, net of accumulated depreciation		15,685,519	
School Board capital assets, net of accumulated depreciation		71,545,149	
 Total net capital assets			 168,007,428

Internal services funds are used by the County to charge the cost of health and dental insurance benefits, vehicle replacement and duplicating costs to individual funds and the School Board. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The internal service funds net position are:

6,970,415

Some of the County's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable revenue in the funds.

5,166,033

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Differences between projected and actual earnings on plan investments (3,066,646)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.

4,908,944

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Also, the County received a premium on its long-term debt issues and incurred defeasance costs when refunding debt. The premium and defeasance costs will be amortized over the life of the new bond issue as interest is paid. Balances of long-term liabilities affecting net position are as follows:

Accrued interest payable	\$	(1,765,794)	
Differences between expected and actual experience		69,581	
Differences in proportionate share of net pension liabilities		61,634	
General obligation bonds		(99,045,077)	
Public facility revenue and refunding bonds		(69,381,923)	
Virginia Resource Authority		(242,890)	
Net pension liability		(29,012,729)	
Net OPEB obligation		(6,328,000)	
Unamortized bond premium		(9,231,886)	
Deferred amount on refunding		423,400	
Compensated absences		(4,184,630)	
		<u>(4,184,630)</u>	<u>(218,638,314)</u>

Total net position of governmental activities (Exhibits 1 and 2) \$ 49,791,149

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2016

	General Fund	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 166,478,084	\$ -	\$ -	\$ 166,478,084
Other local taxes	47,052,041	-	1,688,892	48,735,933
Permits, privilege fees and regulatory licenses	2,644,472	-	145,859	2,790,331
Fines and forfeitures	472,385	-	-	472,385
Use of money and property	1,234,096	110,159	263,629	1,607,884
Charges for services	1,713,124	-	1,999,425	3,712,549
Miscellaneous	287,852	155,587	38,220	481,659
Recovered costs	353,161	7,435	60,858	421,454
Intergovernmental:				
Contribution from School Board	1,212,298	-	2,090,806	3,303,104
Commonwealth	27,704,450	981,286	7,688,794	36,374,530
Federal Government	6,007,767	2,335,678	3,958,343	12,301,788
<b>Total revenues</b>	<b>\$ 255,159,730</b>	<b>\$ 3,590,145</b>	<b>\$ 17,929,826</b>	<b>\$ 276,679,701</b>
<b>Expenditures</b>				
Current:				
General government administration	\$ 12,362,302	\$ -	\$ -	\$ 12,362,302
Judicial administration	4,647,183	-	1,006,904	5,654,087
Public safety	25,555,364	-	14,197,582	39,752,946
Public works	4,344,334	-	47,684	4,392,018
Health and welfare	16,596,850	-	11,176,729	27,773,579
Education - local community college	23,510	-	-	23,510
Education - public school system	116,589,655	13,392,425	-	129,982,080
Parks, recreation and cultural	7,370,670	-	-	7,370,670
Community development	23,285,049	-	3,107,743	26,392,792
Contingencies	632,799	-	-	632,799
Debt service:				
Principal payments	-	-	12,463,533	12,463,533
Interest and fiscal charges	-	-	7,417,869	7,417,869
Capital projects	-	18,273,242	264,367	18,537,609
<b>Total expenditures</b>	<b>\$ 211,407,716</b>	<b>\$ 31,665,667</b>	<b>\$ 49,682,411</b>	<b>\$ 292,755,794</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 43,752,014</b>	<b>\$ (28,075,522)</b>	<b>\$ (31,752,585)</b>	<b>\$ (16,076,093)</b>
<b>Other financing sources (uses)</b>				
Issuance of general obligation bonds	\$ -	\$ 38,880,000	\$ -	\$ 38,880,000
Premium on debt	-	4,398,732	-	4,398,732
Transfers in	2,654,988	4,013,550	37,607,041	44,275,579
Transfers (out)	(38,329,439)	(2,396,320)	(3,549,820)	(44,275,579)
<b>Total other financing sources (uses)</b>	<b>\$ (35,674,451)</b>	<b>\$ 44,895,962</b>	<b>\$ 34,057,221</b>	<b>\$ 43,278,732</b>
<b>Net change in fund balance</b>	<b>\$ 8,077,563</b>	<b>\$ 16,820,440</b>	<b>\$ 2,304,636</b>	<b>\$ 27,202,639</b>
<b>Fund balance, beginning of year</b>	<b>39,855,507</b>	<b>15,099,031</b>	<b>4,286,112</b>	<b>59,240,650</b>
<b>Fund balance, end of year</b>	<b>\$ 47,933,070</b>	<b>\$ 31,919,471</b>	<b>\$ 6,590,748</b>	<b>\$ 86,443,289</b>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2016

Net change in fund balances - total governmental funds (Exhibit 5) \$ 27,202,639

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceed depreciation in the current period is as follows:

Capital outlay additions:

Land	\$		
Construction in progress additions		6,651,139	
Construction in progress deletions		(19,138,190)	
Building and improvements additions		11,306,481	
Other improvements additions		238,397	
Furniture, equipment and vehicle additions		<u>10,176,770</u>	\$ 9,234,597
Depreciation expense			<u>(9,175,061)</u> 59,536

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (40,252)

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship increased the transfers to the School Board as follows:

School construction in progress additions	\$	10,721,744	
School construction in progress deletions		(7,900,833)	
School buildings and improvements additions		6,978,885	
School buildings and improvements deletions		(6,750,952)	
Transfer of depreciation		<u>3,676,155</u>	6,724,999

Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and available to pay current obligations. However, in the statement of net position revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis. (1,362,435)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(Increase) decrease in deferred inflows related to the measurement of the net pension liability 4,067,857

Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Less general obligation bond proceeds	\$	(38,880,000)	
Less premium on debt issued		(4,398,732)	
Repayments:			
General obligation school bonds		8,867,892	
Public facility revenue bonds		3,555,108	
Virginia Resource Authority		<u>40,533</u>	(30,815,199)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Compensated absences	\$	(13,401)	
Amortization of deferred amount on refunding		(27,464)	
Amortization of bond premium		1,204,689	
Net pension liability		(2,522,433)	
Net OPEB obligation		(848,000)	
Differences between expected and actual experience		69,581	
Differences in proportionate share of net pension liabilities		61,634	
Deferred outflows related to pension payments subsequent to measurement date		149,099	
Accrued interest payable		<u>56,225</u>	
Net adjustment			(1,870,070)

Internal service funds are used by the County to charge the costs of health and dental insurance benefits, vehicle replacement and duplicating costs to individual funds. The change in net position of internal service funds is reported with governmental activities. 1,248,459

Change in net position of governmental activities (Exhibit 2) \$ 5,215,534

The accompanying notes to financial statements are an integral part of this statement.



Statement of Net Position  
 Proprietary Funds  
 At June 30, 2016

	Governmental Activities
	<u>Internal Service Funds</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 9,331,834
Receivables, (net of allowance for doubtful accounts)	<u>5,039</u>
Total assets	<u>\$ 9,336,873</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 161,320
Claims payable:	
Due within one year	259,836
Due in more than one year	<u>1,945,302</u>
Total liabilities	<u>\$ 2,366,458</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 6,970,415</u>
Total liabilities and net position	<u>\$ 9,336,873</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2016

	Governmental Activities
	<u>Internal Service Funds</u>
<b>Operating revenues</b>	
Charges for services, net	\$ 35,917,904
<b>Operating expenses</b>	
Benefits and related expenses	\$ 33,276,566
Services and supplies	1,416,672
Total operating expenses	\$ 34,693,238
<b>Operating income (loss)</b>	\$ 1,224,666
<b>Nonoperating revenues (expenses)</b>	
Interest income	23,793
<b>Change in net position</b>	\$ 1,248,459
<b>Net position, beginning of year</b>	5,721,956
<b>Net position, end of year</b>	\$ 6,970,415

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2016

	Governmental Activities <u>Internal Service Funds</u>
<b>Cash flows from operating activities</b>	
Receipts from insured	\$ 33,490,764
Receipts from services	2,569,488
Payments to suppliers	<u>(34,876,736)</u>
Net cash provided by (used for) operating activities	\$ <u>1,183,516</u>
<b>Cash flows from investing activities</b>	
Interest income	\$ <u>23,793</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ 1,207,309
<b>Cash and cash equivalents, beginning of year</b>	<u>8,124,525</u>
<b>Cash and cash equivalents, end of year</b>	\$ <u><u>9,331,834</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ 1,224,666
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in assets and liabilities:	
Receivables, net	142,348
Accounts payable and accrued liabilities	127,719
Claims payable	<u>(311,217)</u>
Net cash provided by (used for) operating activities	\$ <u><u>1,183,516</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 At June 30, 2016

	Private Purpose Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and investments	\$ 5,021,197	\$ 8,320,509
Investments with trustee	282,880	-
Accounts receivable	<u>79,894</u>	<u>607,641</u>
 Total assets	 \$ <u><u>5,383,971</u></u>	 \$ <u><u>8,928,150</u></u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 784,960
Amounts held for others	<u>-</u>	<u>8,143,190</u>
 Total liabilities	 \$ <u>-</u>	 \$ <u>8,928,150</u>
 <b>Net Position</b>	 \$ <u><u>5,383,971</u></u>	 \$ <u><u>-</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended June 30, 2016

	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Investment earnings (losses)	\$ 72,850
Proffers	<u>1,051,326</u>
Total additions	<u>\$ 1,124,176</u>
<b>Deductions</b>	
General	\$ 13,405
Contributions	<u>912,129</u>
Total deductions	<u>\$ 925,534</u>
 Net position, beginning of year	 <u>5,185,329</u>
 Net position, end of year	 <u><u>\$ 5,383,971</u></u>

The accompanying notes to financial statements are an integral part of this statement.

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COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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Narrative Profile

The County of Albemarle, located in central Virginia and bordered by the counties of Augusta, Buckingham, Fluvanna, Greene, Louisa, Nelson, Orange and Rockingham, was founded in 1744. The County has a land area of 726 square miles.

The County is governed under the County Executive - Board of Supervisors form of government. Albemarle County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, cultural, and historic activities.

The financial statements of the County of Albemarle, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* established requirements and a reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easy to understand and more useful to the people who use governmental financial information to make decisions and includes:

- Management's Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.
- Government-wide Financial Statements: The reporting model includes financial statements (statement of net position and statement of activities) prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.
- Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.
- Statement of Activities: The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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A. Financial Reporting Entity: (Continued)

- Budgetary Comparison: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments will provide budgetary comparison information in their annual reports including the government's original budget to the current comparison of final budget and actual results for its major funds.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component unit, entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide statements to emphasize it is legally separate from the primary government. The discretely presented component unit has a June 30 fiscal year-end.

Inclusions in the Reporting Entity:

1. Component Unit:

Albemarle County School Board

The Albemarle County School Board is elected to four year terms by the County voters. The School Board may hold property and the County issues general obligation debt for the School Board's capital projects. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are state and federal grants, and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget. The School Board does not issue separate financial statements.

Exclusions from the Reporting Entity:

1. Jointly Governed Organizations:

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.



NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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A. Financial Reporting Entity: (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

Jefferson-Madison Regional Library

The Jefferson-Madison Regional Library provides library services to the Counties of Albemarle, Louisa, Madison, Greene and the City of Charlottesville. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes more than 50% of the Library's funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The County appropriated to the Library \$4,033,010 in operating funds in fiscal year 2016. The County has no equity interest in the Library.

Albemarle-Charlottesville Jail Authority

The City of Charlottesville, the County and Nelson County provide the financial support for the Authority and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The localities are charged on a per diem rate for their respective prisoner days. Other localities, the state and the federal government also reimburse the Authority for prisoner care. The Authority is excluded from the reporting entity because the County has no control over Authority fiscal matters. The County has no equity interest in the Jail Authority.

Emergency Communications Center

The University of Virginia, the City of Charlottesville, and the County provide the financial support for the Center and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. No one locality or organization contributes more than 50% of the Center's funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The County has no equity interest in the Center.

Albemarle County Service Authority

The Authority was created by the Board of Supervisors to operate the County's water and sewer system. The County has no control over Authority fiscal matters, board members have no continuing relationship with the County, the Authority's board approves its own budget and appoints management, the County is neither legally nor morally obligated for the Authority's debt, the County has no claim on surpluses nor responsibility for financing deficits, and the Authority sets its own rates. The County has no equity interest in the Authority.

Charlottesville-Albemarle Airport Authority

The Authority is excluded from the reporting entity because the County has no control over Authority fiscal matters. Board members have no continuing relationship with the County, the Authority board approves its own budget and appoints management, and the County is neither legally nor morally obligated for the Authority's debt, the County has no claim on surpluses nor responsibility for financing deficits and the Authority sets its own rates. The County has no equity interest in the Authority.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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A. Financial Reporting Entity: (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

*Rivanna Water and Sewer Authority and Rivanna Solid Waste Authority*

The Authorities are excluded from the reporting entity because the County has no control over either Authority's fiscal matters. Both Authority boards approve their own budget and appoint management. The County has no claims on surpluses, or responsibility for financing deficits, and the Authorities set their own rates. The County has no equity interest in either Authority.

*Region Ten Community Services Board*

The Region Ten Community Services Board was created to provide Health, Intellectual Disability and Substance Abuse Services to the residents of the City of Charlottesville and the Counties of Albemarle, Fluvanna, Greene, and Nelson. The Board members are appointed by each participant locality. No locality appoints a majority of the Board members. The participating localities contribute annual operating grants to the Board, but are not required to do so. The participants have no ongoing financial responsibilities to or equity interest in the Board.

*Blue Ridge Juvenile Detention Commission*

The Commission was created to construct and operate a juvenile detention center for the Counties of Albemarle, Fluvanna and Greene, and the City of Charlottesville. Commission members are appointed by each participant locality. No locality appoints a majority of the Board Members. The participating localities contribute operating and capital grants to the Commission for its operations and debt service. In 2016 the County contributed \$721,514 in operating grants to the Commission. The County has no equity interest in the Commission.

Financial reports for the jointly governed organizations that issue separate financial statements can be obtained as follows:

Albemarle-Charlottesville Jail Authority, the  
Emergency Communications Center, the  
Blue Ridge Juvenile Detention Center  
Director of Finance  
County of Albemarle  
401 McIntire Road  
Charlottesville, Virginia 22902

Jefferson-Madison Regional Library  
Director of Finance  
City of Charlottesville  
City Hall  
Charlottesville, Virginia 22902

Albemarle County Service Authority  
168 Spotnap Road  
Charlottesville, Virginia 22902

Charlottesville-Albemarle Airport Authority  
100 Bowen Loop, Suite 200  
Charlottesville, Virginia 22901

Rivanna Water & Sewer Authority and Rivanna  
Solid Waste Authority  
695 Moores Creek Lane  
Charlottesville, Virginia 22902

Region Ten Community Services Board  
800 Preston Avenue  
Charlottesville, Virginia 22902

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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**B. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. In the current reporting model the focus is on both the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component unit. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contribution, grants, investment earnings and other revenues not directly derived from the providing of services. Internal service charges are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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B. Government-Wide and Fund Financial Statements: (Continued)

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in fiscal year 2016.

1. Governmental Funds:

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

- a. General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. A significant part of the General Fund's revenues are used primarily to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for financial reporting purposes.
- b. Special Revenue Funds - Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. Special Revenue Funds include the following nonmajor funds:

Federal/State Grants Fund - This fund accounts for various federal and state grant funds including the funding for the Comprehensive Services Act program, criminal justice grants, Section 8 housing program and other related programs.

Fire Rescue Services - This fund accounts for fire and rescue activities in the County.

Courthouse Maintenance Fund - This fund accounts for courthouse maintenance fees collected resulting from traffic and related fines.

Water Resources Fund - This fund accounts for recent state mandates that have significance in water resources and to assist in storm water management.

Stream Buffer Fund - This fund accounts for revenues received in relation to stream protection projects.

Tourism Fund - This fund accounts for funds appropriated for tourism projects.

Old Crozet School Fund - This fund accounts for rental revenues and maintenance and operational expenditures for the Old Crozet School.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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B. Government-Wide and Fund Financial Statements: (Continued)

1. Governmental Funds: (Continued)

- c. Debt Service Funds - Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources that are being accumulated for future debt service. Debt service funds include the following nonmajor funds:

General Debt Service Fund - This fund accounts for resources accumulated to pay debt service for all general obligation debt incurred for general capital projects. Financing is provided by transfers from the General Fund.

School Debt Service Fund - This fund accounts for debt service expenditures for the school system for the payments of principal and interest on the school system's general long-term debt. Financing is provided by appropriations from the General Fund.

- d. Capital Projects Funds - Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. Capital project funds include the following:

General Capital Improvements Fund - This fund accounts for capital project expenditures for general public improvements and large equipment acquisitions. Financing is provided by governmental grants, capital leases and general fund revenues. This fund is considered a major fund for financial reporting purposes.

- e. Storm Water Control Fund - This fund accounts for expenditures for drainage and other systems for storm water control. Financing is provided primarily from General Fund revenues. This fund is considered a nonmajor fund for financial reporting purposes.

2. Proprietary Funds:

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Internal Service Funds.

Internal Service Funds - These funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The Internal Service Funds consist of the Health Insurance Fund, Dental Plan Pool Fund, Duplicating Fund, Facilities Development Fund and the Vehicle Replacement Fund. A description and nature of each fund follows:

Health Insurance Fund - This fund accounts for all activities of the County and Component Unit School Board employee health insurance program. Other jointly governed organizations also participate in the program.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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B. Government-Wide and Fund Financial Statements: (Continued)

2. Proprietary Funds: (Continued)

Dental Plan Pool Fund - This fund accounts for all activities of the County and Component Unit School Board employee dental insurance program. Other jointly governed organizations also participate in the program.

Duplicating Fund - This fund accounts for revenues received for copying, printing and related services.

Computer Replacement Fund - This fund accounts for activity of the County for the purchase and replacement of computers.

Facilities Development Fund - This fund accounts for all the operations of the County's capital projects management function. The major revenues of this fund consist of charges for services provided in coordinating and supervising all County building construction projects.

Vehicle Replacement Fund - This fund accounts for activity of the County for the purchase and disposal of County vehicles.

3. Fiduciary Funds (Trust and Agency Funds):

Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Private Purpose Trust and Agency Funds. Private purpose trust funds utilize the accrual basis of accounting as described in the Proprietary Funds presentation. Agency funds also utilize the accrual basis of accounting. The Private Purpose Trust and Agency Funds consist of the following:

a. Private Purpose Trust Funds:

McIntire Trust Fund - This fund accounts for monies provided by a private donor, the corpus of which is nonexpendable. Interest and other earnings on assets may be used for educational purposes. The County does not control the activity of this fund or utilize these funds for County operations.

Juanise Dyer Trust Fund - This fund accounts for monies provided by private donors, the corpus of which is nonexpendable. Interest earned on assets may be used to provide for college scholarships for a graduate of one of the County high schools.

Weinstein Trust Fund - This fund accounts for monies provided by private donors, the corpus of which is nonexpendable. Interest earned on assets may be used to provide for the installation of traffic control devices for a certain area of the County. The County does not control the activity of this fund or utilize these funds for County operations.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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B. Government-Wide and Fund Financial Statements: (Continued)

3. Fiduciary Funds (Trust and Agency Funds): (Continued)

a. Private Purpose Trust Funds: (Continued)

Crozet Crossings Trust Fund - This fund accounts for monies provided by private donors, the corpus of which is nonexpendable. Interest earned on assets may be used to provide for assistance to persons who qualify for the purchase of homes in the Crozet Crossings project. The County does not control the activity of this fund or utilize these funds for County operations.

Synthetic Turf Field Funds - These funds account for monies provided by private donors to be accumulated for purchase of synthetic turf fields. The County does not control the activity of this fund or utilize these funds for County operations.

Proffer Trust Fund - This fund accounts for funds received for proffers for seven communities located in the County. Earnings on these funds may be used for the construction of or upgrade of certain public improvements in the communities. The County does not control the activity of this fund or utilize these funds for County operations.

b. Agency Funds:

Special Welfare Fund - This fund accounts for monies provided primarily through private donors for assistance of children in foster care, needy senior citizens and others. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.

Drug Fund - This fund accounts for monies received from state and federal authorities for the prevention of drug abuse and distribution of illegal substances.

Payroll Suspense Fund - This fund accounts for various employee payroll withholdings and payments of employee benefits.

HUD Family Self Sufficiency Fund - This fund accounts for funds received from various sources for families participating in the County housing programs.

County Contribution Fund - This fund accounts for funds received from various sources for charitable and other purposes.

ACE Contribution Fund - This fund accounts for funds received as private citizens donations and will be used in combination with the funding from the County's ACE (Acquisition of Conservation Easements) program to obtain conservation easement acquisitions.

Firearms, Range Operating Fund - This fund accounts for the operations of the Firearms Range facility.

CATEC Fund - This fund accounts for funds received from various sources for Charlottesville-Albemarle Vocational Technical Education Center. The County processes the payroll for the Center.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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B. Government-Wide and Fund Financial Statements: (Continued)

3. Fiduciary Funds (Trust and Agency Funds): (Continued)

b. Agency Funds: (Continued)

Appeal Bond Fund - This fund accounts for appeal bonds held for others.

Sheriff Reserve Fund - This fund accounts for funds held for use of the Sheriff's Department.

Performance Bond Fund - This fund accounts for the receipt and disbursements of performance bonds required by the County for erosion and sediment control, and other items relative to construction by private developers.

Natural Heritage Fund - This fund accounts for contributions held for the Natural Heritage Committee.

Economic Development Authority Fund - This fund accounts for amounts to be used for economic development purposes.

Commonwealth Attorney Commission Fund - This fund accounts for commissions held by the Commonwealth Attorney for others.

Public Recreation Facility Authority - This fund is used to account for amounts held by the Authority's for operations related to open-space land and interests therein.

Courts Escrow Fund - This fund accounts for monies which were received as a result of a seizure warrant and which are being held for others.

4. Component Unit:

Albemarle County School Board:

The Albemarle County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Albemarle and State and Federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Food Services Fund - This fund accounts for and reports the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales, and State and Federal grants. The School Food Services Fund is considered a nonmajor fund of the School Board for financial reporting purposes.



NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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B. Government-Wide and Fund Financial Statements: (Continued)

4. Component Unit: (Continued)

Albemarle County School Board: (Continued)

Governmental Funds: (Continued)

School Capital Projects Fund - This fund accounts for and reports school construction and related expenditures of the public school system. Funding is primarily from investment earnings and appropriations from the County of Albemarle. The School Capital Projects Fund is considered a nonmajor fund of the School Board for financial reporting purposes.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities, all proprietary funds, and private purpose trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net position or on the statement of fiduciary net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The statements of net position, statements of activities, financial statements of the Internal Service Funds and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, Debt Service and Capital Projects (for the primary government and component unit School Board) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are unavailable. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Encumbrances:

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to commit an applicable portion of an appropriation, is used as an extension of formal budgetary control in the primary government and component unit School Board. Encumbrances outstanding at year-end are reported as committed fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances are subject to reappropriation by the Board of Supervisors in the succeeding fiscal year. At June 30, 2016 amounts reappropriated by the Board totaled \$728,372.

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the County Executive submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings and open-houses are conducted to obtain citizen comments. Also, several work sessions between the Board of Supervisors and School Board were conducted on the School Board budget.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function and departmental level. The appropriation for each fund, function and department can be revised only by the Board of Supervisors; however, the School Board is authorized to transfer budgeted amounts within the school system's categories. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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D. Budgets and Budgetary Accounting (Continued)

Encumbrances: (Continued)

5. The County legally adopted budgets for the following funds:

General, Federal/State Grants, Courthouse Maintenance, Fire Rescue Services Fund, Tourism, General Debt Service, School Debt Service, Stormwater Control, School Operating, School Food Services and School Capital Projects Funds.

The County may adopt budgets for other funds, such as the Internal Service and Trust and Agency Funds, for use as a management control device over such funds. The budget for the General Capital Improvements Fund is not presented.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. All appropriations lapse on June 30, for all County and School Board funds.

8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2016, as adopted, appropriated and legally amended.

9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. There were several budget amendments during the year that exceeded the 1% or \$500,000 limitations. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

E. Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include unspent bond proceeds and accumulated interest that the County intends to use for the various projects.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$562,990 at June 30, 2016 and consists of taxes receivable in the General Fund.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Inventories

Inventories are reported at average cost using the consumption method.

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the primary government and Component Unit School Board and as assets in the government-wide financial statements to the extent the County's and School Board's capitalization threshold of \$5,000 is met. The County and Component Unit School Board do not have any infrastructure in their capital assets since roads, streets, bridges and similar assets within its boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and improvements	20 to 40 years
Other improvements	10 to 20 years
Furniture, equipment and vehicles	3 to 10 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend the useful life of an asset are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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K. Compensated Absences

The County and Component Unit School Board accrue compensated absences (annual and sick leave benefits) when vested.

The County and School Board have accrued the liability arising from outstanding compensated absences.

Primary Government

County employees earn vacation and sick leave at various amounts depending on the length of service. Benefits or pay is received for unused sick leave or retirement bonus upon termination. There are various restrictions both for sick leave and retirement bonus upon termination of employment. Accumulated vacation up to 320 hours is paid upon termination. The County has outstanding accrued vacation and sick pay totaling \$4,184,630.

Component Unit School Board

Certain School Board employees accrue vacation and sick leave.

The School Board has outstanding accrued vacation and sick pay totaling \$2,579,032.

L. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

N. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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O. Long-Term Obligations

The County reports long-term obligations of governmental funds at face value. The face value of the debt is believed to approximate fair value. Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

P. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- \* Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- \* Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- \* Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- \* Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- \* Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The County's Board of Supervisors has not delegated the authority to assign amounts to any individual for the fiscal year ending June 30, 2016.

The Board of Supervisors has established a minimum unassigned fund balance in the General Fund to be no less than 10% of the County's total revenues, and should the fund balance fall below the 10% target level, the County will develop a plan during the annual budget adoption process to replenish the fund balance over a period of not more than three years.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has several items that qualifies for reporting in this category. One is the deferred amount on refunding reported in the government-wide statement of net position. Another is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year. Remaining items consist of: differences between expected and actual experience, differences between actual and expected returns, changes in proportionate share of employer contributions and proportionate share of contributions and differences in proportionate share of net pension liabilities. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualifies for reporting in this category. One is the deferred amount on of property tax revenue and certain items related to the measurement of the net pension liability. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. The other includes differences between expected and actual experience, differences between projected and actual earnings on pension plan investments and changes in proportionate share of employer contributions and proportionate share of contributions. For more detailed information on this item, reference the pension note.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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S. Adoption of Accounting Principles: (Continued)

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 2.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

T. Upcoming Pronouncements

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.



COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following; Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. The County’s rated debt investments as of June 30, 2016 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	Unrated
Mutual Fund	\$ -	\$ 255,915
U.S. Government Agencies	6,014,886	-
Virginia State Non-Arbitrage Program	28,452,020	-
Local Government Investment Pool	3,318,370	-
Total	\$ 37,785,276	\$ 255,915

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

(If there has been a change in valuation technique that has a significant effect on the result (e.g., changing from an expected cash flow technique or the use of an additional valuation technique), document that specific change, and the reason(s) for making it.)

The County has the following recurring fair value measurements as of June 30, 2016:

<u>Investment Type</u>	<u>Fair Value Measurement Using</u>	
	<u>6/30/2016</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
U.S. Government Agencies	\$ 6,014,886	\$ 6,014,886
Total	<u>\$ 6,014,886</u>	<u>\$ 6,014,886</u>

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2016, there is no portion of the County's portfolio, excluding the LGIP that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U.S. Government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Government Agencies	\$ 6,014,886	\$ 6,014,886
Virginia State Non-Arbitrage Program	28,452,020	28,452,020
Local Government Investment Pool	<u>3,318,370</u>	<u>3,318,370</u>
Total	<u>\$ 37,785,276</u>	<u>\$ 37,785,276</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

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NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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Restricted Investments

Restricted investments at June 30, 2016 are comprised of the following:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Governmental Activities:		
Capital Projects Fund:		
General projects unexpended bond proceeds	\$ 22,451,911	\$ 5,895,254
 Total	 \$ 22,451,911	 \$ 5,895,254

NOTE 3—PROPERTY TAXES:

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Real property taxes are assessed on property values as of January 1, and attach as an enforceable lien on property as of the date levied by the Board of Supervisors. Personal property taxes are assessed on a prorated basis for the period the property is located in the County and also attach as an enforceable lien on the property.

Real estate and personal property taxes are due in two installments, the first on June 5 and the second on December 5.

A ten percent penalty is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on their due date.

Property taxes for calendar year 2015 were levied by the County Board of Supervisors on April 15, 2015, on the assessed value listed as of January 1, 2015.

Property taxes for calendar year 2016 were levied by the County Board of Supervisors on May 6, 2016, on the assessed value listed as of January 1, 2016.

Property taxes levied in the current and prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. Property tax amounts levied in April 2016, but due in December 2016, are not reported as receivables in the current year. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year. Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as unavailable revenues.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 4—RECEIVABLES:

Receivables at June 30, 2016 consist of the following:

	Primary Government Governmental Activities					Component Unit
	General	Other Governmental Funds	General		Total	School Board
			Capital Improvements	Internal Service		
Property taxes	\$ 8,324,794	\$ -	\$ -	\$ -	\$ 8,324,794	\$ -
Other	2,892,642	36,548	164,475	5,039	3,098,704	1,669,945
Total	\$ 11,217,436	\$ 36,548	\$ 164,475	\$ 5,039	\$ 11,423,498	\$ 1,669,945
Allowance for uncollectibles	(562,990)	-	-	-	(562,990)	-
Net receivables	\$ 10,654,446	\$ 36,548	\$ 164,475	\$ 5,039	\$ 10,860,508	\$ 1,669,945

NOTE 5—DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2016 consist of the following:

	Governmental Funds				Component Unit
	General			Total	School Board
	General	Capital Improvements	Special Revenue		
Commonwealth of Virginia:					
Local sales taxes	\$ 2,672,598	\$ -	\$ -	\$ 2,672,598	\$ -
State sales taxes	-	-	-	-	2,835,495
PPTRA	6,783,357	-	-	6,783,357	-
Communications tax	731,977	-	-	731,977	-
Recordation tax	168,568	-	-	168,568	-
Comprehensive Services Act	-	-	1,732,404	1,732,404	-
Shared expenses	170,738	-	-	170,738	-
Public assistance grants	278,175	-	-	278,175	-
Other state funds	77,818	213,900	73,159	364,877	829,170
Federal government:					
School funds	-	-	-	-	-
Public assistance grants	542,524	-	-	542,524	-
Other federal funds	-	-	75,626	75,626	2,168,001
Total	\$ 11,425,755	\$ 213,900	\$ 1,881,189	\$ 13,520,844	\$ 5,832,666

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 6—INTERFUND BALANCES AND ACTIVITY:

Primary Government

Balances Due To/From Other Funds

There are no balances due to or from other funds at June 30, 2016.

Transfers To/From Other Funds

General Fund

Federal/State Grants Fund for other costs	\$ 271,368
Fire Rescue Services Fund for costs expended	86,851
Water resources for costs expended	627,989
Tourism Fund for tourism program costs expended by General Fund	1,668,780
Total General Fund	<u>\$ 2,654,988</u>

Federal/State Grants Fund

General Fund for local match funds for various grant programs	<u>\$ 3,930,242</u>
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General Debt Service

General Fund for debt service expenditures	<u>\$ 6,529,825</u>
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School Debt Service

General Fund for debt service expenditures	<u>\$ 12,989,522</u>
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General Capital Improvements:

General Fund for capital projects	\$ 3,170,749
Fire Rescue Services Fund for costs expended	647,101
Tourism for capital expenditures	160,000
Courthouse Maintenance Fund for building renovations and other costs	35,700

Total General Capital Improvements Fund	<u>\$ 4,013,550</u>
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Fire Rescue Services Fund

General Fund for fire rescue service expenditures	<u>\$ 12,796,710</u>
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Stormwater Control Fund

General Fund for capital improvement expenditures	<u>\$ 228,614</u>
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Water Resources Fund

General Fund for water resources projects	<u>\$ 1,132,128</u>
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Total transfers	<u><u>\$ 44,275,579</u></u>
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Component Unit School Board

Transfers To/From Other Funds

School Operating Fund:

School Food Services Fund for various school expenditures	\$ 112,500
Total school operating fund	<u>\$ 112,500</u>

School Capital Projects Fund:

School operating fund for education expenditures	<u>\$ 79,720</u>
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Total transfers	<u><u>\$ 192,220</u></u>
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COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2016:

Governmental Activities:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 11,486,536	\$ -	\$ -	\$ 11,486,536
Construction in progress	18,924,826	6,651,139	19,138,190	6,437,775
School construction in progress *	7,157,233	10,721,744	7,900,833	9,978,144
	<u>37,568,595</u>	<u>17,372,883</u>	<u>27,039,023</u>	<u>27,902,455</u>
Total capital assets not being depreciated	\$ 37,568,595	\$ 17,372,883	\$ 27,039,023	\$ 27,902,455
Capital assets being depreciated:				
Buildings and improvements	\$ 68,209,433	\$ 11,306,481	\$ -	\$ 79,515,914
Other improvements	9,389,933	238,397	-	9,628,330
School buildings and improvements *	82,943,746	6,978,885	6,750,952	83,171,679
Furniture, equipment and vehicles	41,882,953	10,176,770	882,310	51,177,413
	<u>202,426,065</u>	<u>28,700,533</u>	<u>7,633,262</u>	<u>223,493,336</u>
Total capital assets being depreciated	\$ 202,426,065	\$ 28,700,533	\$ 7,633,262	\$ 223,493,336
Accumulated depreciation:				
Buildings and improvements	\$ 26,470,775	\$ 2,238,954	\$ -	\$ 28,709,729
Other improvements	7,179,068	381,142	-	7,560,210
School buildings and improvements *	12,365,180	2,937,506	3,676,155	11,626,531
Furniture, equipment and vehicles	32,716,493	3,617,459	842,059	35,491,893
	<u>78,731,516</u>	<u>9,175,061</u>	<u>4,518,214</u>	<u>83,388,363</u>
Total accumulated depreciation	\$ 78,731,516	\$ 9,175,061	\$ 4,518,214	\$ 83,388,363
Total capital assets being depreciated, net	\$ 123,694,549	\$ 19,525,472	\$ 3,115,048	\$ 140,104,973
Governmental activities capital assets, net	<u>\$ 161,263,144</u>	<u>\$ 36,898,355</u>	<u>\$ 30,154,071</u>	<u>\$ 168,007,428</u>
Depreciation expense was allocated as follows:				
General government administration		\$ 1,636,567		
Judicial administration		402,127		
Public safety		3,033,376		
Public works		96,733		
Health and welfare		55,607		
Education		2,985,871		
Parks, recreation and cultural		931,516		
Community development		33,264		
		<u>9,175,061</u>		
Total depreciation expense		\$ 9,175,061		

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land and land improvements	\$ 6,174,142	\$ -	\$ -	\$ 6,174,142
Construction in progress	7,157,233	10,721,744	7,900,833	9,978,144
School construction in progress allocated to County *	<u>(7,157,233)</u>	<u>(10,721,744)</u>	<u>(7,900,833)</u>	<u>(9,978,144)</u>
Total capital assets not being depreciated	<u>\$ 6,174,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,174,142</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 254,469,826	\$ 6,978,885	\$ -	\$ 261,448,711
Other improvements	12,067,113	1,104,874	-	13,171,987
School buildings and improvements*	(82,943,746)	(6,978,885)	(6,750,952)	(83,171,679)
Furniture, equipment and vehicles	<u>41,512,632</u>	<u>1,863,271</u>	<u>1,056,318</u>	<u>42,319,585</u>
Total capital assets being depreciated	<u>\$ 225,105,825</u>	<u>\$ 2,968,145</u>	<u>\$ (5,694,634)</u>	<u>\$ 233,768,604</u>
Accumulated depreciation:				
Buildings and improvements	\$ 133,356,754	\$ 9,012,211	\$ -	\$ 142,368,965
Other improvements	6,768,886	628,044	-	7,396,930
School buildings and improvements *	(12,365,180)	(2,937,506)	(3,676,155)	(11,626,531)
Furniture, equipment and vehicles	<u>35,235,145</u>	<u>2,232,036</u>	<u>1,056,318</u>	<u>36,410,863</u>
Total accumulated depreciation	<u>\$ 162,995,605</u>	<u>\$ 8,934,785</u>	<u>\$ (2,619,837)</u>	<u>\$ 174,550,227</u>
Total capital assets being depreciated, net	<u>\$ 62,110,220</u>	<u>\$ (5,966,640)</u>	<u>\$ (3,074,797)</u>	<u>\$ 59,218,377</u>
School board capital assets, net	<u>\$ 68,284,362</u>	<u>\$ (5,966,640)</u>	<u>\$ (3,074,797)</u>	<u>\$ 65,392,519</u>
Depreciation expense allocated to education		<u>\$ 8,934,785</u>		

\* School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

Net capital assets	<u>\$ 168,007,428</u>
Long-term debt applicable to capital assets at June 30, 2016:	
General obligation school bonds	\$ 64,970,000
Public facility revenue bonds	69,381,923
Premium on bonds payable	9,231,886
Deferred amount for issuance premiums	(423,400)
	\$ 143,160,409
Less-debt proceeds received but not expended on capital assets at June 30, 2016	<u>(28,347,165)</u>
Net long-term debt	<u>\$ 114,813,244</u>
Net investment in capital assets	<u>\$ 53,194,184</u>



COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government

General Fund revenues are used to pay all long-term general obligation debt, capital leases and governmental activities compensated absences as well as any net pension obligations and other postemployment benefit obligations.

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2016:

	Balance			Balance	Amounts
	July 1,	Increases/	Decreases/	June 30,	Due
	2015	Issuances	Retirements	2016	Within
	<u>2015</u>	<u>Issuances</u>	<u>Retirements</u>	<u>2016</u>	<u>One Year</u>
General obligation school bonds	\$ 73,000,000	\$ -	\$ 8,030,000	\$ 64,970,000	\$ 7,830,000
School - Public facility revenue bonds	22,172,312	12,740,657	837,892	34,075,077	1,483,137
County - Public facility revenue bonds	46,797,688	26,139,343	3,555,108	69,381,923	4,918,863
Virginia Resource Authority	283,423	-	40,533	242,890	41,729
Premium on bonds payable	6,037,843	4,398,732	1,204,689	9,231,886	1,299,433
Claims payable	2,516,355	-	311,217	2,205,138	259,836
Net pension liability	26,490,296	14,510,222	11,987,789	29,012,729	-
Net OPEB obligation	5,480,000	1,246,000	398,000	6,328,000	-
Compensated absences	4,171,229	948,402	935,001	4,184,630	418,463
	<u>4,171,229</u>	<u>948,402</u>	<u>935,001</u>	<u>4,184,630</u>	<u>418,463</u>
 Total primary government	 \$ 186,949,146	 \$ 59,983,356	 \$ 27,300,229	 \$ 219,632,273	 \$ 16,251,461
	<u>186,949,146</u>	<u>59,983,356</u>	<u>27,300,229</u>	<u>219,632,273</u>	<u>16,251,461</u>
 Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 16,251,461	
Long-term liabilities due in more than one year:				<u>203,380,812</u>	
 Total long-term obligations				 \$ <u>219,632,273</u>	

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize general long-term obligations and related interest are as follows:

Year Ending June 30,	General Obligation School Bonds		Revenue & Refunding Bonds				Virginia Resource Authority	
	Principal	Interest	School Public Facility		County Public Facility		Principal	Interest
			Principal	Interest	Principal	Interest		
2017	\$ 7,830,000	\$ 2,936,875	\$ 1,483,137	\$ 1,278,916	\$ 4,918,863	\$ 3,149,852	\$ 41,729	\$ 6,813
2018	7,385,000	2,560,820	1,600,757	1,215,147	4,401,243	2,903,994	42,961	5,582
2019	6,460,000	2,222,477	1,634,934	1,145,762	5,636,065	2,684,019	44,229	4,314
2020	6,150,000	1,919,127	1,743,204	1,074,907	5,917,796	2,402,306	45,534	3,008
2021	6,010,000	1,640,890	1,816,092	998,903	5,814,908	2,106,509	46,878	1,664
2022	5,880,000	1,372,853	1,899,534	919,520	6,091,465	1,815,844	21,559	316
2023	4,780,000	1,124,291	1,974,174	836,230	5,361,826	1,511,279	-	-
2024	4,355,000	912,350	1,978,156	749,473	3,723,844	1,243,188	-	-
2025	4,020,000	717,071	2,059,994	671,925	3,888,006	1,079,585	-	-
2026	3,570,000	539,940	2,139,094	590,252	4,064,907	907,049	-	-
2027	3,205,000	382,778	1,712,161	504,495	2,477,839	724,887	-	-
2028	2,455,000	252,772	1,761,682	452,752	2,560,318	641,617	-	-
2029	1,890,000	154,187	1,820,625	395,346	2,658,375	544,809	-	-
2030	490,000	105,235	1,879,569	335,916	2,421,431	444,242	-	-
2031	490,000	49,245	1,940,791	273,842	2,512,209	352,575	-	-
2032	-	-	2,003,013	338,017	2,607,986	256,677	-	-
2033	-	-	1,701,009	142,036	2,237,991	157,092	-	-
2034	-	-	1,145,964	86,755	672,036	70,489	-	-
2035	-	-	1,179,477	54,758	696,525	48,648	-	-
2036	-	-	601,710	21,060	718,290	25,140	-	-
	<u>\$ 64,970,000</u>	<u>\$ 16,890,911</u>	<u>\$ 34,075,077</u>	<u>\$ 12,086,012</u>	<u>\$ 69,381,923</u>	<u>\$ 23,069,801</u>	<u>\$ 242,890</u>	<u>\$ 21,697</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations outstanding at June 30, 2016 are as follows:

	<u>Amount Outstanding</u>
<b>County Public Facilities Revenue Bonds:</b>	
\$34,270,000, Public Facility Revenue Bonds, (General portion \$25,550,000), issued November 14, 2013, maturing in various annual installments through June 1, 2033, interest payable semi-annually at 3.353%	\$ 22,395,000
\$38,880,000, Public Facility Revenue Bonds 2015B Series, (General portion \$26,139,343) issued September 30, 2015, maturing in various annual installments ranging from \$1,000,000 to \$3,125,000 through June 1, 2036, interest payable semi-annually 2.7%	26,139,343
\$34,315,000, Public Facility Revenue and Refunding Bonds, (General portion \$29,688,864), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	<u>20,847,580</u>
Total County public facilities revenue bonds	<u>\$ 69,381,923</u>
<b>School Public Facilities Revenue Bonds:</b>	
\$34,270,000, Public Facility Revenue Bonds, (School portion \$8,720,000), issued November 14, 2013, maturing in various annual installments through June 1, 2033, interest payable semi-annually at 3.353%	\$ 7,815,000
\$34,315,000, Public Facility Revenue and Refunding Bonds, (School portion \$4,626,136), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	4,252,420
\$9,630,000, Lease Revenue Bond, Series 2015, issued April 28, 2015, maturing in various annual installments through June 1, 2035, interest payable semi-annually at 2.35%	9,267,000
\$38,880,000, Public Facility Revenue Bonds 2015B Series, (School portion \$12,740,657) issued September 30, 2015, maturing in various annual installments ranging from \$1,000,000 to \$3,125,000 through June 1, 2036, interest payable semi-annually 2.7%	<u>12,740,657</u>
Total School public facilities revenue bonds	<u>\$ 34,075,077</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations: (Continued)

	<u>Amount Outstanding</u>
General Obligation School Bonds: (Continued)	
\$2,000,000, Qualified School Construction Bonds, issued December 1, 2011, maturing in various annual installments through December 1, 2030, interest free as a federal tax credit is provided to bondholders	\$ 2,000,000
\$5,900,000, 1996B Series, issued November 14, 1996, maturing in annual installments of \$295,000 through July 15, 2016, interest payable semi-annually at rates from 5.1% to 6.1%	295,000
\$20,455,000, 1997 Series, issued November 20, 1997, maturing in various annual installments through January 15, 2017, interest payable semi-annually at rates from 4.35% to 5.35%	2,040,000
\$7,245,000, 1998B Series, issued November 19, 1998, maturing in various annual installments through July 15, 2018, interest payable semi-annually at rates from 3.6% to 5.1%	1,080,000
\$2,835,000, 1999A Series issued November 19, 1999, maturing in various annual installments through July 15, 2019, interest payable semi-annually at rates from 5.10% to 6.10%	560,000
\$2,605,000, 2000B Series, issued November 16, 2000, maturing in various annual installments through July 15, 2020, interest payable semi-annually at rates from 4.975% to 5.85%	650,000
\$20,330,000, 2001A series, issued November 15, 2001, maturing in various annual installments through July 15, 2021, interest payable semi-annually at rates from 3.1% to 5.1%	6,090,000
\$8,365,000, 2002A Series, issued October 15, 2002, maturing in various annual installments through July 15, 2022, interest payable semi-annually at rates from 2.35% to 5.10%	2,905,000
\$6,760,000, 2003A Series, issued November 6, 2003, maturing in various annual installments through July 15, 2023, interest payable semi-annually at rates from 3.10% to 5.35%	2,680,000

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations: (Continued)

	<u>Amount Outstanding</u>
General Obligation School Bonds: (Continued)	
\$8,950,000, 2004B Series, issued November 10, 2004, maturing in various annual installments through July 15, 2024, interest payable semi-annually at rates from 4.10% to 5.60%	\$ 4,005,000
\$7,380,000, 2005A Series, issued November 10, 2005, maturing in various annual installments through July 15, 2025, interest payable semi-annually at rates from 4.10% to 5.60%	3,680,000
\$15,020,000, 2006B Series, issued November 9, 2006, maturing in various annual installments through July 15, 2026, interest payable semi-annually at rates from 4.23% to 5.10%	8,250,000
\$11,325,000, 2007A Series, issued November 8, 2007, maturing in various annual installments through July 15, 2027, interest payable semi-annually at 5.10%	6,780,000
\$28,045,000, 2008A Series, issued December 11, 2008, maturing in various annual installments through July 15, 2028, interest payable semi-annually at 4.66%	18,210,000
\$7,670,000, 2010D Series, issued November 10, 2010, maturing in various annual installments through July 15, 2030, interest payable semi-annually at 2.867%	<u>5,745,000</u>
Total general obligation school bonds	<u>\$ 64,970,000</u>
Virginia Resource Authority:	
\$400,000 Virginia Resource Authority loan issued June 23, 2011, due in various semi-annual installments through December 1, 2021, interest at 2.73%	<u>\$ 242,890</u>
Compensated absences	<u>\$ 4,184,630</u>
Claims payable	<u>\$ 2,205,138</u>
Net pension liability	<u>\$ 29,012,729</u>
Net OPEB Obligation	<u>\$ 6,328,000</u>
Unamortized bond premiums	<u>\$ 9,231,886</u>
Total long-term obligations	<u><u>\$ 219,632,273</u></u>

Federal Arbitrage Regulations:

The County is in compliance with federal arbitrage regulations. Any potential liabilities arising from arbitrage are estimated to be immaterial in relation to the financial statements.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2016.

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Compensated absences	\$ 2,691,739	\$ 324,848	\$ 437,555	\$ 2,579,032	\$ 257,903
Net pension liability - professional	134,516,000	31,765,000	26,807,000	139,474,000	-
Net pension liability - non-professional	806,239	2,806,037	1,994,880	1,617,396	-
Net OPEB Obligation	7,364,000	3,033,000	1,206,000	9,191,000	-
Total	<u>\$ 145,377,978</u>	<u>\$ 37,928,885</u>	<u>\$ 30,445,435</u>	<u>\$ 152,861,428</u>	<u>\$ 257,903</u>
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year				\$ 257,903	
Long-term liabilities due in more than one year				152,603,525	
Total long-term debt				<u>\$ 152,861,428</u>	

School fund revenues and appropriations from the General Fund are used to pay its compensated absences.

NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned revenue for the year ended June 30, 2016.

	Government- wide Statements Governmental Activities	Balance Sheet Governmental Funds	Component Unit School Board
Deferred/Unavailable revenue:			
Unearned revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 5,166,033	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	2,870,705	2,870,705	-
Unexpended grant funds	38,237	38,237	-
Total deferred/unavailable revenue	<u>\$ 2,908,942</u>	<u>\$ 8,074,975</u>	<u>\$ -</u>
Unearned revenue:			
Prepaid summer school tuition and registration fees	\$ -	\$ -	\$ 155,531
Total	<u>\$ 2,908,942</u>	<u>\$ 8,074,975</u>	<u>\$ 155,531</u>

NOTE 10—COMMITMENTS AND CONTINGENCIES:

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Primary Government and Component Unit School Board:

- A. Federal programs in which the County and School Board participate were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.
- B. The County was named as a party along with the City of Charlottesville and Rivanna Solid Waste Authority as defendants relating to the operation of the Ivy Landfill. The plaintiffs allege that pollutants have been and are being discharged into the air, and underground and surface waters in violation of various federal and state laws. The plaintiffs sought injunctive relief of \$25,000 per day in civil penalties for violations of federal and state environmental laws and \$5,000,000 in compensatory damages, and payment of all attorneys' fees. The lawsuit has been settled and dismissed by all plaintiffs except for two. Those lawsuits were dismissed without prejudice and may be re-filed. The County has no identified insurance coverage for the claim if it is re-filed. Counsel is of the opinion that the lawsuit, if re-filed, has potential liability for the County primarily arising from the claim, which could require removal of pollutants from the landfill if they are contaminating adjacent properties, and for related attorney fees. Counsel is of the opinion that the County's liability appears to be limited by the ability of the Rivanna Solid Waste Authority to fund appropriate remediation and settlement of the claims.
- C. Blue Ridge Juvenile Detention Commission - The County, the City of Charlottesville and the Counties of Greene and Fluvanna formed the Commission to construct and operate the facility. At June 30, 2002 the facility construction was complete and operations commenced in July, 2002. The County and the City of Charlottesville have morally guaranteed the revenue bonds for the facility which were \$780,000 at June 30, 2016.
- D. On June 27, 2003 the County entered into an agreement with Motorola, Inc. for the purchase of a communication system (basic emergency services radio system and communications towers). The City of Charlottesville and University of Virginia are also parties to this agreement. The financing of the project was provided by a lease/purchase agreement with Motorola in the amount of \$7,000,000 in which the County was the bearer of the debt. The City of Charlottesville received a grant from the federal government in the amount of \$6,000,000 for the project and will pass through a portion of these funds to the County as fiscal agent for the Emergency Communications Center (the operator of the system) as the project is completed. Each locality will be responsible for the purchase and maintenance of the radio equipment that will be installed in their law enforcement and emergency services facilities and vehicles. The County has committed to provide its share of the local funding for this project and for the purchase and maintenance of radio equipment to be installed in the County's law enforcement and emergency services facilities and vehicles.
- E. There are a number of matters of litigation involving the County Police Department and certain police officers. All of these matters have been referred to the County's insurance carriers which are handling the matters. Counsel is of the opinion that the County has no liability in the matters other than the financial responsibilities to the insurance carriers.
- F. There are a number of other ongoing capital projects that have been approved and for which funds have been designated to finance them.

**NOTE 11—PART-TIME EMPLOYEE PENSION PLAN:**

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The County contributes to the County of Albemarle Pension Plan for Permanent Part-time Employees, a defined contribution plan for its permanent part-time employees. Under the terms of the plan administered by Retirement Plan Administrative Services, Ltd., employees are eligible to participate following five years of service. Between five and ten years of service, participants receive a contribution of five percent (5%) of covered payroll. Between ten and fifteen years of service, participants receive a contribution of seven percent (7%) of covered payroll. Between fifteen and twenty years of service, participants receive a contribution of nine percent (9%) of covered payroll. Participants with over twenty (20) years of service receive a contribution of eleven percent (11%) of covered payroll.

The County Board of Supervisors and the School Board are responsible for establishing the plans provisions as well as all amendments each year as part of the budgetary process. They also provide all contributions to the plan (the employee makes no contributions to the plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The County and School Board's contributions to the plan for fiscal year 2016 were \$22,300 and \$305,827, respectively. The average payroll for covered County employees was \$327,242 and \$4,407,898 for School Board employees, respectively. The contribution averaged 6.81% and 6.94% of the covered payrolls of the County and School Board, respectively. The County and School Board had no investments with the plan at any time during the year.

**NOTE 12—ANNEXATION AND REVENUE SHARING AGREEMENT:**

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An Annexation and Revenue Sharing Agreement dated February 17, 1982 between the County and the City of Charlottesville, Virginia was approved in a public referendum on May 18, 1982. The agreement requires the County and City annually to contribute portions of their respective real property tax bases and revenues to a Revenue and Economic Growth Sharing Fund. Distribution of the fund and the resulting net transfer of funds shall be made on each January 31 while this agreement remains in effect.

During the time this agreement is in effect, the City will not initiate any annexation procedures against the County. Also, pursuant to this agreement, a committee was created to study the desirability of combining the governments and the services presently provided by them.

This agreement became effective July 1, 1982 and remains in effect until:

1. The County and City are consolidated into a single political subdivision, or
2. The concept for independent cities presently existing in Virginia is altered by State law in such a manner that real property in the City becomes a part of the County's tax base, or
3. The County and City mutually agree to cancel or change the agreement.

During the fiscal year, the County paid \$16,058,668 to the City as a result of this agreement. Amounts to be paid pursuant to this agreement are to be funded from revenues of the fiscal year in which paid.



NOTE 13—PENSION PLAN:

*Plan Description*

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> <li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>Political subdivision employees*</li> <li>School division employees</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Average Final Compensation</b> A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
<p><b>Normal Retirement Age</b> VRS: Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> VRS: Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Unreduced Retirement Eligibility</b> VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>



NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage: (Cont.)</b></p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage: (Cont.)</b></p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage: (Cont.)</b></p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u>Defined Contribution Component:</u> Not applicable.</p>

NOTE 13—PENSION PLAN: (CONTINUED)

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*Plan Description (Continued)*

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2016 was 13.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$4,908,944 and \$5,007,572 for the years ended June 30, 2016 and June 30, 2015, respectively.

*Net Pension Liability*

At June 30, 2016, the County reported a liability of \$29,012,729 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2015 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2015, the County's proportion was 94.2816%, respectively.

NOTE 13—PENSION PLAN: (CONTINUED)

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*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County’s Retirement Plan and the County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 Year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

NOTE 13—PENSION PLAN: (CONTINUED)

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*Actuarial Assumptions - General Employees (Continued)*

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected

NOTE 13—PENSION PLAN: (CONTINUED)

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*Actuarial Assumptions - Public Safety Employees: (Continued)*

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

NOTE 13—PENSION PLAN: (CONTINUED)

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.



NOTE 13—PENSION PLAN: (CONTINUED)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County Retirement Plan, County Public Schools Retirement Plan, and the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the County’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 50,518,155	\$ 29,012,729	\$ 11,223,406

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2016, the County recognized pension expense of \$3,201,583. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 69,581	\$ -
Difference in proportionate share	61,634	-
Net difference between projected and actual earnings on pension plan investments	-	3,066,646
Employer contributions subsequent to the measurement date	<u>4,908,944</u>	<u>-</u>
Total	<u>\$ 5,040,159</u>	<u>\$ 3,066,646</u>

\$4,908,944 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2017	\$ (1,195,871)
2018	(1,195,871)
2019	(1,195,871)
2020	573,949
Thereafter	-

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional)

*Plan Description*

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

*Employees Covered by Benefit Terms*

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	164
Inactive members:	
Vested inactive members	43
Non-vested inactive members	170
Inactive members active elsewhere in VRS	<u>99</u>
Total inactive members	312
Active members	<u>244</u>
Total covered employees	<u><u>720</u></u>

*Contributions*

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 7.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$506,176 and \$504,909 for the years ended June 30, 2016 and June 30, 2015, respectively.

*Net Pension Liability*

The Component Unit School Board’s (nonprofessional) net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional): (Continued)

*Changes in Net Pension Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 26,553,464	\$ 25,747,225	\$ 806,239
Changes for the year:			
Service cost	\$ 794,863	\$ -	\$ 794,863
Interest	1,817,237	-	1,817,237
Differences between expected and actual experience	177,527	-	177,527
Contributions - employer	-	504,909	(504,909)
Contributions - employee	-	318,408	(318,408)
Net investment income	-	1,171,563	(1,171,563)
Benefit payments, including refunds of employee contributions	(1,185,865)	(1,185,865)	-
Administrative expenses	-	(16,163)	16,163
Other changes	-	(247)	247
Net changes	\$ 1,603,762	\$ 792,605	\$ 811,157
Balances at June 30, 2015	\$ 28,157,226	\$ 26,539,830	\$ 1,617,396

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 5,176,291	\$ 1,617,396	\$ (1,349,513)

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional): (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2016, the Component Unit School Board (nonprofessional) recognized pension expense of \$319,227. At June 30, 2016, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 111,776	\$ -
Net difference between projected and actual earnings on pension plan investments	-	679,257
Employer contributions subsequent to the measurement date	<u>506,176</u>	<u>-</u>
Total	<u>\$ 617,952</u>	<u>\$ 679,257</u>

\$506,176 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2017	\$ (201,833)
2018	(221,559)
2019	(267,584)
2020	123,495
Thereafter	-

NOTE 13—PENSION PLAN: (CONTINUED)

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Component Unit School Board (professional)

*Plan Description*

Additional information related to the plan description, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

*Contributions*

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$12,085,302 and \$12,023,961 for the years ended June 30, 2016 and June 30, 2015, respectively.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the school division reported a liability of \$139,474,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 1.10814% as compared to 1.1311% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$10,447,000. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,921,000
Net difference between projected and actual earnings on pension plan investments	-	8,541,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,355,000	564,000
Employer contributions subsequent to the measurement date	<u>12,085,302</u>	<u>-</u>
Total	<u>\$ 13,440,302</u>	<u>\$ 11,026,000</u>

\$12,085,302 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2017	\$ (3,549,000)
2018	(3,549,000)
2019	(3,549,000)
2020	1,238,000
2021	(262,000)
Thereafter	-

NOTE 13—PENSION PLAN: (CONTINUED)

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Component Unit School Board (professional): (Continued)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year



NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

*Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 204,108,000	\$ 139,474,000	\$ 86,268,000

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annualreport.pdf> , or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 14—LEGAL COMPLIANCE:

A. Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2016.

B. Fund Deficits

There are no funds with deficit balances at June 30, 2016.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 15—SELF INSURANCE/RISK MANAGEMENT:

The County administers employee health, dental and unemployment insurance programs. The health and dental insurance activity has accounting in an internal service fund. Unemployment programs have accounting in the General and School funds.

Employee Health Insurance:

Albemarle County, Albemarle County School Board, Albemarle County Water and Sewer Authority, and several other entities established a public entity risk pool to provide consolidated health care benefits for their employees. The plan is based on a service contract with a private carrier in which bills are derived from actual expenses incurred or claims filed. The participating agencies have established a reserve fund to meet any potential liability. Each participating agency is responsible for paying amounts billed by the County.

Liabilities for unpaid claims and claim adjustment expenses are estimated based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors.

Changes in the balances of claim liabilities during the current and preceding two years:

Fiscal Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Other Payments	Claims Liability End of Year
2016	\$ 2,383,649	\$ 31,390,334	\$ 31,676,132	2,097,851
2015	2,882,985	28,308,990	28,808,326	2,383,649
2014	1,510,150	27,705,600	26,332,765	2,882,985

The following is a summary of revenues and claims expenses for the pool for the last ten years. The pool was formed in fiscal year 1995.

Fiscal Year	Operating Revenue	Nonoperating Revenue	Claims and Related Expenses
2016	\$ 31,676,132	\$ 20,139	\$ 30,859,391
2015	28,808,326	18,766	31,858,143
2014	26,332,765	5,902	30,274,322
2013	24,584,148	7,134	26,347,614
2012	25,641,754	2,994	27,417,922
2011	25,487,311	17,197	25,659,622
2010	25,364,274	25,778	22,931,951
2009	22,077,528	188,852	24,626,497
2008	22,715,606	467,415	24,385,297
2007	21,400,349	537,733	18,542,025

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 15—SELF INSURANCE/RISK MANAGEMENT: (CONTINUED)

Employee Dental Insurance:

Albemarle County, Albemarle County School Board, Albemarle County Water and Sewer Authority and several other entities established a public entity risk pool to provide consolidated Dental Care benefits for their employees. The plan is based on a service contract with a private carrier in which bills are derived from actual expenses incurred or claims filed. The participating agencies have established a reserve fund to meet any potential liability. Each participating agency is responsible for paying amounts billed by the County.

Liabilities for unpaid claims and claim adjustment expenses are estimated based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors.

Fiscal Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Other Payments	Claims Liability End of Year
2016	\$ 132,706	\$ 1,646,626	\$ 1,672,045	\$ 107,287
2015	101,938	1,539,510	1,508,742	132,706
2014	92,346	794,131	784,539	101,938

The following is a summary of revenues and claims expenses for the pool.

Fiscal Year	Operating Revenue	Nonoperating Revenue	Claims and Related Expenses
2016	\$ 1,672,045	\$ 1,847	1,548,721
2015	1,508,742	1,126	1,619,940
2014	784,539	512	1,516,325
2013	1,268,541	864	1,383,207

Unemployment Insurance:

The County and School Board are responsible for employment claims. The Virginia Employment Commission bills the County for all unemployment claims. The liability for billed but unpaid claims has been accrued in the General and School Funds. No liability has been recorded for estimated unreported claims. The amount of estimated unreported claims is not expected to be significant.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

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NOTE 15—SELF INSURANCE/RISK MANAGEMENT: (CONTINUED)

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Property and Casualty Insurance:

The County contracts with the Virginia Association of Counties Group Self Insurance Risk Pool (VACORP) and the School Board contracts with School Systems of Virginia to provide workers compensation insurance coverage. In the event of a loss deficit and depletion of all assets and available insurance of the Pools, the Pools may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The School Board contracts with private insurance carriers for property damage, employee crime and dishonesty and general liability coverage. The property coverage value amounts are for specific amounts based on values assigned to the insured properties. Liability coverage is \$10,000,000.

The County contracts with the Virginia Association of Counties for property, employee crime and dishonesty, general liability, public officials and law enforcement liability coverage. This program is similar to the Virginia Municipal Group Self Insurance Association as described above. Liability coverage is \$4,000,000.

Other:

The County has had no reductions in insurance coverage or settlements in excess of insurance coverage for the past three fiscal years.

NOTE 16—SURETY BONDS:

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The following County officials are covered by surety bonds in the following amounts:

Virginia Department of Risk Management:	
Jon Zug, Clerk of the Circuit Court	\$ 3,000,000
Betty J. Burrell, Director of Finance	750,000
J.E. "Chip" Harding, Sheriff	30,000
Director of Finance and Subordinate Employees—Blanket Bond	500,000
United States Fidelity and Guaranty Company - Surety:	
Clerk of the School Board	10,000
Deputy Clerk of the School Board	10,000
Virginia Association of Counties:	
All County Employees,	
Clerk of the Circuit Court, County Executive and Board of Supervisors—Blanket Bond	500,000

**NOTE 17—ACCRUED LANDFILL COSTS:**

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In 1991 the County transferred its share of the joint City-County landfill operations and the related assets and liabilities (including post-closure care and corrective account costs) to the Rivanna Solid Waste Authority. During the fiscal year ended June 30, 2005 the City and County entered in a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs that the Rivanna Solid Waste Authority may not have the financial resources to pay. Although the County has entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality has no legal recourse against the County under this guarantee. The Rivanna Solid Waste Authority has the taxing authority to levy a utility tax on each parcel of real estate in the City and County to generate revenue to pay the post-closure care and corrective actions costs.

The County's percentage of shared costs pursuant to the Agreement is 64.5%. The estimated share of the County's post-closure care and corrective action costs is \$3,823,115. During the fiscal year ended June 30, 2016, the County paid \$367,549 to the Rivanna Solid Waste Authority under the terms and contributions of the Cost Sharing Agreement.

**NOTE 18—OTHER POSTEMPLOYMENT BENEFITS:**

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**A. Plan Description**

The Albemarle County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits.

To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement.

The plan is administered by the County and does not have a separate financial report.

**B. Funding Policy**

The Albemarle County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or APC. The estimated cost for OPEB benefits is \$1,246,000 for the County and \$3,033,000 for the Component Unit School Board for fiscal year 2016. The County and School Board have elected not to pre-fund OPEB liabilities. The County and School Board are required to contribute the annual required contribution of the employer (APC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The APC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 1,299,000	\$ 3,104,000
Interest on net OPEB obligation	192,000	258,000
Adjustment to annual required contribution	(245,000)	(329,000)
Annual OPEB cost (expense)	<u>\$ 1,246,000</u>	<u>\$ 3,033,000</u>
Contributions made	398,000	1,206,000
Increase (decrease) in net OPEB obligation	<u>\$ 848,000</u>	<u>\$ 1,827,000</u>
Net OPEB obligation - beginning of year	<u>5,480,000</u>	<u>7,364,000</u>
Net OPEB obligation - end of year	<u><u>\$ 6,328,000</u></u>	<u><u>\$ 9,191,000</u></u>

Annual OPEB Cost. For 2016, the County's expected cash payment of \$398,000 and School Board's expected cash payment of \$1,206,000 are less than the OPEB cost (expense) of \$1,246,000 and \$3,033,000 respectively and were \$848,000 and \$1,827,000 short of the APC. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

Fiscal Year Ended	Primary Government			
	Annual OPEB Cost (APC)	Estimated Contribution	Percentage of APC Contributed	Net OPEB Obligation
June 30, 2016	\$ 1,246,000	\$ 398,000	32%	\$ 6,328,000
June 30, 2015	1,129,000	500,000	44%	5,480,000
June 30, 2014	1,067,000	458,000	43%	4,851,000

Fiscal Year Ended	Component Unit School Board			
	Annual OPEB Cost (APC)	Estimated Contribution	Percentage of APC Contributed	Net OPEB Obligation
June 30, 2016	\$ 3,033,000	\$ 1,206,000	40%	\$ 9,191,000
June 30, 2015	3,029,000	1,857,000	61%	7,364,000
June 30, 2014	2,871,000	1,687,000	59%	6,192,000

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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B. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015 is as follows:

Actuarial accrued liability (AAL)	\$	42,861,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		42,861,000
Funded ratio (actuarial value of plan assets/AAL)		-
Covered payroll (active plan members)		134,249,396
UAAL as a percentage of covered payroll		31.93%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

C. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Cost Method

The valuation uses the projected unit credit method, with linear pro-ratio to assumed benefit commencement.

Coverage Status and Age of Spouse

Actual medical coverage status was used in the valuation. Females are assumed to be 3 years younger than male spouses. Employees with individual coverage are assumed to elect individual coverage at retirement while those with family / spouse coverage are assumed to continue family / spouse coverage at retirement. All of the active participants who are eligible to retire under the County's Voluntary Early Retirement Incentive Program (VERIP) will take the flat dollar subsidy, which for FY 16 is \$8,388. The VERIP Subsidy is assumed to increase at a flat rate of 3% per year. It is assumed that 50% of active employees currently enrolled in the County's health care plan will continue in the plan upon retiring from active service. Medical and prescription drugs are assumed to increase at rates ranging from 7% in FY 17 to 6.1% in FY 26.

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

C. Actuarial Methods and Assumptions

Coverage Status and Age of Spouse: (Continued)

The assumptions and calculations are based on the past three years of premium rates at the time of the valuation and the sharing of costs between the employer and plan members.

	Percentage
Discount rate	3.50%
Payroll Growth	4.00%
Inflation rate	3.00%
Investment return	4.00%
VERIP increase	3.00%

The unfunded liability is amortized over a closed, 22 year period (determined at actuarial dates) as a level percentage of payroll.

*Medical Trend Assumption*

Based on the Society of Actuaries Long-Run Medical Cost Trend Model, as revised November 15, 1.6 GDP Trends for the next ten years are as follows:

Fiscal Year Ended	Percentage	Fiscal Year Ended	Percentage
2017	6.00%	2022	6.20%
2018	6.40%	2023	6.10%
2019	6.40%	2024	6.10%
2020	6.20%	2025	6.10%
2021	6.20%	2026	6.10%



COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

C. Actuarial Methods and Assumptions: (Continued)

The following chart shows explicit costs, total medical costs, and drug costs between pre and post medicare as well as single and family coverage:

<u>Total costs</u>	<u>Single</u>	<u>Family</u>
1. Explicit Costs		
a. Pre-medicare	\$ 9,762	\$ 11,910
b. Medicare age	-	-
2. Total Medical Costs		
a. Under 50	\$ 5,691	\$ 11,497
b. Age 50-54	6,775	13,686
c. Age 55-59	7,818	15,792
d. Age 60-64	9,277	18,740
e. Over Age 65	-	-
2. Total Drug Costs		
a. Under 50	\$ 1,549	\$ 3,129
b. Age 50-54	1,974	3,987
c. Age 55-59	2,338	4,724
d. Age 60-64	2,672	5,398
e. Over Age 65	-	-

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2016 (Continued)

NOTE 19—CONSTRUCTION AND OTHER COMMITMENTS:

At June 30, 2016 the County has several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended To date	Balance
Firearms Regional Training Center	\$ 4,676,569	\$ 4,627,329	\$ 49,240
Red Hill Elementary School Roof Replacement	2,293,600	199,265	2,094,335
Other construction projects	14,287,540	10,735,025	3,552,515
Total	<u>\$ 21,257,709</u>	<u>\$ 15,561,619</u>	<u>\$ 5,696,090</u>

NOTE 20—NET POSITION RESTATEMENT:

Net Position amounts were restated as of July 1, 2015 as follows:

	Component Unit School Board
Net position, beginning of year, as previously reported	\$ (76,288,352)
Changes in proportionate share of employer contributions and proportionate share of contributions - not recorded	<u>1,739,000</u>
Net position, beginning of year, as restated	<u>\$ (74,549,352)</u>

NOTE 21—SUBSEQUENT EVENT:

On November 8, 2016 the Albemarle County voters approved support for a bond referendum that will allow the County to borrow as much as \$35 million for school improvement projects.

**REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 160,638,316	\$ 160,638,316	\$ 166,478,084	\$ 5,839,768
Other local taxes	45,150,532	45,150,532	47,052,041	1,901,509
Permits, privilege fees and regulatory licenses	2,272,183	2,272,183	2,644,472	372,289
Fines and forfeitures	625,819	625,819	472,385	(153,434)
Use of money and property	1,106,246	1,106,246	1,234,096	127,850
Charges for services	1,732,627	1,732,627	1,713,124	(19,503)
Miscellaneous	213,434	342,443	287,852	(54,591)
Recovered costs	300,109	300,109	353,161	53,052
Intergovernmental:				
Contribution from School Board	1,873,309	1,873,309	1,212,298	(661,011)
Commonwealth	28,081,399	28,110,503	27,704,450	(406,053)
Federal Government	4,806,650	4,918,404	6,007,767	1,089,363
Total revenues	<u>\$ 246,800,624</u>	<u>\$ 247,070,491</u>	<u>\$ 255,159,730</u>	<u>\$ 8,089,239</u>
<b>Expenditures</b>				
Current:				
General Government Administration				
Board of supervisors	\$ 677,917	\$ 726,888	\$ 686,818	\$ 40,070
County executive	1,268,251	1,284,866	1,231,540	53,326
Human resources	617,379	696,096	688,228	7,868
County attorney	1,057,886	1,081,286	1,077,640	3,646
Finance	5,072,152	5,092,728	4,815,813	276,915
Management and budget	407,135	417,450	412,072	5,378
Information technology	2,914,390	2,955,515	2,748,750	206,765
Voter registration	661,913	683,391	605,505	77,886
Other general government	172,000	172,000	95,936	76,064
Total general government administration	<u>\$ 12,849,023</u>	<u>\$ 13,110,220</u>	<u>\$ 12,362,302</u>	<u>\$ 747,918</u>
Judicial Administration				
Circuit court	\$ 102,411	\$ 102,411	\$ 94,727	\$ 7,684
General district court	40,488	40,488	25,158	15,330
Magistrate	4,650	4,650	3,469	1,181
Juvenile and domestic relations court	116,296	123,296	123,296	-
Clerk of the circuit court	863,108	886,716	845,880	40,836
Sheriff	2,343,429	2,378,617	2,334,690	43,927
Commonwealth attorney	1,353,324	1,360,481	1,219,963	140,518
Total judicial administration	<u>\$ 4,823,706</u>	<u>\$ 4,896,659</u>	<u>\$ 4,647,183</u>	<u>\$ 249,476</u>
Public Safety				
Police department	\$ 17,400,218	\$ 17,517,740	\$ 16,844,562	\$ 673,178
E-911 service	2,263,654	2,263,654	2,263,654	-
Regional jail	3,587,234	3,621,147	3,500,822	120,325
Inspections	1,372,968	1,393,278	1,364,251	29,027
Contributions - various	1,645,710	1,645,886	1,582,075	63,811
Total public safety	<u>\$ 26,269,784</u>	<u>\$ 26,441,705</u>	<u>\$ 25,555,364</u>	<u>\$ 886,341</u>
Public Works				
General services	\$ 211,142	\$ 195,093	\$ 195,093	\$ -
Sanitation and waste removal	611,100	611,100	429,828	181,272
Maintenance of buildings and grounds	4,104,357	4,209,812	3,719,413	490,399
Total public works	<u>\$ 4,926,599</u>	<u>\$ 5,016,005</u>	<u>\$ 4,344,334</u>	<u>\$ 671,671</u>

Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Expenditures (Continued)</b>				
Health and Welfare				
Family Services	\$ 1,132,065	\$ 1,130,610	\$ 1,109,137	\$ 21,473
Contribution human development	4,771,643	4,832,135	4,728,599	103,536
Social services	10,944,244	11,044,252	10,759,114	285,138
Total health and welfare	<u>\$ 16,847,952</u>	<u>\$ 17,006,997</u>	<u>\$ 16,596,850</u>	<u>\$ 410,147</u>
Education				
Appropriation to public school system	\$ 115,734,384	\$ 118,213,622	\$ 116,589,655	\$ 1,623,967
Community college	23,510	23,510	23,510	-
Total education	<u>\$ 115,757,894</u>	<u>\$ 118,237,132</u>	<u>\$ 116,613,165</u>	<u>\$ 1,623,967</u>
Parks, Recreation and Cultural				
Parks and recreation	\$ 2,392,704	\$ 2,411,649	\$ 2,345,461	\$ 66,188
Towe park	174,037	174,037	149,266	24,771
Regional library	4,040,320	4,040,320	4,033,010	7,310
Miscellaneous contributions	842,933	842,933	842,933	-
Total parks, recreation and cultural	<u>\$ 7,449,994</u>	<u>\$ 7,468,939</u>	<u>\$ 7,370,670</u>	<u>\$ 98,269</u>
Community Development				
Planning and community development	\$ 4,613,495	\$ 4,604,290	\$ 4,286,128	\$ 318,162
Housing	492,091	614,591	588,146	26,445
Contributions to other agencies	1,548,865	1,641,865	1,641,865	-
Revenue sharing agreement - City of Charlottesville	16,058,668	16,058,668	16,058,668	-
Soil and Water Conservation District	105,582	105,582	103,026	2,556
Cooperative extension program	192,968	192,968	191,832	1,136
Economic development	352,235	469,276	415,384	53,892
Total community development	<u>\$ 23,363,904</u>	<u>\$ 23,687,240</u>	<u>\$ 23,285,049</u>	<u>\$ 402,191</u>
Contingencies				
Total contingencies	<u>\$ 1,781,910</u>	<u>\$ 1,277,017</u>	<u>\$ 632,799</u>	<u>\$ 644,218</u>
Total expenditures	<u>\$ 214,070,766</u>	<u>\$ 217,141,914</u>	<u>\$ 211,407,716</u>	<u>\$ 5,734,198</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 32,729,858</u>	<u>\$ 29,928,577</u>	<u>\$ 43,752,014</u>	<u>\$ 13,823,437</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 4,019,506	\$ 8,890,011	\$ 2,654,988	\$ (6,235,023)
Transfers (out)	<u>(36,749,364)</u>	<u>(38,818,588)</u>	<u>(38,329,439)</u>	<u>489,149</u>
Total other financing sources (uses)	<u>\$ (32,729,858)</u>	<u>\$ (29,928,577)</u>	<u>\$ (35,674,451)</u>	<u>\$ (5,745,874)</u>
Net change in fund balance	\$ -	\$ -	\$ 8,077,563	\$ 8,077,563
Fund balance, beginning of year	-	-	39,855,507	39,855,507
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,933,070</u>	<u>\$ 47,933,070</u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 Years Ended June 30, 2016 and 2015

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 794,863	\$ 828,627
Interest	1,817,237	1,720,625
Differences between expected and actual experience	177,527	-
Benefit payments, including refunds of employee contributions	<u>(1,185,865)</u>	<u>(1,152,293)</u>
<b>Net change in total pension liability</b>	<b>\$ 1,603,762</b>	<b>\$ 1,396,959</b>
<b>Total pension liability - beginning</b>	<b>26,553,464</b>	<b>25,156,505</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 28,157,226</u></b>	<b><u>\$ 26,553,464</u></b>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 504,909	\$ 748,757
Contributions - employee	318,408	395,722
Net investment income	1,171,563	3,512,738
Benefit payments, including refunds of employee contributions	(1,185,865)	(1,152,293)
Administrative expense	(16,163)	(18,770)
Other	<u>(247)</u>	<u>185</u>
<b>Net change in plan fiduciary net position</b>	<b>\$ 792,605</b>	<b>\$ 3,486,339</b>
<b>Plan fiduciary net position - beginning</b>	<b>25,747,225</b>	<b>22,260,886</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 26,539,830</u></b>	<b><u>\$ 25,747,225</u></b>
 <b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 1,617,396</b>	<b>\$ 806,239</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>94.26%</b>	<b>96.96%</b>
 <b>Covered payroll</b>	<b>\$ 6,461,738</b>	<b>\$ 7,956,214</b>
 <b>School Division's net pension liability as a percentage of covered payroll</b>	<b>25.03%</b>	<b>10.13%</b>

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Proportionate Share of the Net Pension Liability  
 For the Years Ended June 30, 2016 and 2015

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
<b>Primary Government - County Retirement Plan</b>					
2015	93.37%	\$ 29,012,729	\$ 37,323,375	75.41%	81.12%
2014	93.42%	26,490,296	36,352,047	70.98%	81.67%
<b>Component Unit School Board (professional)</b>					
2015	1.1100%	139,474,000	85,955,205	162.26%	n/a
2014	1.1100%	134,516,000	82,923,869	162.22%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions  
Last Ten Fiscal Years

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2016	\$ 5,190,111	\$ 5,190,111	\$ -	\$ 38,473,766	13.49%
2015	5,034,924	5,034,924	-	37,323,375	13.49%
2014	5,085,651	5,085,651	-	36,352,047	13.99%
2013	4,784,341	4,784,341	-	34,198,294	13.99%
2012	3,158,369	3,158,369	-	31,147,626	10.14%
2011	3,164,831	3,164,831	-	31,211,356	10.14%
2010	2,733,110	2,733,110	-	32,003,634	8.54%
2009	2,837,156	2,837,156	-	33,221,957	8.54%
2008	2,700,241	2,700,241	-	32,031,323	8.43%
2007	2,333,922	2,333,922	-	29,320,625	8.43%
<b>Component Unit School Board (nonprofessional)</b>					
2016	\$ 506,176	\$ 506,176	\$ -	\$ 6,439,895	7.86%
2015	507,893	507,893	-	6,461,738	7.86%
2014	751,862	751,862	-	7,656,216	9.45%
2013	729,110	729,110	-	7,715,450	9.45%
2012	483,907	483,907	-	7,467,701	6.48%
2011	460,754	460,754	-	7,110,405	6.48%
2010	445,174	445,174	-	7,215,140	6.17%
2009	455,948	455,948	-	7,389,761	6.17%
2008	492,888	492,888	-	7,227,101	6.82%
2007	473,302	473,302	-	6,339,909	6.82%
<b>Component Unit School Board (professional)</b>					
2016	\$ 12,085,302	\$ 12,085,302	\$ -	\$ 85,955,205	14.06%
2015	12,023,961	12,023,961	-	82,923,869	14.50%
2014	13,563,583	13,563,583	-	81,425,849	11.66%
2013	13,128,045	13,128,045	-	78,799,790	11.66%
2012	4,671,000	4,671,000	-	73,791,472	6.33%
2011	2,872,887	2,872,887	-	73,101,461	3.93%
2010	4,688,633	4,688,633	-	75,118,352	8.81%
2009	6,547,942	6,547,942	-	74,323,975	8.81%
2008	7,423,868	7,423,868	-	72,076,389	10.30%
2007	6,358,702	6,358,702	-	69,116,323	9.20%

Current year contributions are from Contributions and School Board records and prior year contributions are from the VRS actuarial valuation performed each year.



Schedule of OPEB Funding Progress

Last Three Fiscal Years

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County and School Board - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll *	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2015	\$ -	\$ 42,861,000	\$ 42,861,000	0.00%	\$ 134,249,396	31.93%
6/30/2014	-	38,750,000	38,750,000	0.00%	134,249,396	28.86%
6/30/2013	-	36,374,000	36,374,000	0.00%	134,249,396	27.09%

\* Information provided by the Department of Finance

Notes to Required Supplementary Information  
Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan member for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced duty benefits. Because this was a new benefit and the number of new participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 At June 30, 2016

	Special Revenue	Storm Water Control Fund	Total
<b>Assets</b>			
Cash and investments	\$ 3,943,630	\$ 2,095,691	\$ 6,039,321
Receivables, (net of allowance for uncollectibles) - Note 4	164,299	176	164,475
Due from other governments - Note 5	1,881,189	-	1,881,189
<b>Total assets</b>	<b>\$ 5,989,118</b>	<b>\$ 2,095,867</b>	<b>\$ 8,084,985</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,487,740	\$ 6,497	\$ 1,494,237
<b>Total liabilities</b>	<b>\$ 1,487,740</b>	<b>\$ 6,497</b>	<b>\$ 1,494,237</b>
<b>Fund Balance</b>			
Restricted:			
Grant compliance	\$ 1,966,148	-	\$ 1,966,148
Committed:			
Stormwater projects	-	2,089,370	2,089,370
Special revenue	2,535,230	-	2,535,230
<b>Total fund balance</b>	<b>\$ 4,501,378</b>	<b>\$ 2,089,370</b>	<b>\$ 6,590,748</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,989,118</b>	<b>\$ 2,095,867</b>	<b>\$ 8,084,985</b>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2016

	Special Revenue	Debt Service	Storm Water Control	Total
<b>Revenues</b>				
Other local taxes	\$ 1,683,892	\$ -	\$ -	\$ 1,683,892
Permits, privilege fees and regulatory licenses	145,859	-	-	145,859
Use of money and property	81,944	175,238	6,447	263,629
Charges for services	1,973,075	-	26,350	1,999,425
Miscellaneous	38,220	-	-	38,220
Recovered costs	60,858	-	-	60,858
Intergovernmental:			-	
Contribution from School Board	2,090,806	-	-	2,090,806
Revenue from the Commonwealth	7,541,543	107,597	39,654	7,688,794
Revenue from the Federal Government	3,879,123	79,220	-	3,958,343
<b>Total revenues</b>	<b>\$ 17,495,320</b>	<b>\$ 362,055</b>	<b>\$ 72,451</b>	<b>\$ 17,929,826</b>
<b>Expenditures</b>				
Current:				
Judicial administration	\$ 1,006,904	\$ -	\$ -	\$ 1,006,904
Public safety	14,197,582	-	-	14,197,582
Public works	47,684	-	-	47,684
Health and Welfare	11,176,729	-	-	11,176,729
Community Development	3,107,743	-	-	3,107,743
Debt service:				
Principal payments	-	12,463,533	-	12,463,533
Interest and fiscal charges	-	7,417,869	-	7,417,869
Capital projects	-	-	264,367	264,367
<b>Total expenditures</b>	<b>\$ 29,536,642</b>	<b>\$ 19,881,402</b>	<b>\$ 264,367</b>	<b>\$ 49,682,411</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (12,041,322)</b>	<b>\$ (19,519,347)</b>	<b>\$ (191,916)</b>	<b>\$ (31,752,585)</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 17,859,080	\$ 19,519,347	\$ 228,614	\$ 37,607,041
Transfers (out)	(3,549,820)	-	-	(3,549,820)
<b>Total other financing sources (uses)</b>	<b>\$ 14,309,260</b>	<b>\$ 19,519,347</b>	<b>\$ 228,614</b>	<b>\$ 34,057,221</b>
<b>Net change in fund balance</b>	<b>\$ 2,267,938</b>	<b>\$ -</b>	<b>\$ 36,698</b>	<b>\$ 2,304,636</b>
<b>Fund balance, beginning of year</b>	<b>2,233,440</b>	<b>-</b>	<b>2,052,672</b>	<b>4,286,112</b>
<b>Fund balance, end of year</b>	<b>\$ 4,501,378</b>	<b>\$ -</b>	<b>\$ 2,089,370</b>	<b>\$ 6,590,748</b>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 At June 30, 2016

	<u>Federal/ State Grants Fund</u>	<u>Fire Rescue Services Fund</u>	<u>Water Resources Fund</u>	<u>Courthouse Maintenance Fund</u>	<u>Stream Buffer Fund</u>	<u>Tourism Fund</u>	<u>Old Crozet School Fund</u>	<u>Total</u>
<b>Assets</b>								
Cash and investments	\$ 1,333,622	\$ 1,092,969	\$ 1,064,781	\$ 6,774	\$ 3,063	\$ 373,786	\$ 68,635	\$ 3,943,630
Receivables, (net of allowance for uncollectibles) - Note 4	5,969	155,515	-	2,815	-	-	-	164,299
Due from other governments - Note 5	<u>1,881,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,881,189</u>
Total assets	<u>\$ 3,220,780</u>	<u>\$ 1,248,484</u>	<u>\$ 1,064,781</u>	<u>\$ 9,589</u>	<u>\$ 3,063</u>	<u>\$ 373,786</u>	<u>\$ 68,635</u>	<u>\$ 5,989,118</u>
<b>Liabilities</b>								
Accounts payable and accrued liabilities	<u>\$ 1,254,632</u>	<u>\$ 231,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276</u>	<u>\$ 1,487,740</u>
Total liabilities	<u>\$ 1,254,632</u>	<u>\$ 231,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276</u>	<u>\$ 1,487,740</u>
<b>Fund Balance</b>								
Restricted:								
Grant compliance	\$ 1,966,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,966,148
Committed:								
Special revenue	<u>-</u>	<u>1,016,652</u>	<u>1,064,781</u>	<u>9,589</u>	<u>3,063</u>	<u>373,786</u>	<u>67,359</u>	<u>2,535,230</u>
Total fund balance	<u>\$ 1,966,148</u>	<u>\$ 1,016,652</u>	<u>\$ 1,064,781</u>	<u>\$ 9,589</u>	<u>\$ 3,063</u>	<u>\$ 373,786</u>	<u>\$ 67,359</u>	<u>\$ 4,501,378</u>
Total liabilities and fund balance	<u>\$ 3,220,780</u>	<u>\$ 1,248,484</u>	<u>\$ 1,064,781</u>	<u>\$ 9,589</u>	<u>\$ 3,063</u>	<u>\$ 373,786</u>	<u>\$ 68,635</u>	<u>\$ 5,989,118</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year Ended June 30, 2016

	Federal/ State Grants Fund	Fire Rescue Services Fund	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	1,683,892	\$ -	1,683,892
Permits, privilege fees and regulatory licenses	-	113,260	-	32,599	-	-	-	145,859
Use of money and property	705	2,773	-	-	-	-	78,466	81,944
Charges for services	-	1,973,075	-	-	-	-	-	1,973,075
Miscellaneous	26,525	11,695	-	-	-	-	-	38,220
Recovered costs	45,419	15,439	-	-	-	-	-	60,858
Intergovernmental:								
Contribution from School Board	2,090,806	-	-	-	-	-	-	2,090,806
Revenue from the Commonwealth	7,138,358	403,185	-	-	-	-	-	7,541,543
Revenue from the Federal Government	3,879,123	-	-	-	-	-	-	3,879,123
<b>Total revenues</b>	<b>\$ 13,180,936</b>	<b>\$ 2,519,427</b>	<b>\$ -</b>	<b>\$ 32,599</b>	<b>\$ -</b>	<b>\$ 1,683,892</b>	<b>\$ 78,466</b>	<b>\$ 17,495,320</b>
<b>Expenditures</b>								
<b>Current:</b>								
Judicial administration	\$ 1,006,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,006,904
Public safety	632,049	13,565,533	-	-	-	-	-	14,197,582
Public works	-	-	-	-	-	-	47,684	47,684
Health and Welfare	11,176,729	-	-	-	-	-	-	11,176,729
Community Development	3,107,743	-	-	-	-	-	-	3,107,743
<b>Total expenditures</b>	<b>\$ 15,923,425</b>	<b>\$ 13,565,533</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,684</b>	<b>\$ 29,536,642</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (2,742,489)</b>	<b>\$ (11,046,106)</b>	<b>\$ -</b>	<b>\$ 32,599</b>	<b>\$ -</b>	<b>\$ 1,683,892</b>	<b>\$ 30,782</b>	<b>\$ (12,041,322)</b>
<b>Other financing sources (uses)</b>								
Transfers in	\$ 3,930,242	\$ 12,796,710	\$ 1,132,128	\$ -	\$ -	\$ -	\$ -	17,859,080
Transfers (out)	(271,368)	(733,952)	(680,020)	(35,700)	-	(1,828,780)	-	(3,549,820)
<b>Total other financing sources (uses)</b>	<b>\$ 3,658,874</b>	<b>\$ 12,062,758</b>	<b>\$ 452,108</b>	<b>\$ (35,700)</b>	<b>\$ -</b>	<b>\$ (1,828,780)</b>	<b>\$ -</b>	<b>\$ 14,309,260</b>
<b>Net change in fund balance</b>	<b>\$ 916,385</b>	<b>\$ 1,016,652</b>	<b>\$ 452,108</b>	<b>\$ (3,101)</b>	<b>\$ -</b>	<b>\$ (144,888)</b>	<b>\$ 30,782</b>	<b>\$ 2,267,938</b>
<b>Fund balance, beginning of year</b>	<b>1,049,763</b>	<b>-</b>	<b>612,673</b>	<b>12,690</b>	<b>3,063</b>	<b>518,674</b>	<b>36,577</b>	<b>2,233,440</b>
<b>Fund balance, end of year</b>	<b>\$ 1,966,148</b>	<b>\$ 1,016,652</b>	<b>\$ 1,064,781</b>	<b>\$ 9,589</b>	<b>\$ 3,063</b>	<b>\$ 373,786</b>	<b>\$ 67,359</b>	<b>\$ 4,501,378</b>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 Year Ended June 30, 2016

	Debt Service		
	General	School	Total
<b>Revenues</b>			
Use of money and property	\$ -	\$ 175,238	\$ 175,238
Intergovernmental:			
Revenue from the Commonwealth	-	107,597	107,597
Revenue from the Federal government	-	79,220	79,220
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ 362,055</u>	<u>\$ 362,055</u>
<b>Expenditures</b>			
Debt service:			
Principal payments	\$ 3,595,640	\$ 8,867,893	\$ 12,463,533
Interest and fiscal charges	<u>2,934,185</u>	<u>4,483,684</u>	<u>7,417,869</u>
<b>Total expenditures</b>	<u>\$ 6,529,825</u>	<u>\$ 13,351,577</u>	<u>\$ 19,881,402</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (6,529,825)</u>	<u>\$ (12,989,522)</u>	<u>\$ (19,519,347)</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>\$ 6,529,825</u>	<u>\$ 12,989,522</u>	<u>\$ 19,519,347</u>
<b>Total other financing sources (uses)</b>	<u>\$ 6,529,825</u>	<u>\$ 12,989,522</u>	<u>\$ 19,519,347</u>
<b>Net change in fund balance</b>	\$ -	\$ -	\$ -
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



Combining Statement of Net Position  
 Internal Service Funds  
 At June 30, 2016

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Assets</b>							
Current assets:							
Cash and investments	\$ 8,133,262	\$ 704,084	\$ 2,585	\$ 14,077	\$ 186,695	\$ 291,131	\$ 9,331,834
Accounts receivable	-	3,624	1,107	308	-	-	5,039
<b>Total assets</b>	<b>\$ 8,133,262</b>	<b>\$ 707,708</b>	<b>\$ 3,692</b>	<b>\$ 14,385</b>	<b>\$ 186,695</b>	<b>\$ 291,131</b>	<b>\$ 9,336,873</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 60,475	\$ 10,234	\$ 3,692	\$ 11,494	\$ 908	\$ 74,517	\$ 161,320
Claims payable:							
Due within one year	152,549	107,287	-	-	-	-	259,836
Due in more than one year	1,945,302	-	-	-	-	-	1,945,302
<b>Total liabilities</b>	<b>\$ 2,158,326</b>	<b>\$ 117,521</b>	<b>\$ 3,692</b>	<b>\$ 11,494</b>	<b>\$ 908</b>	<b>\$ 74,517</b>	<b>\$ 2,366,458</b>
<b>Net position</b>							
Unrestricted	5,974,936	590,187	-	2,891	185,787	216,614	6,970,415
<b>Total liabilities and net position</b>	<b>\$ 8,133,262</b>	<b>\$ 707,708</b>	<b>\$ 3,692</b>	<b>\$ 14,385</b>	<b>\$ 186,695</b>	<b>\$ 291,131</b>	<b>\$ 9,336,873</b>

Combining Statement of Revenues, Expenses and  
Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2016

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Operating revenues</b>							
Charges for services, net	\$ 31,676,132	\$ 1,672,045	\$ 74,831	\$ 901,100	\$ 509,971	\$ 1,083,825	\$ 35,917,904
<b>Operating expenses</b>							
Benefits and related expenses	\$ 30,859,391	\$ 1,548,721	-	\$ 868,454	-	-	\$ 33,276,566
Services and supplies	-	-	74,831	32,646	324,184	985,011	1,416,672
Total operating expenses	\$ 30,859,391	\$ 1,548,721	\$ 74,831	\$ 901,100	\$ 324,184	\$ 985,011	\$ 34,693,238
Operating income (loss)	\$ 816,741	\$ 123,324	-	-	\$ 185,787	\$ 98,814	\$ 1,224,666
<b>Nonoperating revenues (expenses)</b>							
Interest income	20,139	1,847	-	-	-	1,807	23,793
Change in net position	\$ 836,880	\$ 125,171	-	-	\$ 185,787	\$ 100,621	\$ 1,248,459
Net position, beginning of year	5,138,056	465,016	-	2,891	-	115,993	5,721,956
Net position, end of year	\$ 5,974,936	\$ 590,187	-	\$ 2,891	\$ 185,787	\$ 216,614	\$ 6,970,415

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2016

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Cash flows from operating activities</b>							
Receipts from insured	\$ 31,814,578	\$ 1,676,186	\$ -	\$ -	\$ -	\$ -	\$ 33,490,764
Receipts from services	-	-	74,900	900,792	509,971	1,083,825	2,569,488
Payments to suppliers	(31,088,386)	(1,573,576)	(80,137)	(900,356)	(323,276)	(911,005)	(34,876,736)
Net cash provided by (used for) operating activities	\$ 726,192	\$ 102,610	\$ (5,237)	\$ 436	\$ 186,695	\$ 172,820	\$ 1,183,516
<b>Cash flows from investing activities</b>							
Interest income	\$ 20,139	\$ 1,847	\$ -	\$ -	\$ -	\$ 1,807	\$ 23,793
Net increase (decrease) in cash and cash equivalents	\$ 746,331	\$ 104,457	\$ (5,237)	\$ 436	\$ 186,695	\$ 174,627	\$ 1,207,309
Cash and cash equivalents, beginning of year	7,386,931	599,627	7,822	13,641	-	116,504	8,124,525
Cash and cash equivalents, end of year	\$ 8,133,262	\$ 704,084	\$ 2,585	\$ 14,077	\$ 186,695	\$ 291,131	\$ 9,331,834
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>							
Operating income (loss)	\$ 816,741	\$ 123,324	\$ -	\$ -	\$ 185,787	\$ 98,814	\$ 1,224,666
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Change in assets and liabilities:							
Receivables, net	138,446	4,141	69	(308)	-	-	142,348
Accounts payable and accrued liabilities	56,803	564	(5,306)	744	908	74,006	127,719
Claims payable	(285,798)	(25,419)	-	-	-	-	(311,217)
Net cash provided by (used for) operating activities	\$ 726,192	\$ 102,610	\$ (5,237)	\$ 436	\$ 186,695	\$ 172,820	\$ 1,183,516

Combining Statement of Fiduciary Net Position  
 Private Purpose Trust Funds  
 At June 30, 2016

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Funds	Proffer Trust Fund	Total
<b>Assets</b>							
Cash and investments	\$ -	\$ 12,482	\$ 83,974	\$ 59,322	\$ 68,456	\$ 4,796,963	\$ 5,021,197
Investments with trustee	282,880	-	-	-	-	-	282,880
Accounts receivable	-	-	-	-	63	79,831	79,894
<b>Total assets</b>	<u>\$ 282,880</u>	<u>\$ 12,482</u>	<u>\$ 83,974</u>	<u>\$ 59,322</u>	<u>\$ 68,519</u>	<u>\$ 4,876,794</u>	<u>\$ 5,383,971</u>
<b>Net Position</b>	<u>\$ 282,880</u>	<u>\$ 12,482</u>	<u>\$ 83,974</u>	<u>\$ 59,322</u>	<u>\$ 68,519</u>	<u>\$ 4,876,794</u>	<u>\$ 5,383,971</u>

Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
Year Ended June 30, 2016

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Fund	Proffer Trust Fund	Total
<b>Additions</b>							
Investment earnings (losses)	\$ (8,726)	\$ 38	\$ 254	\$ 44,509	\$ 21,455	\$ 15,320	\$ 72,850
Proffers	-	-	-	-	-	1,051,326	1,051,326
Total additions	\$ (8,726)	\$ 38	\$ 254	\$ 44,509	\$ 21,455	\$ 1,066,646	\$ 1,124,176
<b>Deductions</b>							
General	\$ 13,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,405
Contributions	-	-	-	-	-	912,129	912,129
Total deductions	\$ 13,405	\$ -	\$ -	\$ -	\$ -	\$ 912,129	\$ 925,534
Change in net position	\$ (22,131)	\$ 38	\$ 254	\$ 44,509	\$ 21,455	\$ 154,517	\$ 198,642
Net position, beginning of year	305,011	12,444	83,720	14,813	47,064	4,722,277	5,185,329
Net position, end of year	\$ 282,880	\$ 12,482	\$ 83,974	\$ 59,322	\$ 68,519	\$ 4,876,794	\$ 5,383,971

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Fiduciary Net Position

Agency Funds

At June 30, 2016

	Special Welfare Fund	Drug Fund	Payroll Suspense Fund	HUD Family Self Sufficiency Fund	County Contribution Fund	Ace Contribution Fund	Firearms Range Operating Fund	CATEC Fund
<b>Assets</b>								
Cash and investments	\$ 38,934	\$ 131,900	\$ 642,708	\$ 24,127	\$ 34,175	\$ 20,407	\$ (372)	\$ (314,812)
Accounts receivable	-	-	12,086	-	100	-	4,960	440,390
Total assets	<u>\$ 38,934</u>	<u>\$ 131,900</u>	<u>\$ 654,794</u>	<u>\$ 24,127</u>	<u>\$ 34,275</u>	<u>\$ 20,407</u>	<u>\$ 4,588</u>	<u>\$ 125,578</u>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ 654,794	\$ -	\$ -	\$ -	\$ 4,588	\$ 125,578
Amounts held for others	38,934	131,900	-	24,127	34,275	20,407	-	-
Total liabilities	<u>\$ 38,934</u>	<u>\$ 131,900</u>	<u>\$ 654,794</u>	<u>\$ 24,127</u>	<u>\$ 34,275</u>	<u>\$ 20,407</u>	<u>\$ 4,588</u>	<u>\$ 125,578</u>

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<u>Appeal</u> <u>Bond</u> <u>Fund</u>	<u>Sheriff</u> <u>Reserve</u> <u>Fund</u>	<u>Performance</u> <u>Bond</u> <u>Fund</u>	<u>Natural</u> <u>Heritage</u> <u>Fund</u>	<u>Economic</u> <u>Development</u> <u>Authority</u> <u>Fund</u>	<u>Commonwealth</u> <u>Attorney</u> <u>Commission</u> <u>Fund</u>	<u>Public</u> <u>Recreation</u> <u>Facility</u> <u>Authority</u>	<u>Courts</u> <u>Escrow</u> <u>Fund</u>	<u>Total</u>
\$ 4,500	\$ 1,584	\$ 7,142,810	\$ 1,089	\$ 282,787	\$ 195,879	\$ 106,986	\$ 7,807	\$ 8,320,509
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,376</u>	<u>729</u>	<u>-</u>	<u>-</u>	<u>607,641</u>
<u>\$ 4,500</u>	<u>\$ 1,584</u>	<u>\$ 7,142,810</u>	<u>\$ 1,089</u>	<u>\$ 432,163</u>	<u>\$ 196,608</u>	<u>\$ 106,986</u>	<u>\$ 7,807</u>	<u>\$ 8,928,150</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784,960
<u>4,500</u>	<u>1,584</u>	<u>7,142,810</u>	<u>1,089</u>	<u>432,163</u>	<u>196,608</u>	<u>106,986</u>	<u>7,807</u>	<u>8,143,190</u>
<u>\$ 4,500</u>	<u>\$ 1,584</u>	<u>\$ 7,142,810</u>	<u>\$ 1,089</u>	<u>\$ 432,163</u>	<u>\$ 196,608</u>	<u>\$ 106,986</u>	<u>\$ 7,807</u>	<u>\$ 8,928,150</u>

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Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Special Welfare Fund:</b>				
Assets:				
Cash and investments	\$ 68,813	\$ 130,015	\$ 159,894	\$ 38,934
Liabilities:				
Amounts held for others	\$ 68,813	\$ 130,015	\$ 159,894	\$ 38,934
<b>Drug Fund:</b>				
Assets:				
Cash and investments	\$ 135,107	\$ 12,718	\$ 15,925	\$ 131,900
Accounts receivable	3,092	-	3,092	-
Total assets	\$ 138,199	\$ 12,718	\$ 19,017	\$ 131,900
Liabilities:				
Amounts held for others	\$ 138,199	\$ 12,718	\$ 19,017	\$ 131,900
Total liabilities	\$ 138,199	\$ 12,718	\$ 19,017	\$ 131,900
<b>Payroll Suspense Fund:</b>				
Assets:				
Cash and investments	\$ 630,628	\$ 642,708	\$ 630,628	\$ 642,708
Accounts receivable	36,785	12,086	36,785	12,086
Total assets	\$ 667,413	\$ 654,794	\$ 667,413	\$ 654,794
Liabilities:				
Accounts payable	\$ 667,413	\$ 654,794	\$ 667,413	\$ 654,794
Total liabilities	\$ 667,413	\$ 654,794	\$ 667,413	\$ 654,794
<b>HUD Family Self Sufficiency Fund:</b>				
Assets:				
Cash and investments	\$ 24,127	-	-	\$ 24,127
Liabilities:				
Amounts held for others	\$ 24,127	-	-	\$ 24,127
<b>County Contribution Fund:</b>				
Assets:				
Cash and investments	\$ 30,507	\$ 15,363	\$ 11,695	\$ 34,175
Accounts receivable	100	100	100	100
Total assets	\$ 30,607	\$ 15,463	\$ 11,795	\$ 34,275
Liabilities:				
Amounts held for others	\$ 30,607	\$ 15,463	\$ 11,795	\$ 34,275
<b>Ace Contribution Fund:</b>				
Assets:				
Cash and investments	\$ 20,346	\$ 61	-	\$ 20,407
Liabilities:				
Amounts held for others	\$ 20,346	\$ 61	-	\$ 20,407

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2016 (Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Firearms Range Operating Fund:</b>				
Assets:				
Cash and investments	\$ -	\$ 8,857	\$ 9,229	\$ (372)
Accounts receivable	-	4,960	-	4,960
Total assets	<u>\$ -</u>	<u>\$ 13,817</u>	<u>\$ 9,229</u>	<u>\$ 4,588</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 13,817</u>	<u>\$ 9,229</u>	<u>\$ 4,588</u>
<b>CATEC Fund:</b>				
Assets:				
Cash and investments	\$ (251,730)	\$ 1,911,622	\$ 1,974,704	\$ (314,812)
Accounts receivable	372,315	440,390	372,315	440,390
Total assets	<u>\$ 120,585</u>	<u>\$ 2,352,012</u>	<u>\$ 2,347,019</u>	<u>\$ 125,578</u>
Liabilities:				
Accounts payable	<u>\$ 120,585</u>	<u>\$ 2,352,012</u>	<u>\$ 2,347,019</u>	<u>\$ 125,578</u>
<b>Appeal Bond Fund:</b>				
Assets:				
Cash and investments	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>
Liabilities:				
Amounts held for others	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>
<b>Sheriff Reserve Fund:</b>				
Assets:				
Cash and investments	<u>\$ 2,140</u>	<u>\$ 953</u>	<u>\$ 1,509</u>	<u>\$ 1,584</u>
Liabilities:				
Amounts held for others	<u>\$ 2,140</u>	<u>\$ 953</u>	<u>\$ 1,509</u>	<u>\$ 1,584</u>
<b>Performance Bond Fund:</b>				
Assets:				
Cash and investments	<u>\$ 5,791,751</u>	<u>\$ 2,873,132</u>	<u>\$ 1,522,073</u>	<u>\$ 7,142,810</u>
Liabilities:				
Amounts held for others	<u>\$ 5,791,751</u>	<u>\$ 2,873,132</u>	<u>\$ 1,522,073</u>	<u>\$ 7,142,810</u>
<b>Natural Heritage Fund:</b>				
Assets:				
Cash and investments	<u>\$ 1,088</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,089</u>
Liabilities:				
Amounts held for others	<u>\$ 1,088</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,089</u>
<b>Economic Development Authority Fund:</b>				
Assets:				
Cash and investments	\$ 190,506	\$ 236,576	\$ 144,295	\$ 282,787
Accounts receivable	130,000	19,376	-	149,376
Total assets	<u>\$ 320,506</u>	<u>\$ 255,952</u>	<u>\$ 144,295</u>	<u>\$ 432,163</u>
Liabilities:				
Amounts held for others	<u>\$ 320,506</u>	<u>\$ 255,952</u>	<u>\$ 144,295</u>	<u>\$ 432,163</u>

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

Year Ended June 30, 2016 (Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Commonwealth Attorney Commission Fund:</b>				
Assets:				
Cash and investments	\$ 191,501	\$ 126,157	\$ 121,779	\$ 195,879
Accounts receivable	949	729	949	729
Total assets	<u>\$ 192,450</u>	<u>\$ 126,886</u>	<u>\$ 122,728</u>	<u>\$ 196,608</u>
Liabilities:				
Amounts held for others	<u>\$ 192,450</u>	<u>\$ 126,886</u>	<u>\$ 122,728</u>	<u>\$ 196,608</u>
<b>Public Recreation Facility Authority:</b>				
Assets:				
Cash and investments	\$ 89,135	\$ 17,851	\$ -	\$ 106,986
Total assets	<u>\$ 89,135</u>	<u>\$ 17,851</u>	<u>\$ -</u>	<u>\$ 106,986</u>
Liabilities:				
Amounts held for others	<u>\$ 89,135</u>	<u>\$ 17,851</u>	<u>\$ -</u>	<u>\$ 106,986</u>
<b>Courts Escrow Fund:</b>				
Assets:				
Cash and investments	\$ 7,807	\$ -	\$ -	\$ 7,807
Total assets	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,807</u>
Liabilities:				
Amounts held for others	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,807</u>
<b>Totals--All Agency Funds:</b>				
Assets:				
Cash and investments	\$ 6,936,226	\$ 5,976,014	\$ 4,591,731	\$ 8,320,509
Accounts receivable	543,241	477,641	413,241	607,641
Total assets	<u>\$ 7,479,467</u>	<u>\$ 6,453,655</u>	<u>\$ 5,004,972</u>	<u>\$ 8,928,150</u>
Liabilities:				
Accounts payable	\$ 787,998	\$ 3,020,623	\$ 3,023,661	\$ 784,960
Amounts held for others	6,691,469	3,433,032	1,981,311	8,143,190
Total liabilities	<u>\$ 7,479,467</u>	<u>\$ 6,453,655</u>	<u>\$ 5,004,972</u>	<u>\$ 8,928,150</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds - Budget and Actual  
Year Ended June 30, 2016

	Special Revenue Funds							
	Courthouse Maintenance Fund				Federal and State Grants Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees and regulatory licenses	-	-	-	-	-	-	-	-
Revenue from use of money and property	-	-	-	-	-	-	705	705
Charges for services	35,700	35,700	32,599	(3,101)	-	-	-	-
Miscellaneous	-	-	-	-	5,000	36,549	26,525	(10,024)
Recovered costs	-	-	-	-	35,000	110,000	45,419	(64,581)
Intergovernmental:								
Contribution from School Board	-	-	-	-	1,890,806	2,090,806	2,090,806	-
Revenue from the Commonwealth	-	-	-	-	7,181,324	7,731,256	7,138,358	(592,898)
Revenue from the Federal Government	-	-	-	-	3,483,320	4,505,446	3,879,123	(626,323)
<b>Total revenues</b>	<b>\$ 35,700</b>	<b>\$ 35,700</b>	<b>\$ 32,599</b>	<b>\$ (3,101)</b>	<b>\$ 12,595,450</b>	<b>\$ 14,474,057</b>	<b>\$ 13,180,936</b>	<b>\$ (1,293,121)</b>
<b>Expenditures</b>								
Current:								
Judicial Administration								
Sheriff's office	\$ -	\$ -	\$ -	\$ -	731,081	1,034,107	1,006,904	27,203
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ -	192,632	769,239	560,806	208,433
Fire-Rescue	-	-	-	-	-	90,264	71,243	19,021
<b>Total public safety</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 192,632</b>	<b>\$ 859,503</b>	<b>\$ 632,049</b>	<b>\$ 227,454</b>
Health and Welfare								
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -	10,141,584	11,339,362	9,639,731	1,699,631
At-risk 4 year olds	-	-	-	-	1,384,612	1,491,962	1,461,952	30,010
Other	-	-	-	-	5,000	140,659	75,046	65,613
<b>Total health and welfare</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,531,196</b>	<b>\$ 12,971,983</b>	<b>\$ 11,176,729</b>	<b>\$ 1,795,254</b>
Community Development								
Planning and community development	\$ -	\$ -	\$ -	\$ -	11,801	11,801	-	11,801
Housing programs	-	-	-	-	3,160,000	3,719,618	3,107,743	611,875
<b>Total community development</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,171,801</b>	<b>\$ 3,731,419</b>	<b>\$ 3,107,743</b>	<b>\$ 623,676</b>
Debt service:								
Principal payments	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,626,710</b>	<b>\$ 18,597,012</b>	<b>\$ 15,923,425</b>	<b>\$ 2,673,587</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	(3,031,260)	(4,122,955)	(2,742,489)	1,380,466
Other financing sources (uses):								
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Transfers in	-	-	-	-	3,311,260	4,397,854	3,930,242	(467,612)
Transfers (out)	(35,700)	(35,700)	(35,700)	-	(280,000)	(291,974)	(271,368)	20,606
<b>Total other financing sources (uses)</b>	<b>\$ (35,700)</b>	<b>\$ (35,700)</b>	<b>\$ (35,700)</b>	<b>\$ -</b>	<b>\$ 3,031,260</b>	<b>\$ 4,105,880</b>	<b>\$ 3,658,874</b>	<b>\$ (447,006)</b>
<b>Net changes in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,101)</b>	<b>\$ (3,101)</b>	<b>\$ -</b>	<b>\$ (17,075)</b>	<b>\$ 916,385</b>	<b>\$ 933,460</b>
Fund balances at beginning of year	-	-	12,690	12,690	-	17,075	1,049,763	1,032,688
<b>Fund balances at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,589</b>	<b>\$ 9,589</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,966,148</b>	<b>\$ 1,966,148</b>

Fire Rescue Services Fund				Tourism Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,668,780	\$ 1,668,780	\$ 1,683,892	\$ 15,112
96,588	96,588	113,260	16,672	-	-	-	-
700	700	2,773	2,073	-	-	-	-
1,694,630	1,694,630	1,973,075	278,445	-	-	-	-
-	11,695	11,695	-	-	-	-	-
100	14,439	15,439	1,000	-	-	-	-
-	-	-	-	-	-	-	-
383,692	383,692	403,185	19,493	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,175,710</u>	<u>\$ 2,201,744</u>	<u>\$ 2,519,427</u>	<u>\$ 317,683</u>	<u>\$ 1,668,780</u>	<u>\$ 1,668,780</u>	<u>\$ 1,683,892</u>	<u>\$ 15,112</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,849,585	14,264,502	13,565,533	698,969	-	-	-	-
<u>\$ 13,849,585</u>	<u>\$ 14,264,502</u>	<u>\$ 13,565,533</u>	<u>\$ 698,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 13,849,585</u>	<u>\$ 14,264,502</u>	<u>\$ 13,565,533</u>	<u>\$ 698,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (11,673,875)	\$ (12,062,758)	\$ (11,046,106)	\$ 1,016,652	\$ 1,668,780	\$ 1,668,780	\$ 1,683,892	\$ 15,112
-	-	-	-	-	-	-	-
12,407,827	12,796,710	12,796,710	-	160,000	160,000	-	(160,000)
(733,952)	(733,952)	(733,952)	-	(1,828,780)	(1,828,780)	(1,828,780)	-
<u>\$ 11,673,875</u>	<u>\$ 12,062,758</u>	<u>\$ 12,062,758</u>	<u>\$ -</u>	<u>\$ (1,668,780)</u>	<u>\$ (1,668,780)</u>	<u>\$ (1,828,780)</u>	<u>\$ (160,000)</u>
\$ -	\$ -	\$ 1,016,652	\$ 1,016,652	\$ -	\$ -	\$ (144,888)	\$ (144,888)
-	-	-	-	-	-	518,674	518,674
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016,652</u>	<u>\$ 1,016,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,786</u>	<u>\$ 373,786</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds - Budget and Actual  
Year Ended June 30, 2015 (Continued)

	Debt Service Funds			
	General Debt Service Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees and regulatory licenses	-	-	-	-
Revenue from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Contribution from School Board	-	-	-	-
Revenue from the Commonwealth	-	-	-	-
Revenue from the Federal Government	-	-	-	-
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-
<b>Total public safety</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Health and Welfare				
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
<b>Total health and welfare</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-
<b>Total community development</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Debt service:				
Principal payments	\$ 3,595,641	\$ 3,595,641	\$ 3,595,640	\$ 1
Interest and fiscal charges	2,145,089	2,936,824	2,934,185	2,639
Capital projects	-	-	-	-
<b>Total expenditures</b>	<b>\$ 5,740,730</b>	<b>\$ 6,532,465</b>	<b>\$ 6,529,825</b>	<b>\$ 2,640</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ (5,740,730)</b>	<b>\$ (6,532,465)</b>	<b>\$ (6,529,825)</b>	<b>\$ 2,640</b>
Other financing sources (uses):				
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	5,740,730	6,532,465	6,529,825	(2,640)
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 5,740,730</b>	<b>\$ 6,532,465</b>	<b>\$ 6,529,825</b>	<b>\$ (2,640)</b>
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
<b>Fund balances at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

School Debt Service Fund				Capital Projects Fund			
				Stormwater Control			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
175,677	175,238	175,238	-	-	-	6,447	6,447
-	-	-	-	-	-	26,350	26,350
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
112,315	107,597	107,597	-	-	73,254	39,654	(33,600)
78,880	79,220	79,220	-	-	159,000	-	(159,000)
<u>\$ 366,872</u>	<u>\$ 362,055</u>	<u>\$ 362,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,254</u>	<u>\$ 72,451</u>	<u>\$ (159,803)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,869,037	\$ 8,869,037	\$ 8,867,893	\$ 1,144	\$ -	\$ -	\$ -	\$ -
4,136,284	4,483,684	4,483,684	-	-	-	-	-
-	-	-	-	230,662	850,354	264,367	585,987
<u>\$ 13,005,321</u>	<u>\$ 13,352,721</u>	<u>\$ 13,351,577</u>	<u>\$ 1,144</u>	<u>\$ 230,662</u>	<u>\$ 850,354</u>	<u>\$ 264,367</u>	<u>\$ 585,987</u>
<u>\$ (12,638,449)</u>	<u>\$ (12,990,666)</u>	<u>\$ (12,989,522)</u>	<u>\$ 1,144</u>	<u>\$ (230,662)</u>	<u>\$ (618,100)</u>	<u>\$ (191,916)</u>	<u>\$ 426,184</u>
\$ -	\$ -	\$ -	\$ -	\$ 166,814	\$ -	\$ -	\$ -
12,638,449	12,990,666	12,989,522	(1,144)	63,848	618,100	228,614	(389,486)
-	-	-	-	-	-	-	-
<u>\$ 12,638,449</u>	<u>\$ 12,990,666</u>	<u>\$ 12,989,522</u>	<u>\$ (1,144)</u>	<u>\$ 230,662</u>	<u>\$ 618,100</u>	<u>\$ 228,614</u>	<u>\$ (389,486)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,698	\$ 36,698
-	-	-	-	-	-	2,052,672	2,052,672
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,089,370</u>	<u>\$ 2,089,370</u>

Component Unit School Board  
Combining Balance Sheet  
At June 30, 2016

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 16,581,146	\$ 1,383,253	\$ (752,088)	\$ 17,212,311
Investments - restricted	-	-	5,895,254	5,895,254
Accounts receivable	1,653,710	16,235	-	1,669,945
Due from other governments	5,048,227	58,439	726,000	5,832,666
Prepaid items	75,603	132	4,858	80,593
Inventories	205,236	77,479	-	282,715
<b>Total assets</b>	<b>\$ 23,563,922</b>	<b>\$ 1,535,538</b>	<b>\$ 5,874,024</b>	<b>\$ 30,973,484</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 15,886,719	\$ 224,925	\$ 2,441,372	\$ 18,553,016
Unearned revenue - Note 9	155,531	-	-	155,531
<b>Total liabilities</b>	<b>\$ 16,042,250</b>	<b>\$ 224,925</b>	<b>\$ 2,441,372</b>	<b>\$ 18,708,547</b>
<b>Fund Balance</b>				
Nonspendable:				
Inventories and prepaid items	\$ 280,839	\$ 77,611	\$ 4,858	\$ 363,308
Committed:				
Education				
Special revenue	7,240,833	1,233,002	-	8,473,835
Assigned:				
Capital projects	-	-	3,427,794	3,427,794
<b>Total fund balance</b>	<b>\$ 7,521,672</b>	<b>\$ 1,310,613</b>	<b>\$ 3,432,652</b>	<b>\$ 12,264,937</b>
<b>Total liabilities and fund balance</b>	<b>\$ 23,563,922</b>	<b>\$ 1,535,538</b>	<b>\$ 5,874,024</b>	<b>\$ 30,973,484</b>



Component Unit School Board  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 At June 30, 2016

Total fund balances for governmental funds	\$	12,264,937
Total net position reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and land improvements	\$	6,174,142
Buildings and improvements, net of depreciation		124,854,803
Furniture, equipment and vehicles, net of depreciation		5,908,722
School Board capital assets in primary government, net of depreciation		<u>(71,545,148)</u>
Total capital assets		65,392,519
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Differences between projected and actual earnings on plan investments		(9,220,257)
Changes in proportionate share of employer contributions and proportionate share of contributions		(564,000)
Differences between expected and actual experience		(1,921,000)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		12,591,478
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position consist of the following:		
Differences between expected and actual experience		111,776
Differences in proportionate share of employer contributions		1,355,000
Compensated absences		(2,579,032)
Net pension liability		(141,091,396)
Net OPEB obligation		<u>(9,191,000)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u><u>(72,850,975)</u></u>

Component Unit School Board  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year Ended June 30, 2016

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Use of money and property	\$ 1,176,600	\$ 3,793	\$ 26,257	\$ 1,206,650
Charges for services	4,169,845	2,413,402	-	6,583,247
Miscellaneous	2,511,519	120,659	612,241	3,244,419
Recovered costs	898,040	-	-	898,040
Intergovernmental:				
Appropriation from primary government	115,942,097	-	14,039,983	129,982,080
Commonwealth	46,219,049	87,627	1,026,000	47,332,676
Federal Government	6,365,880	2,774,474	-	9,140,354
<b>Total revenues</b>	<b>\$ 177,283,030</b>	<b>\$ 5,399,955</b>	<b>\$ 15,704,481</b>	<b>\$ 198,387,466</b>
<b>Expenditures</b>				
Current:				
Education:				
Instruction	\$ 125,729,987	\$ -	\$ -	\$ 125,729,987
Administration, attendance and health	7,408,718	-	-	7,408,718
Transportation	9,595,022	-	-	9,595,022
Special Programs	10,525,269	-	-	10,525,269
Facilities operations and maintenance	15,740,871	-	-	15,740,871
School food services	-	5,128,129	-	5,128,129
Technology	2,940,813	-	-	2,940,813
Contribution to primary government	3,303,104	-	-	3,303,104
Capital projects	-	-	15,547,981	15,547,981
<b>Total expenditures</b>	<b>\$ 175,243,784</b>	<b>\$ 5,128,129</b>	<b>\$ 15,547,981</b>	<b>\$ 195,919,894</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 2,039,246</b>	<b>\$ 271,826</b>	<b>\$ 156,500</b>	<b>\$ 2,467,572</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 112,500	\$ -	\$ 79,720	\$ 192,220
Transfers (out)	(79,720)	(112,500)	-	(192,220)
<b>Total other financing sources (uses)</b>	<b>\$ 32,780</b>	<b>\$ (112,500)</b>	<b>\$ 79,720</b>	<b>\$ -</b>
<b>Net change in fund balance</b>	<b>\$ 2,072,026</b>	<b>\$ 159,326</b>	<b>\$ 236,220</b>	<b>\$ 2,467,572</b>
<b>Fund balance, beginning of year</b>	<b>5,449,646</b>	<b>1,151,287</b>	<b>3,196,432</b>	<b>9,797,365</b>
<b>Fund balance, end of year</b>	<b>\$ 7,521,672</b>	<b>\$ 1,310,613</b>	<b>\$ 3,432,652</b>	<b>\$ 12,264,937</b>

Component Unit School Board  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ 2,467,572

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period is as follows:

Capital outlay		
Construction in progress additions	\$ 10,721,744	
Construction in progress deletions	(7,900,833)	
Buildings and improvements additions	6,978,885	
Other improvement additions	1,104,874	
Furniture, equipment and vehicle additions	1,863,271	12,767,941
Depreciation expense		(8,934,785)

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship decreased the transfers to the School Board.

Construction in progress additions	(10,721,744)	
Construction in progress deletions	7,900,833	
School buildings and improvements additions	(6,978,885)	
School buildings and improvements deletions	6,750,952	
Transfer of depreciation	(3,676,155)	(6,724,999)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in deferred inflows related to the measurement of the net pension liability	12,307,063
Changes in proportionate share of employer contributions and proportionate share of contributions	(564,000)
Differences between expected and actual experience	(1,921,000)
Increase in differences between expected and actual experience	111,776
(Decrease) in differences in proportionate share of employer contributions	(384,000)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability in the next fiscal year and, therefore, are not reported in the funds. 56,259

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Net OPEB obligation	(1,827,000)
Net pension liability	(5,769,157)
Compensated absences	112,707

Change in net position of governmental activities (Exhibit 2) \$ 1,698,377

COUNTY OF ALBEMARLE, VIRGINIA

Component Unit School Board  
 School Funds  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2016

	School Operating Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Use of money and property	\$ 900,950	\$ 900,950	\$ 1,176,600	\$ 275,650
Charges for services	4,456,574	4,495,834	4,169,845	(325,989)
Miscellaneous	2,156,388	2,488,443	2,511,519	23,076
Recovered costs	580,341	919,746	898,040	(21,706)
Intergovernmental:				
Appropriation from primary government	115,657,469	117,566,064	115,942,097	(1,623,967)
Revenue from the Commonwealth	46,262,879	46,373,612	46,219,049	(154,563)
Revenue from the Federal Government	5,495,883	7,100,586	6,365,880	(734,706)
<b>Total revenues</b>	<b>\$ 175,510,484</b>	<b>\$ 179,845,235</b>	<b>\$ 177,283,030</b>	<b>\$ (2,562,205)</b>
<b>Expenditures</b>				
Current:				
Education:				
Instruction	\$ 126,996,100	\$ 127,246,100	\$ 125,729,987	\$ 1,516,113
Administration, attendance and health	7,399,807	7,429,807	7,408,718	21,089
Transportation	10,020,623	10,059,883	9,595,022	464,861
Special Programs	10,367,222	13,608,527	10,525,269	3,083,258
Facilities operations and maintenance	15,822,994	15,822,994	15,740,871	82,123
Food service operations	-	-	-	-
Technology	2,970,028	2,970,028	2,940,813	29,215
Contribution to primary government	2,317,632	2,317,632	3,303,104	(985,472)
Capital projects	-	-	-	-
<b>Total expenditures</b>	<b>\$ 175,894,406</b>	<b>\$ 179,454,971</b>	<b>\$ 175,243,784</b>	<b>\$ 4,211,187</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (383,922)</b>	<b>\$ 390,264</b>	<b>\$ 2,039,246</b>	<b>\$ 1,648,982</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ -	\$ 4,790,055	\$ 112,500	\$ (4,677,555)
Transfers (out)	(176,078)	(1,876,078)	(79,720)	1,796,358
<b>Total other financing sources (uses)</b>	<b>\$ (176,078)</b>	<b>\$ 2,913,977</b>	<b>\$ 32,780</b>	<b>\$ (2,881,197)</b>
<b>Net change in fund balance</b>	<b>\$ (560,000)</b>	<b>\$ 3,304,241</b>	<b>\$ 2,072,026</b>	<b>\$ (1,232,215)</b>
<b>Fund balance, beginning of year</b>	<b>560,000</b>	<b>(3,304,241)</b>	<b>5,449,646</b>	<b>8,753,887</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,521,672</b>	<b>\$ 7,521,672</b>

School Food Services Fund				School Capital Projects Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 700	\$ 700	\$ 3,793	\$ 3,093	\$ 2,000	\$ 2,000	\$ 26,257	\$ 24,257
2,702,229	2,702,229	2,413,402	(288,827)	-	-	-	-
65,000	65,000	120,659	55,659	-	523,832	612,241	88,409
-	-	-	-	-	-	-	-
-	-	-	-	9,846,354	15,219,780	14,039,983	(1,179,797)
55,350	55,350	87,627	32,277	1,052,000	1,052,000	1,026,000	(26,000)
2,704,691	2,704,691	2,774,474	69,783	-	-	-	-
<u>\$ 5,527,970</u>	<u>\$ 5,527,970</u>	<u>\$ 5,399,955</u>	<u>\$ (128,015)</u>	<u>\$ 10,900,354</u>	<u>\$ 16,797,612</u>	<u>\$ 15,704,481</u>	<u>\$ (1,093,131)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,415,470	5,415,470	5,128,129	287,341	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,900,354	16,991,314	15,547,981	1,443,333
<u>\$ 5,415,470</u>	<u>\$ 5,415,470</u>	<u>\$ 5,128,129</u>	<u>\$ 287,341</u>	<u>\$ 10,900,354</u>	<u>\$ 16,991,314</u>	<u>\$ 15,547,981</u>	<u>\$ 1,443,333</u>
\$ 112,500	\$ 112,500	\$ 271,826	\$ 159,326	\$ -	\$ (193,702)	\$ 156,500	\$ 350,202
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,702	\$ 79,720	\$ (113,982)
(112,500)	(112,500)	(112,500)	-	-	-	-	-
<u>\$ (112,500)</u>	<u>\$ (112,500)</u>	<u>\$ (112,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,702</u>	<u>\$ 79,720</u>	<u>\$ (113,982)</u>
\$ -	\$ -	\$ 159,326	\$ 159,326	\$ -	\$ -	\$ 236,220	\$ 236,220
-	-	1,151,287	1,151,287	-	-	3,196,432	3,196,432
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,310,613</u>	<u>\$ 1,310,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,432,652</u>	<u>\$ 3,432,652</u>

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## Statistical Section

### Contents

### Tables

#### Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

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#### Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

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#### Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

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#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

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#### Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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COUNTY OF ALBEMARLE, VIRGINIA

Table 1

Net Position by Component  
Last Ten Fiscal Years

(full accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 10,508,151	\$ 17,271,201	\$ 3,791,630	\$ 13,677,146	\$ 17,753,323	\$ 21,444,649	\$ 21,021,622	\$ 15,838,056	\$ 19,617,917	\$ 19,119,107
Restricted										
Capital projects	-	-	-	-	-	23,187,330	364,513	12,019,324	-	-
Grant compliance	-	-	-	-	-	1,776,167	1,018,918	920,676	1,049,763	1,966,148
Debt service	-	-	-	-	-	502,484	284,252	-	-	-
Unrestricted	71,036,209	68,831,778	76,990,400	73,771,675	74,837,691	46,693,066	69,379,158	47,949,971	23,907,935	28,705,894
<b>Total governmental activities net position</b>	<b>\$ 81,544,360</b>	<b>\$ 86,102,979</b>	<b>\$ 80,782,030</b>	<b>\$ 87,448,821</b>	<b>\$ 92,591,014</b>	<b>\$ 93,603,696</b>	<b>\$ 92,068,463</b>	<b>\$ 76,728,027</b>	<b>\$ 44,575,615</b>	<b>\$ 49,791,149</b>
<b>Component Unit - School Board</b>										
Net investment in capital assets	\$ 65,643,044	\$ 67,911,522	\$ 67,908,953	\$ 70,649,801	\$ 71,500,382	\$ 73,683,791	\$ 73,714,848	\$ 71,271,030	\$ 68,284,362	\$ 65,392,519
Unrestricted	9,887,909	10,283,302	6,739,660	8,950,955	8,379,278	2,846,397	(1,113,021)	397,150	(144,572,714)	(138,243,494)
<b>Total component unit activities net position</b>	<b>\$ 75,530,953</b>	<b>\$ 78,194,824</b>	<b>\$ 74,648,613</b>	<b>\$ 79,600,756</b>	<b>\$ 79,879,660</b>	<b>\$ 76,530,188</b>	<b>\$ 72,601,827</b>	<b>\$ 71,668,180</b>	<b>\$ (76,288,352)</b>	<b>\$ (72,850,975)</b>

Changes in Net Position  
Last Ten Fiscal Years  
(full accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government administration	\$ 9,755,386	\$ 13,473,999	\$ 11,995,093	\$ 9,701,766	\$ 10,817,203	\$ 13,495,692	\$ 9,765,599	\$ 13,650,293	\$ 13,857,864	\$ 14,184,519
Judicial administration	3,913,050	5,172,489	8,555,124	4,817,482	4,904,469	5,004,115	5,489,228	5,975,851	6,047,874	5,909,977
Public safety	31,228,430	31,805,294	31,875,860	31,947,939	32,684,377	33,923,255	36,742,658	42,371,942	41,294,799	44,153,582
Public works	4,084,447	7,348,478	10,262,008	6,348,136	8,792,358	7,008,396	6,035,240	9,476,129	7,842,960	7,783,781
Health and welfare	20,787,939	22,348,922	22,623,545	22,711,257	23,085,655	23,234,055	25,652,233	27,307,322	27,157,789	27,448,264
Education	100,518,050	104,476,013	109,314,893	108,681,711	103,576,934	104,558,364	106,384,475	117,107,823	117,177,041	122,557,855
Parks, recreation and cultural	6,602,130	6,724,890	7,753,946	7,477,447	7,191,757	6,739,115	10,350,757	7,905,484	7,852,218	11,098,308
Community development	21,825,809	25,365,417	25,515,608	30,103,606	28,360,299	28,023,779	27,518,813	26,498,797	27,900,025	27,080,262
Interest on long-term debt	5,111,066	5,206,440	5,670,737	6,037,722	5,843,655	5,330,390	5,057,480	5,973,196	5,416,853	6,105,200
Total governmental activities expenses	\$ 203,826,307	\$ 221,921,942	\$ 233,566,814	\$ 227,827,066	\$ 225,256,707	\$ 227,317,161	\$ 232,996,483	\$ 256,266,837	\$ 254,547,423	\$ 266,321,748
<b>Component unit activities:</b>										
Albemarle County Public Schools	\$ 154,947,811	\$ 163,787,439	\$ 171,685,340	\$ 170,027,801	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782	\$ 181,612,613	\$ 183,267,944	\$ 188,700,452
Total component unit activities expenses	\$ 154,947,811	\$ 163,787,439	\$ 171,685,340	\$ 170,027,801	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782	\$ 181,612,613	\$ 183,267,944	\$ 188,700,452
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government administration	\$ 14,398	\$ 296,899	\$ 327,307	\$ 66,288	\$ 37,049	\$ 427,114	\$ 383,601	\$ 385,209	\$ 379,547	\$ 397,260
Judicial administration	767,257	1,148,419	1,163,869	888,120	493,144	342,246	554,336	544,286	503,083	500,335
Public safety	1,460,803	637,758	477,246	1,148,738	1,997,033	2,928,839	2,124,556	2,775,672	2,803,272	3,161,337
Public works	116,888	91,163	59,982	20,345	621,781	40,095	60,712	74,861	95,345	102,082
Parks, recreation and cultural	308,022	329,600	351,174	346,209	320,996	327,731	300,290	331,375	335,885	336,689
Community development	1,371,704	1,229,831	1,362,863	1,451,072	1,662,268	1,733,253	1,748,806	1,824,367	1,839,909	2,477,563
Operating grants and contributions	19,698,269	20,613,485	19,701,188	20,764,266	21,963,602	20,193,795	20,604,402	23,180,407	23,351,090	24,223,061
Capital grants and contributions	-	587,914	470,606	207,078	282,118	631,468	141,548	244,658	2,100,329	3,356,618
Total governmental activities program revenues	\$ 23,737,341	\$ 24,935,069	\$ 23,914,235	\$ 24,892,116	\$ 27,377,991	\$ 26,624,541	\$ 25,918,251	\$ 29,360,835	\$ 31,408,460	\$ 34,554,945
<b>Component unit activities:</b>										
Albemarle County Public Schools:										
Charges for services	\$ 5,755,930	\$ 6,085,727	\$ 6,000,252	\$ 5,972,130	\$ 6,172,823	\$ 6,227,087	\$ 6,103,355	\$ 6,500,393	\$ 5,906,669	\$ 6,583,247
Operating grants and contributions	50,702,932	51,404,078	53,022,699	56,105,052	52,870,276	50,950,750	52,162,077	51,535,786	53,440,814	55,447,030
Capital grants and contributions	1,028,689	847,098	895,867	700,000	700,000	752,000	752,000	1,804,000	300,000	1,026,000
Total component unit activities program revenues	\$ 57,487,551	\$ 58,336,903	\$ 59,918,818	\$ 62,777,182	\$ 59,743,099	\$ 57,929,837	\$ 59,017,432	\$ 59,840,179	\$ 59,647,483	\$ 63,056,277
<b>Net (expense) / revenue</b>										
Governmental activities	\$ (180,088,966)	\$ (196,986,873)	\$ (209,652,579)	\$ (202,934,950)	\$ (197,878,716)	\$ (200,692,620)	\$ (207,078,232)	\$ (226,906,002)	\$ (223,138,963)	\$ (231,766,803)
Component unit activities	\$ (97,460,260)	\$ (105,450,536)	\$ (111,766,522)	\$ (107,250,619)	\$ (106,949,695)	\$ (111,565,361)	\$ (114,083,350)	\$ (121,772,434)	\$ (123,620,461)	\$ (125,644,175)

Changes in Net Position  
Last Ten Fiscal Years  
(full accrual basis of accounting) (Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
General property taxes, real and personal	\$ 118,295,816	\$ 133,597,874	\$ 142,649,142	\$ 140,241,324	\$ 136,848,200	\$ 139,954,858	\$ 140,017,949	\$ 145,022,794	\$ 152,302,505	\$ 165,115,649
Local sales and use taxes	13,425,924	13,143,851	11,974,379	11,622,874	12,716,193	12,227,842	13,117,767	13,573,237	14,405,992	15,093,147
Business license tax	9,821,591	10,515,309	9,608,468	9,367,013	9,383,798	10,068,058	10,397,250	10,370,971	10,883,364	11,952,487
Consumer utility taxes	6,117,754	9,389,438	9,051,996	9,181,669	9,171,347	4,143,933	4,266,095	4,346,059	4,439,504	4,404,363
Meals tax	5,438,399	6,059,180	5,446,576	5,389,527	5,737,476	5,965,206	6,168,335	6,361,972	6,950,994	7,415,331
Motor vehicle licenses taxes	2,293,001	3,284,383	3,534,531	3,491,779	3,538,789	3,720,119	3,773,475	3,672,607	3,566,011	3,732,953
Other local taxes	8,771,410	5,030,137	4,644,738	4,436,469	4,802,722	4,707,925	5,264,614	5,763,656	5,709,797	6,137,652
Unrestricted grants and contributions	16,275,000	15,730,484	15,603,533	15,556,934	15,691,032	20,844,755	21,045,744	21,255,810	21,120,038	21,017,419
Unrestricted revenues from use of money and property	3,989,448	3,284,263	1,563,093	846,649	805,955	608,377	842,474	692,400	985,769	1,631,677
Miscellaneous	1,917,885	1,292,537	469,286	937,284	203,873	319,380	649,297	506,060	1,362,906	481,659
<b>Total governmental activities</b>	<b>\$ 186,352,228</b>	<b>\$ 201,327,456</b>	<b>\$ 204,545,742</b>	<b>\$ 201,071,522</b>	<b>\$ 198,899,385</b>	<b>\$ 202,560,453</b>	<b>\$ 205,543,000</b>	<b>\$ 211,565,566</b>	<b>\$ 221,726,880</b>	<b>\$ 236,982,337</b>
Component Unit - School Board activities:										
Payment from COA: Education	\$ 100,495,990	\$ 104,452,538	\$ 109,291,418	\$ 108,658,236	\$ 103,554,633	\$ 104,535,840	\$ 106,361,725	\$ 117,082,861	\$ 117,153,017	\$ 122,891,483
Unrestricted revenues from use of money and property	1,189,784	1,048,805	873,647	799,208	811,439	885,422	765,199	914,242	926,260	1,206,650
Miscellaneous	683,906	2,613,064	3,144,786	2,745,318	2,862,527	2,794,627	3,028,065	2,841,684	3,186,514	3,244,419
<b>Total component unit activities</b>	<b>\$ 102,369,680</b>	<b>\$ 108,114,407</b>	<b>\$ 113,309,851</b>	<b>\$ 112,202,762</b>	<b>\$ 107,228,599</b>	<b>\$ 108,215,889</b>	<b>\$ 110,154,989</b>	<b>\$ 120,838,787</b>	<b>\$ 121,265,791</b>	<b>\$ 127,342,552</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 6,263,262	\$ 4,340,582	\$ (5,106,838)	\$ (1,863,429)	\$ 1,020,668	\$ 1,867,832	\$ (1,535,233)	\$ (15,340,436)	\$ (1,412,083)	\$ 5,215,534
Component Unit activities	4,909,420	2,663,871	1,543,329	4,952,143	278,904	(3,349,472)	(3,928,361)	(933,647)	(2,354,670)	1,698,377
<b>Total reporting entity</b>	<b>\$ 11,172,682</b>	<b>\$ 7,004,453</b>	<b>\$ (3,563,509)</b>	<b>\$ 3,088,714</b>	<b>\$ 1,299,572</b>	<b>\$ (1,481,640)</b>	<b>\$ (5,463,594)</b>	<b>\$ (16,274,083)</b>	<b>\$ (3,766,753)</b>	<b>\$ 6,913,911</b>

COUNTY OF ALBEMARLE, VIRGINIA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(full accrual basis of accounting)

(amounts expressed in Thousands)

Fiscal Year	General Property Tax	Local sales and use Tax	Meals Tax	Motor			Recordation and Wills Tax	Business License Tax	Utility Company Tax	Seller's Tax	Other	Total
				Consumer Utility Tax	Motor Vehicle License Tax	Bank Franchise Tax						
2007	\$ 118,073	\$ 13,426	\$ 5,438	\$ 6,118	\$ 2,293	\$ 522	\$ 2,337	\$ 9,596	\$ 226	\$ 564	\$ 5,354	\$ 163,947
2008	133,598	13,144	6,059	9,389	3,284	526	1,757	10,515	223	391	2,134	181,020
2009	142,649	11,974	5,447	9,052	3,535	605	1,346	9,608	218	358	2,118	186,910
2010	140,241	11,623	5,390	9,182	3,492	745	1,354	9,367	217	378	1,742	183,731
2011	136,848	12,716	5,737	8,978	3,539	761	1,528	9,384	194	347	2,166	182,198
2012	137,642	12,228	5,965	4,144	3,720	681	1,386	9,639	197	333	2,541	178,476
2013	140,018	13,118	6,168	4,266	3,773	644	1,706	10,198	199	412	2,503	183,005
2014	145,023	13,573	6,362	4,346	3,673	736	1,806	10,160	211	539	2,682	189,111
2015	152,303	14,406	6,951	4,440	3,566	791	1,668	10,640	244	468	2,781	198,258
2016	165,116	15,093	7,415	4,404	3,733	836	1,679	11,692	260	456	3,167	213,851

COUNTY OF ALBEMARLE, VIRGINIA

Table 4

Fund Balances of Governmental Funds (1)  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	\$ 62,697	\$ 60,143	\$ 46,984	\$ 63,614	\$ 114,626	\$ 104,517	\$ 193,590	\$ 88,554	\$ 118,063	\$ 110,587
Committed	-	-	-	-	715,565	905,080	5,138,214	2,497,481	3,150,271	728,372
Education - School Reserve	-	-	-	-	-	-	-	-	-	1,397,998
Unassigned	19,980,629	20,425,848	19,845,193	24,556,132	31,151,374	38,784,996	33,519,691	34,034,836	36,587,173	45,696,114
Total general fund	\$ 20,043,326	\$ 20,485,991	\$ 19,892,177	\$ 24,619,746	\$ 31,981,565	\$ 39,794,593	\$ 38,851,495	\$ 36,620,871	\$ 39,855,507	\$ 47,933,070
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 97,468	\$ 85,284	\$ 73,100	\$ 60,916	\$ 48,732	\$ 36,548
Restricted										
Grant compliance	-	-	-	-	2,538,900	1,776,167	1,018,918	920,676	1,049,763	1,966,148
Debt service funds	4,115,588	2,905,131	2,592,200	2,195,499	2,142,090	23,689,814	648,765	12,019,324	-	-
Committed										
Capital projects funds	-	-	-	-	19,220,461	5,994,432	18,947,621	20,052,818	17,102,971	33,972,293
Special revenue	-	-	-	-	380,375	412,061	488,767	456,314	1,183,677	2,535,230
Unreserved										
Designated										
Subsequent year's expenditures:										
Special revenue funds	402,257	2,931,104	3,153,769	2,997,406	-	-	-	-	-	-
Capital projects funds	33,874,290	34,348,827	35,570,507	24,803,578	-	-	-	-	-	-
Undesignated										
Federal/state grant funds	1,736,611	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 40,128,746	\$ 40,185,062	\$ 41,316,476	\$ 29,996,483	\$ 24,379,294	\$ 31,957,758	\$ 21,177,171	\$ 33,510,048	\$ 19,385,143	\$ 38,510,219

(1) The County implemented GASB 54 beginning with fiscal year 2011 - See Note 1 in the Notes to the Basic Financial Statements section of the report

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
General property taxes	\$ 118,073,019	\$ 132,709,205	\$ 139,304,701	\$ 138,373,746	\$ 136,906,535	\$ 140,607,418	\$ 141,211,698	\$ 144,087,055	\$ 154,708,440	\$ 166,478,084
Other local taxes	45,874,079	47,422,298	44,260,688	43,489,331	45,350,325	40,833,083	42,987,536	44,088,502	45,955,663	48,735,933
Permits, privilege fees and regulatory licenses	1,348,609	1,266,810	1,434,988	1,538,833	1,729,419	1,919,380	1,904,552	1,977,406	1,991,189	2,790,331
Fines and forfeitures	494,194	441,600	547,798	476,500	622,358	990,216	735,224	668,593	609,085	472,385
Revenue from use of money and property	3,447,049	2,787,863	1,360,326	819,118	787,407	605,097	834,373	685,900	964,609	1,607,884
Charges for services	2,196,269	2,025,260	1,759,655	1,905,439	2,780,494	2,889,682	2,532,525	3,289,771	3,356,766	3,712,549
Miscellaneous	368,385	1,292,537	469,286	504,648	147,857	319,380	649,297	542,680	1,362,906	481,659
Recovered costs	2,479,160	623,070	398,641	399,889	1,017,954	668,751	904,990	539,548	1,983,051	421,454
Intergovernmental:										
Contribution from School Board	-	1,549,542	1,581,723	1,569,148	2,662,976	1,184,346	5,481,172	3,269,415	2,761,462	3,303,104
Contribution from Crozet Crossings Trust	-	-	-	430,800	44,559	-	-	-	-	-
Contribution from other entities	-	-	-	1,836	11,457	-	-	-	-	-
Commonwealth	27,308,635	28,883,232	28,129,106	27,808,950	29,045,534	32,930,068	33,009,455	34,581,788	35,248,698	36,374,530
Federal	8,664,634	8,048,651	7,646,221	8,719,328	8,891,218	8,779,144	8,863,542	10,177,967	11,401,555	12,301,788
<b>Total revenues</b>	\$ 210,254,033	\$ 227,050,068	\$ 226,893,133	\$ 226,037,566	\$ 229,998,093	\$ 231,726,565	\$ 239,114,364	\$ 243,908,625	\$ 260,343,424	\$ 276,679,701
<b>Expenditures</b>										
General government administration	\$ 9,901,023	\$ 10,455,020	\$ 10,952,609	\$ 10,296,021	\$ 9,913,420	\$ 10,228,576	\$ 11,032,446	\$ 11,840,369	\$ 12,111,158	\$ 12,362,302
Judicial administration	3,527,798	3,788,843	3,730,878	4,557,996	4,510,539	4,599,709	5,041,859	5,254,482	5,514,630	5,654,087
Public safety	27,320,551	29,688,777	29,270,378	28,806,876	29,455,224	30,733,340	33,052,196	37,341,188	38,481,310	39,752,946
Public works	3,643,040	4,509,755	4,777,155	4,447,556	4,220,210	4,176,188	3,633,473	3,712,675	3,925,228	4,392,018
Health and welfare	20,299,219	22,245,602	22,558,259	22,284,455	22,754,657	22,898,867	24,819,930	25,606,744	26,479,644	27,773,579
Education - local community college	22,060	23,475	23,475	23,475	22,301	22,524	22,750	24,962	24,024	23,510
Education - public school system	106,732,246	109,404,047	127,316,033	99,229,649	105,286,652	104,964,240	104,622,967	108,788,973	121,104,651	129,982,080
Education - trust funds	-	-	-	-	150,000	-	-	-	-	-
Parks, recreation and cultural	5,683,544	6,027,268	6,195,812	6,188,316	6,173,877	6,242,770	6,269,155	6,608,734	7,085,748	7,370,670
Community development	19,915,541	23,544,066	24,086,051	28,708,370	27,724,882	27,678,176	27,440,538	26,145,565	26,536,309	26,392,792
Contingencies	-	-	-	-	594,970	892,611	682,933	726,253	605,241	632,799
Capital outlay	12,360,818	14,219,764	16,381,449	9,868,170	8,579,656	7,311,142	18,574,052	16,440,284	20,247,892	18,537,609
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	8,732,263	9,320,036	9,876,961	11,554,226	10,705,633	16,863,207	9,926,100	11,610,667	12,174,372	12,463,533
Interest and other fiscal charges	5,046,408	5,393,921	5,517,350	6,664,880	6,070,159	6,835,239	6,053,924	6,995,720	6,573,486	7,417,869
<b>Total expenditures</b>	\$ 223,184,511	\$ 238,620,574	\$ 260,686,410	\$ 232,629,990	\$ 236,162,180	\$ 243,446,589	\$ 251,172,323	\$ 261,096,616	\$ 280,863,693	\$ 292,755,794
<b>Excess (deficit) of revenues over (under) expenditures</b>	\$ (12,930,478)	\$ (11,570,506)	\$ (33,793,277)	\$ (6,592,424)	\$ (6,164,087)	\$ (11,720,024)	\$ (12,057,959)	\$ (17,187,991)	\$ (20,520,269)	\$ (16,076,093)
<b>Other financing sources (uses)</b>										
Transfers in	\$ 36,409,841	\$ 30,105,759	\$ 28,616,759	\$ 23,343,663	\$ 20,905,307	\$ 22,689,836	\$ 28,561,430	\$ 25,312,112	\$ 24,641,685	\$ 44,275,579
Proceeds from VRA Debt Issued	-	-	-	-	-	-	362,637	-	-	-
Transfers out	(36,603,641)	(30,187,959)	(28,662,759)	(23,343,663)	(20,905,307)	(22,831,336)	(28,589,793)	(25,526,460)	(24,641,685)	(44,275,579)
Bonds issued	15,020,000	11,325,000	34,886,021	-	7,670,000	36,315,000	-	25,550,000	9,630,000	38,880,000
Premium on bonds issued	446,818	608,650	725,039	-	238,717	4,288,513	-	1,954,592	-	4,398,732
Payment to bond escrow agent	-	-	-	-	-	(13,350,497)	-	-	-	-
<b>Total other financing sources (uses)</b>	\$ 15,273,018	\$ 11,851,450	\$ 35,565,060	\$ -	\$ 7,908,717	\$ 27,111,516	\$ 334,274	\$ 27,290,244	\$ 9,630,000	\$ 43,278,732
<b>Net change in fund balances</b>	\$ 2,342,540	\$ 280,944	\$ 1,771,783	\$ (6,592,424)	\$ 1,744,630	\$ 15,391,492	\$ (11,723,685)	\$ 10,102,253	\$ (10,890,269)	\$ 27,202,639
<b>Debt service as a percentage of noncapital expenditures</b>	6.17%	6.33%	5.99%	8.04%	7.20%	9.92%	6.79%	7.43%	7.03%	7.01%

COUNTY OF ALBEMARLE, VIRGINIA

Table 6

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Real Estate (3)	Personal Property (1,2)	Public Service	Total Taxable		Total Direct Tax Rate (4)
				Assessed Value	Value	
2007	\$ 13,645,880	\$ 925,026	210,405	\$ 14,781,311		1.112
2008	15,539,599	862,821	297,870	16,700,290		1.142
2009	15,621,142	873,464	126,801	16,621,407		1.097
2010	15,340,297	834,748	452,388	16,627,433		1.101
2011	15,081,811	852,033	424,607	16,358,451		1.096
2012	14,875,587	880,576	314,061	16,070,224		1.065
2013	14,734,853	905,538	329,783	15,970,174		1.045
2014	14,931,100	932,217	333,529	16,196,846		1.022
2015	15,467,281	951,629	358,256	16,777,166		1.000
2016	16,059,837	998,813	388,154	17,446,804		0.983

(1) Personal property includes personal property, business personal property, machinery/tools, and mobile homes

(2) Personal property, machinery and tools, and public service is assessed at 100% fair market value

(3) Real estate net of exemptions for land use deferral and tax relief for the elderly/disabled

(4) The total direct tax rate is calculated using the weighted average method

COUNTY OF ALBEMARLE, VIRGINIA

Table 7

Property Tax Rates (1) (2)  
Last Ten Fiscal Years

Fiscal Years	Real Property (3)	Personal Property (3)	Public Service		Total Direct Tax Rate (4)
			Real	Personal	
2007	\$ .74/.68	\$ 4.28/4.28	\$ .74/.68	4.28/4.28	1.112
2008	.68/.71	4.28/4.28	.68/.71	4.28/4.28	1.142
2009	.71/.742	4.28/4.28	.71/.742	4.28/4.28	1.097
2010	.742/.742	4.28/4.28	.742/.742	4.28/4.28	1.101
2011	.742/.742	4.28/4.28	.742/.742	4.28/4.28	1.096
2012	.742/.762	4.28/4.28	.742/.762	4.28/4.28	1.065
2013	.762/.766	4.28/4.28	.762/.766	4.28/4.28	1.045
2014	.766/.799	4.28/4.28	.766/.799	4.28/4.28	1.022
2015	.799/.819	4.28/4.28	.799/.819	4.28/4.28	1.000
2016	.819/.839	4.28/4.28	.819/.839	4.28/4.28	0.983

(1) Per \$100 of assessed value

(2) Includes 1st Half Rate/2nd Half Rate

(3) Mobile homes taxed as personal property using the Real Estate tax rate

(4) The total direct tax rate is calculated using the weighted average method



COUNTY OF ALBEMARLE, VIRGINIA

Table 8

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior (3)

Taxpayer	Fiscal Year 2016			Fiscal Year 2007		
	2016 Assessed Valuation (1)	Rank	% of Total Assessed Valuation	2007 Assessed Valuation (2)	Rank	% of Total Assessed Valuation
University Real Estate Foundation (4)	\$ 209,368	1	1.20%	\$ 153,825	1	1.04%
Westminister - Canterbury	109,614	2	0.63%	100,412	2	0.68%
Albemarle Place EAAP, LLC	77,022	3	0.44%			
Shopping Center Associates	73,441	4	0.42%	52,197	4	0.35%
JDM II SF National LLC	68,520	5	0.39%			
MAALP Stonefield Commons, LLC	48,380	6	0.28%			
Martha Jefferson Hospital	47,564	7	0.27%			
Columbia II Hollymead, LLC	45,743	8	0.26%			
University of VA Host Properties, Inc.	42,886	9	0.25%	39,458	6	0.27%
Reserve at Belvedere, LLC	42,519	10	0.24%			
Charles W Hurt	-		-	95,255	3	0.64%
March Mountain Properties, LLC	-		-	52,019	5	0.35%
University Real Estate Foundation (4)	-		-	37,806	7	0.26%
Keswick Corporation	-		-	36,751	8	0.25%
Martha Jefferson Hospital Foundation	-		-	36,229	9	0.25%
Kluge Estate, Winery & Vineyards	-		-	31,953	10	0.22%
	\$ 765,057		4.39%	\$ 635,905		4.30%

(1) Based on January 1, 2016 real estate tax assessment records

(2) Based on January 1, 2007 real estate tax assessment records

(3) Amounts expressed in thousands

(4) University Real Estate Foundation Combined beginning FY 2015

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 132,958,629	\$ 126,368,127	95.04%	\$ 6,475,448	\$ 132,843,575	99.91%
2008	146,208,175	139,626,124	95.50%	6,424,126	146,050,250	99.89%
2009	151,579,976	143,841,132	94.89%	7,610,430	151,451,562	99.92%
2010	151,047,966	141,669,613	93.79%	9,265,755	150,935,368	99.93%
2011	149,277,570	140,932,395	94.41%	8,159,871	149,092,266	99.88%
2012	150,892,028	144,024,192	95.45%	6,615,212	150,639,404	99.83%
2013	152,881,289	146,813,431	96.03%	5,664,140	152,477,571	99.74%
2014	158,501,037	152,862,649	96.44%	4,809,307	157,671,956	99.48%
2015	167,821,725	162,541,808	96.85%	3,259,069	165,800,877	98.80%
2016	177,465,143	171,967,912	96.90%	-	171,967,912	96.90%

(1) Net of Land Use and Tax Relief

COUNTY OF ALBEMARLE, VIRGINIA

Table 10

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities													Total Outstanding Debt	Percentage of Personal Income (1)	Per Capita (1)	
	General			School		County		Unamortized		Literary		Virginia					Lease Revenue Bonds
	Obligation Bonds	Pub. Facility Bonds	Bonds	Pub. Facility Bonds	Bonds	Premium	Bond	Fund Loans	Capital Leases	Resource Authority	Lease Revenue Bonds						
2007	\$ 91,640,000	\$ -	\$ 15,690,000	\$ 2,136,409	\$ 200,000	\$ 4,844,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,510,774	2.15%	\$ 1,242
2008	95,205,000	-	14,945,000	2,500,779	100,000	4,129,311	-	-	-	-	-	-	-	-	116,880,090	2.10%	1,255
2009	114,935,000	-	14,180,000	2,921,308	-	3,432,350	-	-	-	-	6,841,021	-	-	-	142,309,679	2.35%	1,519
2010	105,410,000	-	13,395,000	2,590,322	-	2,712,373	-	-	-	-	6,316,772	-	-	-	130,424,467	2.04%	1,374
2011	104,335,000	-	12,585,000	2,518,559	-	1,968,620	-	-	-	-	5,909,892	-	-	-	127,317,071	2.01%	1,286
2012	97,405,000	4,666,270	28,393,730	6,241,652	-	1,200,305	-	-	-	-	-	-	-	-	137,906,957	2.03%	1,368
2013	89,195,000	4,581,909	27,593,091	5,469,057	-	406,619	-	-	-	-	325,223	-	-	-	127,570,899	1.70%	1,256
2014	81,055,000	13,009,414	50,410,585	6,972,293	-	-	-	-	-	-	322,794	-	-	-	151,770,086	1.95%	1,477
2015	82,630,000	12,542,312	46,797,688	6,037,843	-	-	-	-	-	-	283,423	-	-	-	148,291,266	1.69%	1,430
2016	64,970,000	34,075,077	69,381,923	9,231,886	-	-	-	-	-	-	242,890	-	-	-	177,901,776	1.94%	1,693

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

COUNTY OF ALBEMARLE, VIRGINIA

Table 11

Percentage of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Real Estate Assessed Value (1)	Net Bonded Debt (3)	Net General Bonded Debt as % of Assessed Value	Net Bonded Debt per Capita (2)
2007	\$ 13,645,880,049	\$ 93,976,409	0.69%	1,019
2008	15,539,599,011	97,805,779	0.63%	1,050
2009	15,621,141,927	117,856,308	0.75%	1,258
2010	15,340,297,091	108,000,323	0.70%	1,138
2011	15,081,811,427	106,853,559	0.71%	1,080
2012	14,875,587,841	99,608,160	0.67%	988
2013	14,734,853,452	91,106,736	0.62%	897
2014	14,931,099,687	82,696,120	0.55%	805
2015	15,467,280,583	84,021,531	0.54%	810
2016	16,059,836,557	66,133,135	0.41%	630

(1) Real estate net of exemptions for land use deferral and tax relief for the elderly/disabled

(2) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(3) Includes all long-term general obligation bonded debt, literary fund loans and a portion of unamortized bond premiums related to the general obligation debt.

COUNTY OF ALBEMARLE, VIRGINIA

Table 12

Legal Debt Margin Information  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 1,364,588,005	\$ 1,553,959,901	\$ 1,562,114,193	\$ 1,534,029,709	\$ 1,508,181,143	\$ 1,487,558,784	\$ 1,473,485,345	\$ 1,493,109,969	\$ 1,546,728,058	\$ 1,605,983,656
Total net debt applicable to limit	93,976,409	97,805,779	117,856,308	108,000,323	106,853,559	99,608,160	91,106,736	82,696,120	84,021,531	66,133,135
Legal debt margin	\$ 1,270,611,596	\$ 1,456,154,122	\$ 1,444,257,884	\$ 1,426,029,386	\$ 1,401,327,583	\$ 1,387,950,624	\$ 1,382,378,609	\$ 1,410,413,849	\$ 1,462,706,528	\$ 1,539,850,521
Total net debt applicable to the limit as a percentage of debt limit	6.89%	6.29%	7.54%	7.04%	7.08%	6.70%	6.18%	5.54%	5.43%	4.12%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 16,059,836,557
Debt limit (10% of total assessed value)	\$ 1,605,983,656
Net debt applicable to limit	66,133,135
Legal debt margin	\$ 1,539,850,521

COUNTY OF ALBEMARLE, VIRGINIA

Table 13

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)(5)	Per Capita			School Enrollment (3)	Unemployment Rate (4)
			Personal Income (2)(5)	Personal Income (2)(5)	Median Age (1)		
2007	92,180	\$ 5,337,131,100	\$ 38,845	35.9	12,491	2.5%	
2008	93,117	5,554,915,000	41,709	36.2	12,531	3.3%	
2009	93,668	6,059,782,000	45,275	36.2	12,742	5.8%	
2010	94,908	6,383,281,000	46,969	37.4	12,914	5.8%	
2011	98,970	6,330,202,000	46,163	37.4	12,800	5.1%	
2012	100,780	6,778,562,000	47,052	37.9	13,104	4.5%	
2013	101,575	7,493,869,000	51,255	38.2	13,263	5.2%	
2014	102,731	7,764,329,000	52,693	39.0	13,420	4.8%	
2015	103,707	8,795,194,000	58,603	38.4	13,680	4.7%	
2016	105,051	9,182,721,000	60,294	37.7	13,767	3.6%	

(1) U.S. Census Bureau (estimates based on July 1)

(2) Bureau of Economic Analysis (estimates based on prior calendar year)

(3) Albemarle County Public Schools

(4) Virginia Employment Commission

(5) Includes the City of Charlottesville

COUNTY OF ALBEMARLE, VIRGINIA

Table 14

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2016		Fiscal Year 2007	
	Rank	Employees	Rank	Employees
University of Virginia/Blue Ridge Hospital	1	1,000 +	1	1,000 +
County of Albemarle	2	1,000 +	2	1,000 +
Sentara Healthcare (Formerly Martha Jefferson)	3	1,000 +	3	1,000 +
State Farm Mutual Automobile Insurance	4	1,000 +	6	500 to 999
U.S. Department of Defense	5	500 to 999		
Atlantic Coast Athletic Club	6	250 to 499		
Piedmont Virginia Community College	7	250 to 499	10	250 to 499
Northrup Grumman Corporation	8	250 to 499	5	500 to 999
University of VA Medical Center	9	250 to 499		
Wal Mart	10	250 to 499		
UVA Health Services Foundation			4	1,000 +
GE Fanuc Automation Manufacturing			7	250 to 499
Crutchfield Corporation			8	250 to 499
Americare Plus			9	250 to 499

Source: Virginia Employment Commission

Full-time Equivalent County Government Authorized Positions by Function  
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administration										
Board of Supervisors	2.5	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.5
County Executive (1)	14.5	14.0	11.5	11.5	7.0	7.0	8.0	8.0	8.0	9.5
Human Resources	2.5	3.0	3.0	3.0	2.0	2.0	1.0	1.0	1.0	1.0
County Attorney	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Finance (1)	51.0	51.0	53.5	53.5	49.8	49.8	52.8	53.3	54.8	55.8
Management & Budget (2)	0.0	0.0	0.0	0.0	3.5	3.5	3.5	4.0	4.3	4.8
Information Technology	23.0	23.0	23.0	23.0	21.0	21.0	20.0	21.0	21.0	22.0
Board of Elections (Registrar)	5.6	5.6	5.6	5.6	5.6	5.5	4.5	4.5	4.8	4.8
Judicial										
Circuit Court	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of the Circuit Court	11.0	11.0	11.0	10.0	10.0	10.0	10.5	11.0	11.0	11.0
Commonwealth's Attorney	9.0	9.0	9.0	9.0	9.0	9.0	9.5	9.5	11.5	11.5
Sheriff	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Public safety										
Police	147.5	149.5	151.5	152.0	147.5	147.5	147.5	151.5	156.5	163.5
Victim Witness	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Crime Analysis Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Problem Oriented Policing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Fire/Rescue	75.0	80.0	80.0	80.0	80.0	80.0	93.5	96.0	98.6	109.0
FEMA Grant (4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	8.4	0.0
Public Works (5)										
Facilities & Environmental Services	31.0	30.5	30.5	30.7	21.6	22.4	22.1	22.0	23.0	26.3
Facilities - Project Mgmt	8.0	8.0	8.0	10.0	10.0	9.0	9.0	9.0	9.0	8.5
Human Development										
Social Services	97.2	97.2	98.2	104.2	103.2	103.2	103.7	107.3	110.1	115.2
Bright Stars	17.8	18.5	19.5	18.5	18.5	18.3	18.3	18.7	18.7	21.1
Parks, Recreation, and Culture										
Parks and Recreation	19.0	19.0	19.0	19.0	17.0	17.0	17.0	17.0	17.0	17.0
Towe Park	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Community Development										
Community Development	83.0	84.0	84.0	83.0	59.0	59.0	58.0	58.0	63.5	66.5
Economic Development (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.5
Housing	8.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0
Soil and Water Conservation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Totals	642.6	650.8	654.8	660.0	611.7	611.2	624.9	646.8	670.6	698.4

(1) Management & Budget relocated from County Executive to Finance FY 09/10

(2) Management & Budget relocated from Finance to Independent Office FY 10/11

(3) Independent Office Established FY 14/15

(4) FEMA Grant Ended - Positions Incorporated into Fire/Rescue FY 15/16

(5) General Services & Facilities Development Combined & Restructured FY 15-16



COUNTY OF ALBEMARLE, VIRGINIA

Table 16

Operating Indicators by Function  
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police department:										
Physical arrests	3,904	4,180	2,282	2,607	2,495	3,480	3,064	3,035	3,268	3,157
Traffic violations	9,309	11,412	13,373	13,454	13,779	13,573	8,223	9,991	10,251	6,939
Fire and rescue:										
Number of calls answered	12,232	12,364	12,370	12,680	13,127	11,467	12,666	12,385	13,053	13,507
Zoning & Current development										
New residential construction (unit #)	513	741	403	313	357	411	345	468	474	449
New commercial construction (unit #)	55	53	45	48	53	56	57	36	29	42
Health and welfare										
Department of Social Services:										
Caseload	10,533	12,348	12,636	14,619	18,188	18,640	19,442	17,519	17,336	16,612
Culture and recreation										
Parks and recreation:										
Middle school sports program participants	1,014	968	1,008	929	1,160	1,100	1,093	1,074	1,114	1,106
Fee based classes/camps	2,705	2,677	2,629	1,971	1,698	1,888	1,747	1,583	1,899	1,767
Summer playground program	478	447	465	504	411	393	389	382	347	298
Men's Basketball	-	-	-	-	320	320	350	300	340	340
Component Unit - School Board										
Education:										
School enrollment	12,491	12,531	12,742	12,914	12,800	13,104	13,263	13,420	13,680	13,737
Number of central office instructors (1)	-	-	-	-	35	37	43	42	51	63
Number of elementary instructors	495	501	496	518	545	541	563	571	571	562
Number of secondary instructors	547	549	553	551	578	593	603	615	610	608

Source: Individual county departments

(1) New indicator for FY 10/11

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Administration vehicles	8	8	8	8	9	8	6	7	7	7
Judicial										
Sherriff's department patrol units	29	31	33	31	33	37	36	43	40	39
Public safety										
Police department patrol units	155	162	167	177	180	189	195	190	227	220
Fire/Rescue department vehicles	34	39	34	35	36	34	39	51	54	52
Building codes:										
Administration (2)	-	-	-	-	-	-	3	3	6	3
Inspections vehicles	12	13	13	12	12	12	11	11	10	13
Planning (2)	1	1	1	1	1	1	-	-	-	-
Zoning vehicles (2)	6	6	6	4	3	3	-	-	-	-
Public works										
General Services:										
General maintenance vehicles	10	12	12	11	12	8	7	7	8	8
Facilities Development	4	5	5	5	5	3	3	3	3	3
Pool vehicles	10	10	11	11	10	11	11	11	12	12
Health and welfare										
Social Services vehicles	16	18	18	18	18	18	14	14	16	16
Parks and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Vehicles	34	33	33	32	27	29	29	29	29	29
Parks (1)	34	34	36	36	36	37	37	38	38	38
Parks acreage (1)	2,967	2,967	4,034	4,034	4,034	4,634	4,634	5,044	5,044	5,044
Tennis courts	36	36	36	36	36	36	36	36	36	36
Community development										
Housing vehicles	2	2	2	2	2	2	1	1	1	1

Source: Individual county departments

(1) Includes schools which serve as community and district parks

(2) Combined Divisions FY 12-13

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Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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To the Honorable Members of the Board of Supervisors  
County of Albemarle, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Albemarle, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Albemarle, Virginia's basic financial statements, and have issued our report dated November 10, 2016.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Albemarle, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Albemarle, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Albemarle, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Albemarle, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 10, 2016

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## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by Uniform Guidance

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To the Honorable Members of the Board of Supervisors  
County of Albemarle, Virginia

### Report on Compliance for Each Major Federal Program

We have audited the County of Albemarle, Virginia's compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Albemarle, Virginia's major federal programs for the year ended June 30, 2016. County of Albemarle, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Albemarle, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Albemarle Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Albemarle, Virginia's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, County of Albemarle, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## *Report on Internal Control over Compliance*

Management of the County of Albemarle, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Albemarle, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Albemarle, Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 10, 2016

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
<b>Primary Government:</b>				
<b>Department of Agriculture:</b>				
Pass Through Payments:				
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$	1,287,333
Total Department of Agriculture			\$	1,287,333
<b>Department of Health and Human Services:</b>				
Pass Through Payments:				
Department of Social Services:				
CCDF Cluster:				
Child Care and Development Block Grant	93.575	0770110	\$	(386)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	67,134	66,748
Foster Care - Title IV-E	93.658	1100111		927,913
Adoption Assistance	93.659	1120111		657,699
Promoting Safe and Stable Families	93.556	0950111		48,323
Temporary Assistance for Needy Families	93.558	0400111		439,234
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111		4,027
Low-Income Home Energy Assistance	93.568	0600411		40,273
Chafee Education and Training Vouchers Program	93.599	9160110		15,352
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110		3,120
Social Services Block Grant	93.667	1000111		547,808
Chafee Foster Care Independence Program	93.674	9150110		22,680
Children's Health Insurance Program	93.767	Unknown		71,700
Medical Assistance Program	93.778	1200111		1,926,237
Total Department of Health and Human Services			\$	4,771,114
<b>Department of Housing and Urban Development:</b>				
Direct Payments:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$	2,959,026
Mainstream Vouchers	14.879	N/A		409,138
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grant/Entitlement Grants	14.218	N/A		160,138
Total Department of Housing and Urban Development			\$	3,528,302
<b>Department of Justice:</b>				
Direct Payments:				
State Criminal Alien Assistance Program	16.606	N/A	\$	14,694
Drug Court Discretionary Grant Program	16.585	N/A		20,545
Pass Through Payments:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-66000 39001-41000 39001-51000 39001-61000		134,264
Total Department of Justice			\$	169,503

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2016 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Primary Government: (Continued)</b>			
<b>Department of Transportation:</b>			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Planning and Construction	20.205	Unknown	\$ 38,806
State and Community Highway Safety	20.600	Unknown	12,332
Alcohol Impaired Driving Countermeasures Incentives Grants I	20.601	Unknown	<u>31,906</u>
Total Department of Transportation			<u>\$ 83,044</u>
<b>Department of Homeland Security:</b>			
Pass Through Payments:			
Department of Emergency Services:			
Assistance to Firefighters Grant	97.044	Unknown	\$ 2,307,188
Homeland Security Grant Program	97.067	Unknown	<u>12,800</u>
Total Department of Homeland Security			<u>\$ 2,319,988</u>
Total Federal Expenditures - Primary Government			<u>\$ 12,159,284</u>
<b>Component Unit - School Board:</b>			
<b>Department of Agriculture:</b>			
Direct Payments:			
Healthier US School Challenge: Smarter Lunchrooms	10.543	N/A	\$ 500
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	17901-40591	\$ 447,144
National School Lunch Program	10.555	17901-40623	<u>\$ 1,985,009</u>
Department of Agriculture:			
Food Distribution	10.555	Unknown	341,823
			<u>\$ 2,326,832</u>
Fresh Fruit and Vegetable Program	10.582	Unknown	<u>32,536</u>
Total Department of Agriculture			<u>\$ 2,807,012</u>
<b>Department of Education:</b>			
Pass Through Payments:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 1,385,291
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	17901-43071	\$ 2,975,144
Special Education - Preschool Grants	84.173	17901-62521	<u>64,233</u>
Adult Education - Basic Grants to States	84.002	17901-42801	<u>97,847</u>
		17901-61380	
Migrant Education-State Grant Program	84.011	17901-42910	63,775
Career and Technical Education - Basic Grants to States	84.048	17901-61095	149,757
Migrant Education Coordination Program	84.144	17901-61399	10,823
Education for Homeless Children and Youth	84.196	17901-42940	40,500
Twenty-first Century Community Learning Centers	84.287	17901-60565	160,148
Advanced Placement Program	84.330	Unknown	2,624
English Language Acquisition State Grants	84.365	17901-60512	118,889
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)			
Investing in Innovation (i3) Fund	84.411	Unknown	911,053
School Improvement Grants	84.377	Unknown	<u>42,632</u>
Total Department of Education			<u>\$ 6,333,342</u>
Total Federal Expenditures - Component Unit- School Board			<u>\$ 9,140,354</u>
Total Expenditures of Federal Awards			<u>\$ 21,299,638</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.



COUNTY OF ALBEMARLE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the County of Albemarle, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the reporting requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Albemarle, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Albemarle, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 6,007,767
General Capital Improvements	2,335,678
Other Governmental Funds	3,958,343
Total primary government	<u>\$ 12,301,788</u>

Component Unit School Board:

School Operating Fund	\$ 6,365,880
School Food Services Fund	2,774,474
Total Component Unit School Board	<u>\$ 9,140,354</u>

Total federal expenditures per basic financial statements	\$ 21,442,142
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Amounts required to reconcile federal revenues to expenditures:

Less: Payment in lieu of taxes	(37,547)
Less: FEMA reimbursement from prior years	(25,737)
Less: QCSB federal credit in debt service fund	<u>(79,220)</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 21,299,638</u>
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COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.871	Section 8 Housing Choice Vouchers
84.411	Investing in Innovation (i3) Fund
93.658	Foste Care--Title IV-E
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs.	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.

**Section IV - Prior Year Findings**

There are no findings from the prior year.

# ACKNOWLEDGEMENTS

As with many of the programs of the County of Albemarle, the development of the Comprehensive Annual Financial Report (CAFR) is a team effort. This acknowledgement identifies those key individuals who shared in the development of this report; many others who assisted are not individually identified.

Cecilia Baber, Chief Accountant-Accounting

Lisa Breeden, Chief of Financial Management

Tammy Critzer, Management Analyst II

Jonathan Kern, Business and Financial Systems Manager

R. Edward Koonce, III

Sheila Minor, Minor and Associates

Barry Shawley, Senior Accountant

Davrae Stokes, Senior Accountant

Susan Worrell, Chief Accountant-Payroll

Robinson, Farmer, Cox Associates-Auditing Firm

## ON THE COVER:

Albemarle County's diverse terrain presents constant opportunity for a wide variety of riding experiences. Farmington Hunt Club members hosted the 2016 Virginia Field Hunter Championships and travelled across the rolling hills and fields at the base of the Blue Ridge Mountains in our county.

A special thank you is given to Alison Dickie, publisher of *Albemarle Magazine*, and photographer Rick Stillings ([www.rickstillings.com](http://www.rickstillings.com)) for their assistance with the beautiful front cover of this report.

