

COUNTY OF ALBEMARLE, VIRGINIA

**Comprehensive Annual Financial Report
Year Ended June 30, 2017**

Prepared By:

Department of Finance

COUNTY OF ALBEMARLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017

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November 17, 2017

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, 2017. 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.

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, the Town of Scottsville, and Crozet. 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/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 10.4 percent from 12,491 in 2007 to 13,790 in 2017. In the past five years, the school system has experienced a 5.2 percent increase in the number of students. In school year 2016-2017, twenty-four schools were fully accredited, one was accredited with warning, and one was denied accreditation. The dropout rate decreased for 2015/16 to 0.53 percent compared with a 0.71 percent rate for school year 2014/15.

On May 25, 2017, the Albemarle County School Board voted to consolidate Benjamin F. Yancey Elementary School. This closure is due in part to unimproved Standard of Learning (SOL) test scores and a drop in school attendance. In school year 2016-2017 enrollment was 120 students. Beginning in school year 2017-2018, students who attended Yancey will attend Red Hill Elementary or Scottsville Elementary.

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 over 22,300. In 2017 (for the 2018 edition), the U.S. News and World Report ranked the University as the nation's 3rd best public university and 25th best among all national universities. The University is comprised of the Schools of Architecture, Business, Commerce, Continuing and Professional Studies, Engineering and Applied Science, 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 as well as 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 Medical Health Services 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 \$357 million in revenues in 2016 and over 3,300 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.

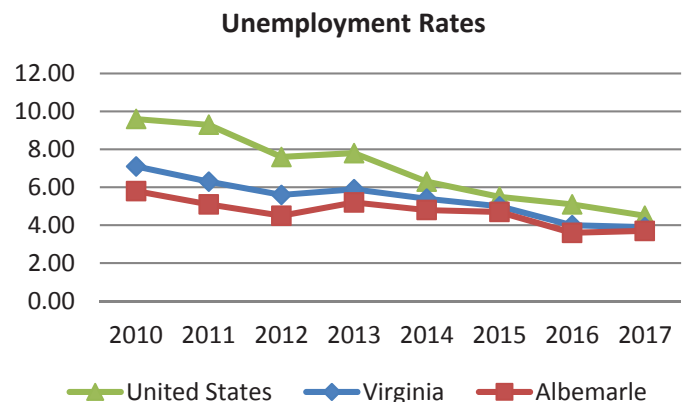
President Jefferson's home, Monticello, is located within the County and attracts over 500,000 visitors annually. In addition to Monticello, the County's historical heritage includes President James Monroe's home, Highland; Dr. Thomas Walker's 1765 Plantation, Castle Hill; the birth site of George Rogers 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

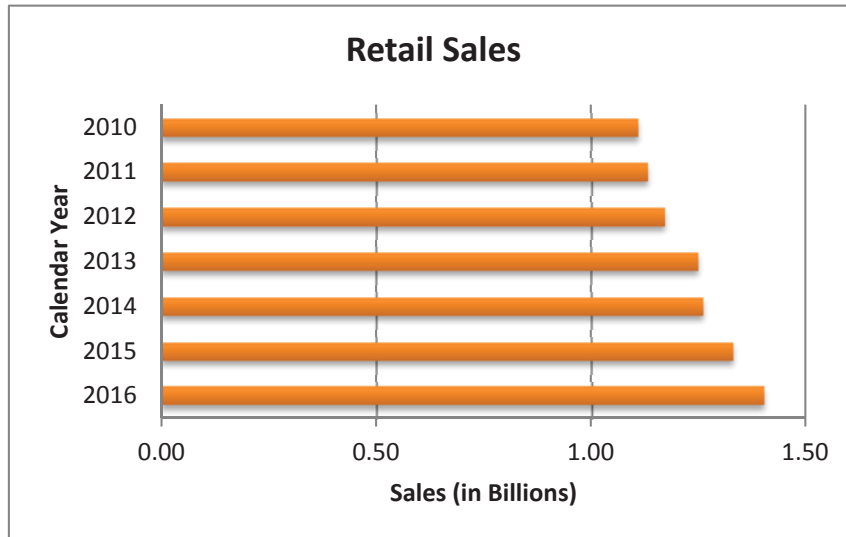
Albemarle County's rich historical heritage plays a part in the area's economic growth. Its location, rural character, urban conveniences, strong educational system and superior quality of life combine to make Albemarle an attractive, vital community. The predominant economic sectors are education, service, 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 2017, unemployment for Albemarle County was at 3.7 percent. The area continues to have one of the lower unemployment rates and was ranked 34th lowest in the Commonwealth (tied with Henrico, King and Queen, and Warren counties). For the same period, Virginia's unemployment rate was 3.9 percent and ranked sixteenth lowest in the nation (tied with Missouri and Utah). The national unemployment rate was 4.5 percent.

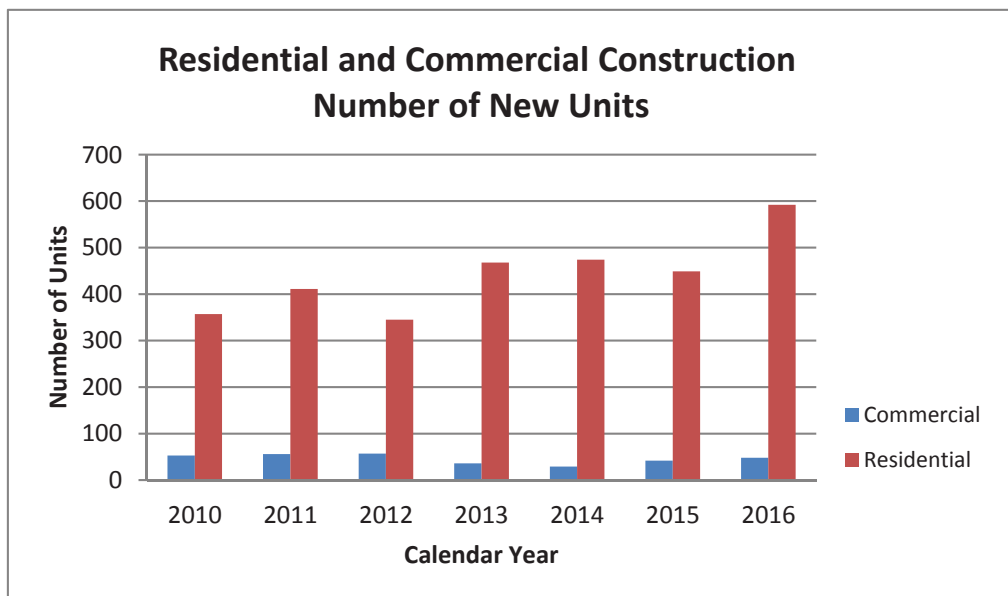


ECONOMIC CONDITION AND OUTLOOK: (CONTINUED)

Retail sales in the County increased in 2016 for the seventh consecutive year. As of December 31, 2016, the increase was 5.1%, with \$1.40 billion compared to \$1.33 billion in 2015. Retail sales figures for the first and second quarters of 2017 increased 6.0%, with \$720 million being reported compared to \$679 million in the first and second quarters of 2016.



The number of building permits issued for new residential construction increased from 449 in 2015 to 592 in 2016. The value of this construction was \$213,556,722. The number of new commercial permits increased from 42 in 2015 to 48 in 2016, with a total value of \$45,738,886.



As of June 2017, the median sales price of homes in the County of Albemarle was \$374,000. The median sales price of homes in the City of Charlottesville during the same period was \$311,000. This is a 6.3 percent and 7.6 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 local government annually updates its Five-Year Financial Plan and this Plan is an important long-term planning tool that provides the Board of Supervisors with reasonable financial projections for the upcoming five years period. The Plan provides the Board with sufficient data and information to provide staff with direction for fulfilling 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 the Plan period and is based on the best information available at the time. Although the Plan is not a budget document, it sets directions that will influence budget decisions in the years to come.

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 appropriated and maintained at the department level.

MAJOR INITIATIVES

Bond Referendum – County voters overwhelmingly supported a ballot initiative to issue General Obligation Bonds in Support of certain School Capital Projects. As a result, Series 2017 GO bonds were sold in March 2017 with the expectation of construction beginning in June 2017.

Current Initiatives

The County's major initiatives are focused on enhancing its strategic goals and building a premier community. During fiscal year 2017, 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 is anticipated to be operational in fiscal year 2018.

MAJOR INITIATIVES: (CONTINUED)

Current Initiatives: (Continued)

- Pantops Fire Station (Station 16) - This project is for the construction of an approximately 9,889 square feet Fire Rescue station in the Pantops area to serve the Pantops Mountain urban area and indirectly the rest of the County. The facility will include two apparatus bays (one engine and one ambulance) and support facilities for six personnel. Groundbreaking ceremonies were held on March 7, 2017 with construction beginning on March 8, 2017. Construction is anticipated to be completed in early 2018.
- School Security Improvements - This project evaluates risk, determines steps to solve, and executes the necessary steps to keep students, personnel, and visitors safe. A School Security Audit Team was formed to inspect and create a Needs Assessment to identify and remedy any risks. The first step was evaluating and grading the security of the main entrances into the schools. Controlled entrances were established directing visitors through the main office to enter the building during normal school hours. Small additions are required to some schools to create this controlled entrance/office combination without interrupting main circulation paths within the school. The Needs Assessment is an ongoing project.
- Red Hill Elementary School Modernization - This project will modernize and newly furnish the current thirteen classrooms. This work provides parity to other elementary schools in the county while meeting the design imperatives of contemporary learning spaces including transparency, sustainability, flexibility, mobility, and comfort. The media center will be expanded including ergonomic seating as well as new shelving. Modernization was completed in January 2017.

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:
 - Hollymead-Powell Creek Drive - Provide sidewalk and pedestrian crossing improvements at three locations to complete pedestrian links to Hollymead Elementary and Sutherland Middle School.
 - Fontaine Avenue - Provide sidewalk extension between existing City of Charlottesville sidewalk (Stribling Avenue) and Fontaine Research Park.
 - Hydraulic Road - Construction of approximately 1,700 ft. of sidewalk on the north side of Hydraulic Road between Commonwealth Drive and Georgetown Road.
 - Barracks Road - Construction of approximately 1,000 ft. of sidewalk from the Barracks West apartments on the north side of Barracks Road to the existing sidewalk west of the Georgetown Road intersection, and construction of crosswalks in that area.
- Hollymead Dam Spillway Improvement - This project is to prevent failure of the Hollymead Dam. This will be accomplished by reinforcing much of the downstream slope of the dam with articulated concrete block. This measure will prevent scour and failure during overtopping of the dam by floodwaters that could result from a major storm event. Project design began in late FY 2017 and construction is proposed to commence in late FY 2018 or early FY 2019.
- Woodbrook Elementary School Addition/Modernization - This project adds approximately 40,000 square feet to Woodbrook Elementary. The two-story addition will include 16 classrooms, 2 dedicated Special Education classroom, 4 resource classrooms, professional development training space, a conference room, and 2 faculty workrooms. Smaller additions will expand the cafeteria and a new gym will be constructed. The project is estimated to be completed in May 2018.

MAJOR INITIATIVES: (CONTINUED)

Current Initiatives: (Continued)

- Western Albemarle High School Environmental Studies Academy (Phase 2) - This project is the final phase of a two-phase project for an Academy Addition and science laboratory modernization. The addition will be approximately 10,000 sf. and will expand science facilities to accommodate the Environmental Studies Academy programs. Space will include three labs, offices, a shared preparation room with storage, and project spaces. Seven of the existing science labs in the building will also be modernized. The project will begin the design phase in July 2018 and be open for the 2020/21 school year.

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, 2017. 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, 2016. This was the twenty-second 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 competent and dedicated Finance Department, 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.

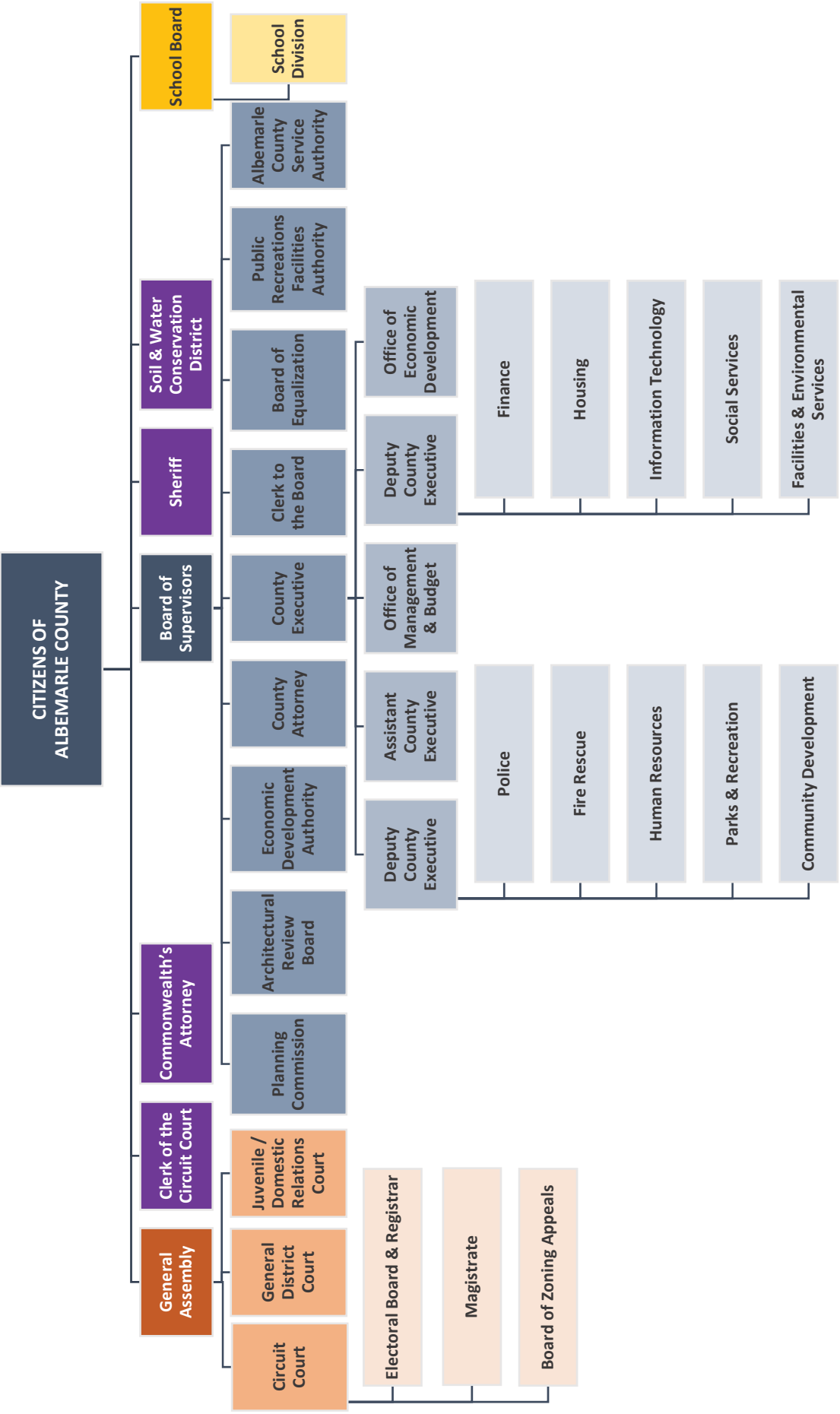
It has been an honor and privilege to serve as Albemarle's Finance Director over the past six and a half years. With my retirement on January 1, 2018, I leave you in the capable hands of devoted Finance Department public service personnel.

Respectfully,



Betty J. Burrell
Director of Finance

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COUNTY OF ALBEMARLE, VIRGINIA

BOARD OF SUPERVISORS

Diantha H. McKeel, Chairperson
Norman G. Dill, Vice-Chair

Ann H. Mallek
Liz A. Palmer

Rick Randolph
Brad L. Sheffield

Claudette K. Borgensen, Clerk

SCHOOL BOARD

Kate Acuff, Chairperson
Jonno Alcaro, Vice-Chair

Jason Buyaki
Stephen Koleszar
Pamela Moynihan

David Oberg
Graham Paige

Jennifer W. Johnston, Clerk

COUNTY OF ALBEMARLE, VIRGINIA

OTHER OFFICIALS

County Executive, Interim	Douglas C. Walker
School Superintendent	Dr. Pamela Moran
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	Andrew Gast-Bray
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	Michael Dellinger
Director of Housing	Ron White
Fire Chief	J. Dan Eggleston
Director of Economic Development	Vacant
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, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style with a prominent 'J' and 'E'.

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, 2017, 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, 2017, 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.

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, 107-109 and 110-114 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, other supplementary information, 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 other supplementary information 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 other supplementary information 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 13, 2017, 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, Farnell, Cox Associates
Charlottesville, Virginia
November 13, 2017

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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, 2017. 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 that 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 \$315,488,873. Liabilities and deferred inflows of resources totaled \$280,483,394. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,005,479, of which \$17,812,570 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position decreased \$14,785,670 from the prior year. This decrease is primarily a result of the increase in net pension liabilities and other-long term liabilities as well as a decrease in capital grants and contributions.

Fund Financial Statements (Modified Accrual Accounting)

- As of June 30, 2017, the County's governmental funds reported combined fund balances of \$100,682,409, an increase of \$14,239,120 in comparison with the prior year. Approximately 52.80% of the combined fund balances, \$53,158,067, is unassigned and available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$56,305,118, an increase of \$8,372,048 from June 30, 2016. Federal/State Grant Funds reported a fund balance of \$3,827,416; the General Capital Improvements Fund reported a fund balance of \$33,726,355; and Other Governmental Funds reported \$6,823,520 in total fund balance.

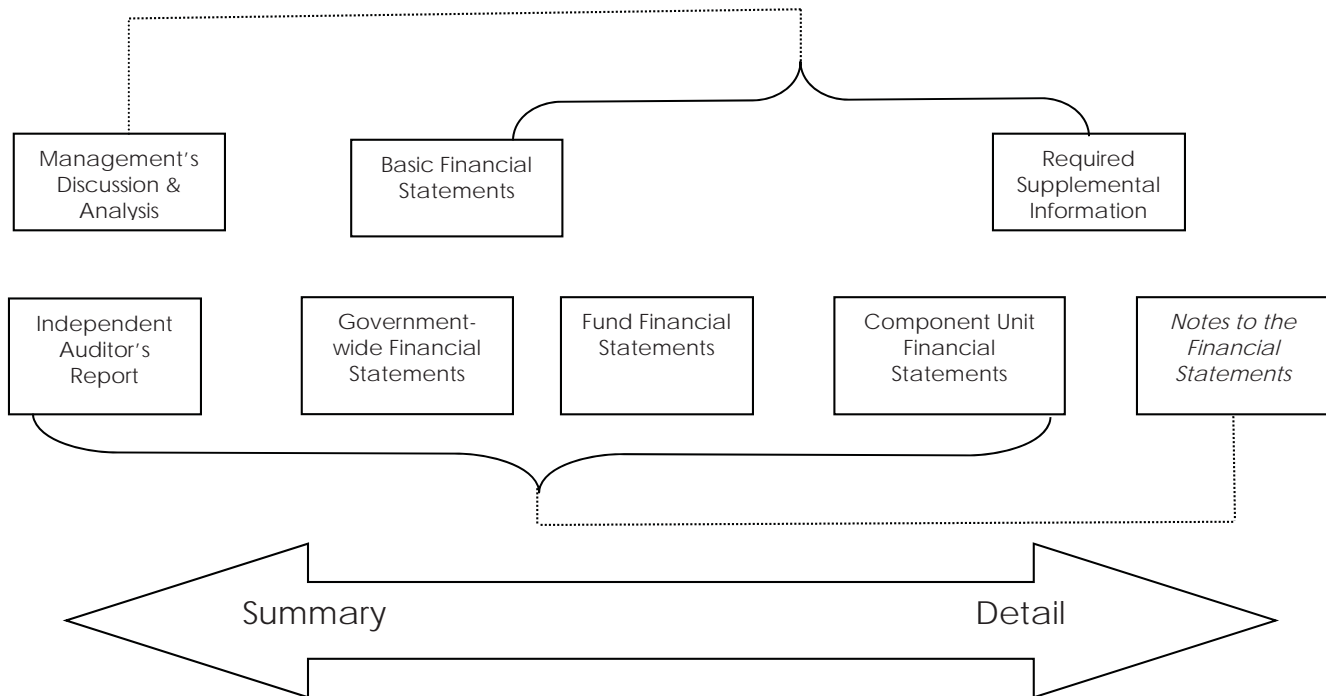
OVERVIEW OF THE FINANCIAL STATEMENTS

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 2016 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 guidance in Title 2 of the Code of Federal Regulations, Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and includes the auditors' reports on compliance and internal controls.

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, capital project funds and debt service funds, are collectively referred to as non-major governmental funds. The Federal and State Grants Fund and General Capital Improvements Fund (capital projects) are considered to be a major funds.

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, duplicating 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, 2017 and 2016 (\$ in thousands)						
	Governmental Activities		Component Unit		Total Reporting Entity	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 131,901	\$ 110,713	\$ 65,910	\$ 30,973	\$ 197,811	\$ 141,686
Capital assets (net)	<u>175,030</u>	<u>168,007</u>	<u>59,846</u>	<u>65,393</u>	<u>234,876</u>	<u>233,400</u>
Total assets	<u>\$ 306,931</u>	<u>\$ 278,720</u>	<u>\$ 125,756</u>	<u>\$ 96,366</u>	<u>\$ 432,687</u>	<u>\$ 375,086</u>
Deferred outflows of resources	<u>\$ 8,558</u>	<u>\$ 5,464</u>	<u>\$ 25,978</u>	<u>\$ 14,058</u>	<u>\$ 34,536</u>	<u>\$ 19,522</u>
Total assets and deferred outflows of resources	<u>\$ 315,489</u>	<u>\$ 284,184</u>	<u>\$ 151,734</u>	<u>\$ 110,424</u>	<u>\$ 467,223</u>	<u>\$ 394,608</u>
Liabilities:						
Other liabilities	\$ 9,060	\$ 8,785	\$ 19,529	\$ 18,709	\$ 28,589	\$ 27,494
Long-term Liabilities	<u>268,420</u>	<u>219,632</u>	<u>171,951</u>	<u>152,861</u>	<u>440,371</u>	<u>372,493</u>
Total liabilities	<u>\$ 277,480</u>	<u>\$ 228,417</u>	<u>\$ 191,480</u>	<u>\$ 171,570</u>	<u>\$ 468,960</u>	<u>\$ 399,987</u>
Deferred inflows of resources	<u>\$ 3,003</u>	<u>\$ 5,976</u>	<u>\$ 6,803</u>	<u>\$ 11,705</u>	<u>\$ 9,806</u>	<u>\$ 17,681</u>
Net Position:						
Net investment in capital assets	\$ 13,365	\$ 19,119	\$ 59,846	\$ 65,393	\$ 73,211	\$ 84,512
Restricted	3,827	1,966	-	-	3,827	1,966
Unrestricted	<u>17,813</u>	<u>28,706</u>	<u>(106,395)</u>	<u>(138,243)</u>	<u>(88,582)</u>	<u>(109,537)</u>
Total net position	<u>\$ 35,005</u>	<u>\$ 49,791</u>	<u>\$ (46,549)</u>	<u>\$ (72,850)</u>	<u>\$ (11,544)</u>	<u>\$ (23,059)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 315,488</u>	<u>\$ 284,184</u>	<u>\$ 151,734</u>	<u>\$ 110,425</u>	<u>\$ 467,222</u>	<u>\$ 394,609</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 November 8, 2016, County voters overwhelmingly supported a ballot initiative to issue General Obligation Bonds in support of certain School Capital Projects. On March 8, 2017, the County of Albemarle issued \$33,121,946 (\$30,435,000 par amount and \$2,686,946 premium) of General Obligation Bonds, Series 2017 to fund those projects approved by referendum.

On March 9, 2017, the County of Albemarle issued \$24,118,829 (\$22,240,000 par amount and \$1,878,829 premium) of Public Facility Revenue Bonds, Series 2017 to fund certain capital projects. These projects include Court Facilities additions and renovations, Emergency telephone and computer enhancements, Fire/Rescue apparatus replacement as well as station construction, County and Parks maintenance, Water Resources improvements, 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, 2017 and 2016 (\$ in thousands)			
	Governmental Activities		Total % Change
	2017	2016	2017-2016
Revenues:			
Program Revenues:			
Charges for services	\$ 6,928	\$ 6,975	-0.67%
Operating grants and contributions	24,524	24,223	1.24%
Capital grants and contributions	1,440	3,357	-57.10%
General Revenues:			
General property taxes, real and personal	174,981	165,116	5.97%
Other taxes	52,682	48,736	8.10%
Grants and contributions not restricted	21,113	21,017	0.46%
Use of money and property	1,653	1,632	1.29%
Miscellaneous revenue	283	482	-41.29%
Total Revenues	\$ 283,604	\$ 271,538	4.44%
Expenses:			
General government	\$ 14,160	\$ 14,185	-0.18%
Judicial administration	5,956	5,910	0.78%
Public safety	45,574	44,154	3.22%
Public works	7,661	7,784	-1.58%
Health and welfare	26,701	27,448	-2.72%
Education	156,223	122,558	27.47%
Parks, recreation, and cultural	8,804	11,098	-20.67%
Community Development	26,614	27,080	-1.72%
Interest on long-term debt	6,696	6,105	9.68%
Total Expenses	\$ 298,389	\$ 266,322	12.04%
Increase (decrease) in net position	\$ (14,786)	\$ 5,216	-383.47%
Beginning net position	49,792	44,576	11.70%
Ending net position	\$ 35,006	\$ 49,792	-29.70%

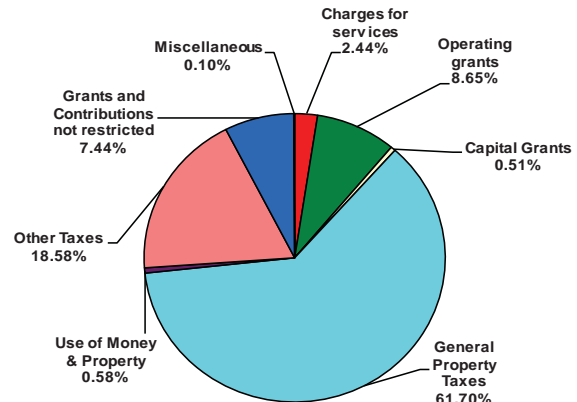
Capital grants and contributions decreased tremendously due to federal grant monies for the Regional firearms range being received in FY 2016 for the completion of the project as well as a decrease in funding received for highway projects. Miscellaneous Revenues decreased over 41% due at in large part to a drop in proffer revenues. The decline in proffer revenues reflects the impact of a Virginia law that became effective July 1, 2016. This law dramatically limited the type of public facilities for which localities could expect proffers resulting from residential re-zonings. The law, additionally, stipulated that proffers from a proposed rezoning be specifically attributable to that proposed re-zoning, and required that each proposed re-zoning be analyzed for its own unique impact on public facilities.

Education experienced a double-digit increase due to the transfer of General Obligation and Public Facility Revenue bonds to School Capital Projects. Parks, recreation, and cultural experienced over a 20% decrease due to several park maintenance projects being completed in FY 2016.

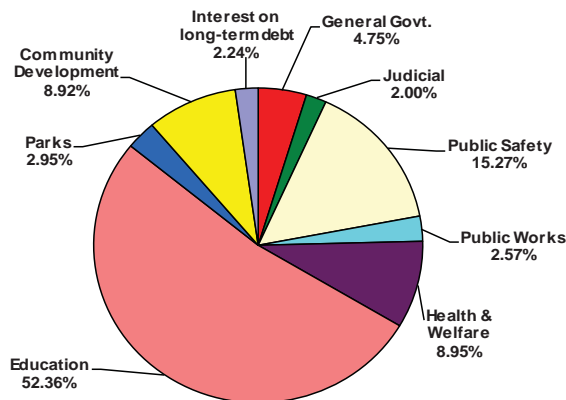
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)

Governmental Activities - Revenues by Source For the Fiscal Year Ended June 30, 2017

Governmental activities total net position decreased \$14,785,670 with an ending net position of \$35,005,479. Revenues from governmental activities totaled \$283,603,543 for FY 2017 compared to FY 2016 revenues from governmental activities of \$271,537,282. Taxes comprise the largest source of these revenues, totaling \$227,662,391 or 80.28% of all governmental activities revenue. Of this amount, general property taxes comprise 76.86% of the taxes collected totaling \$174,980,809.



Governmental Activities - Expenses by Function For the Fiscal Year Ended June 30, 2017



The total cost of all governmental activities for this fiscal year was \$298,389,214. As the chart to the left illustrates, Education continues to be the County's largest program with expenses totaling \$156,222,909. Public Safety expenses, which total \$45,574,488 represents the second largest expense, followed by Health and Welfare at \$26,701,233, Community Development at \$26,614,114, and General Government Administration at \$14,159,854.

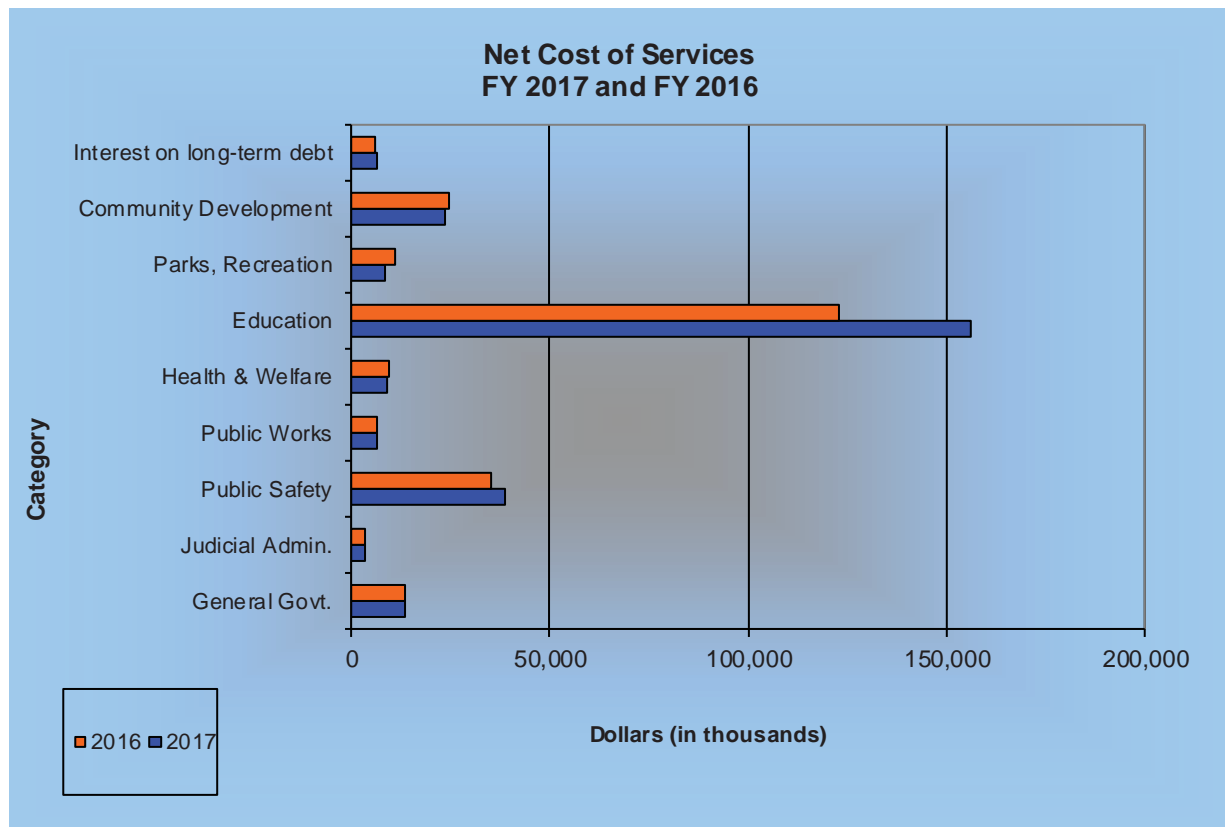
For the County's governmental activities, the net expense (total cost less associated fees and program-specific governmental aid) is illustrated in the following table.

Total Cost and Net Cost of Governmental Activities For the Fiscal Year Ended June 30, 2017 and 2016

	Total Cost of Services			Net Cost of Services		
	2017	2016	Percentage Change	2017	2016	Percentage Change
General government	\$ 14,159,854	\$ 14,184,519	-0.17%	\$ 13,282,473	\$ 13,241,736	0.31%
Judicial administration	5,955,611	5,909,977	0.77%	3,638,626	3,627,315	0.31%
Public safety	45,574,488	44,153,582	3.22%	38,607,124	34,963,468	10.42%
Public works	7,661,298	7,783,781	-1.57%	6,324,980	6,603,483	-4.22%
Health & welfare	26,701,233	27,448,264	-2.72%	8,820,617	9,586,643	-7.99%
Education	156,222,909	122,557,855	27.47%	156,197,909	122,557,855	27.45%
Parks, recreation & cultural	8,804,004	11,098,308	-20.67%	8,475,519	10,751,139	-21.17%
Community development	26,614,114	27,080,262	-1.72%	23,608,789	24,437,561	-3.39%
Interest on long-term debt	6,695,703	6,105,200	9.67%	6,541,212	5,997,603	9.06%
Total	\$ 298,389,214	\$ 266,321,748	12.04%	\$ 265,497,249	\$ 231,766,803	14.55%

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

For the year ended June 30, 2017, governmental activities generated \$6,927,537 in program revenues from users of services provided by the activity, as compared to \$6,975,266 for FY 2016. The largest percent of charges were generated from Public Safety with 45.01%, while Community Development generated 36.09% of charges for services program revenue. Operating grant and contribution revenues increased to \$24,523,951 when compared to \$24,223,061 in FY 2016. Capital grant and contribution revenues totaled \$1,440,477 which decreased by \$1,916,141 when compared with 2016.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2017, the County's governmental funds reported a combined ending fund balance of \$100,682,409, an increase of \$14,239,120 in comparison with the prior year. Approximately 52.80% (\$53,158,067) is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is non-spendable (\$130,164); restricted (\$3,827,416); or committed (\$43,566,762). For further details on Fund Balance, please refer to Exhibit 3 located in the Fund Financial statements section.

The General Fund contributed \$123.5 million in operating funds to support the Schools operations as well as \$42.1 million to the School Capital Projects Fund.

In the General Capital Improvement Fund, the County expended \$14.4 million in FY 2017. Approximately 46.24% of those expenditures, \$6.7 million, was used for Public Safety, specifically Fire/Rescue. Expenditures in this category included apparatus purchase, repair, and maintenance (\$2.9 million); purchase of new airpacks for all stations (\$2.3 million); and station construction (Station 8 and 16) repair and maintenance (\$1.5 million). The County also expended \$1.5 million for sidewalk construction and improvements; 1.3 million on facility maintenance; and \$1.0 million for park maintenance.

BUDGETARY HIGHLIGHTS

General Fund

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

Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2017			
	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$ 213,877,758	\$ 213,877,757	\$ 225,500,872
Other	5,887,531	5,985,321	6,380,508
Intergovernmental	34,920,548	35,111,585	35,368,439
Total	\$ 254,685,837	\$ 254,974,663	\$ 267,249,819
Expenditures:			
Expenditures	218,153,579	226,893,114	220,465,086
Excess (deficit) of revenues over expenditures	\$ 36,532,258	\$ 28,081,549	\$ 46,784,733
Other Financing Sources (Uses):			
Transfers in	\$ 4,181,964	\$ 12,619,395	\$ 2,680,559
Transfers out	(40,714,222)	(40,700,944)	(41,093,244)
Total	\$ (36,532,258)	\$ (28,081,549)	\$ (38,412,685)
Change in Fund Balance	\$ -	\$ -	\$ 8,372,048
Fund balance, beginning of year	-	-	47,933,070
Fund balance, end of year	\$ -	\$ -	\$ 56,305,118

Actual revenues were \$12,275,156, or 4.81% more than final budget amounts and actual expenditures were \$6,428,028 or 2.83% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2017, include the following:

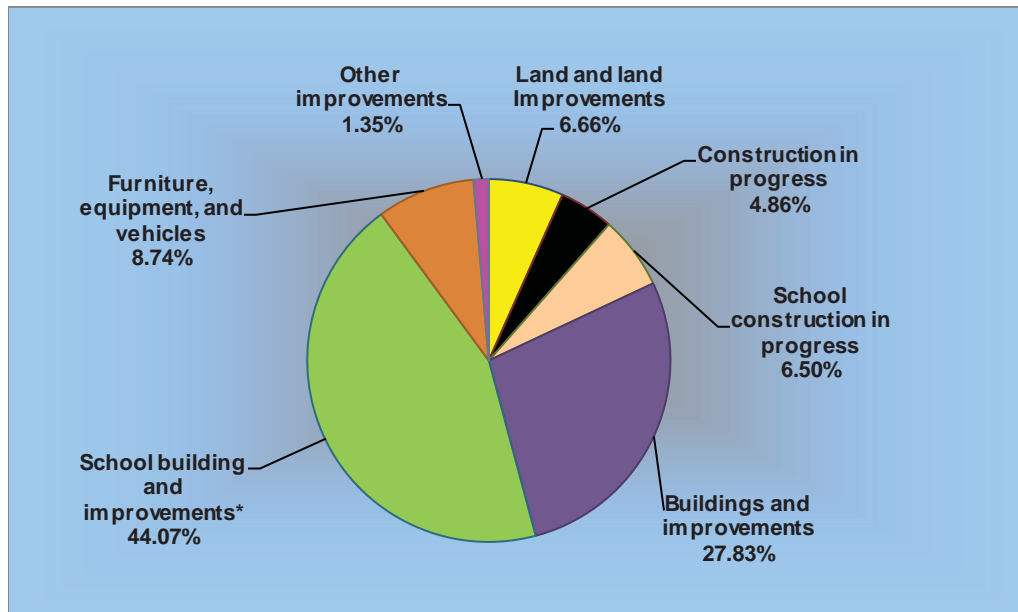
- Actual tax revenues exceeded budgeted amounts by \$11,623,114 primarily due to a better than expected real estate market and increased collection efforts of current as well as delinquent taxes including Business Personal Property and Business License.
- Actual revenues from Charges for Services were less than budgeted by \$143,169.
- Actual revenues from the Federal Government were \$1,350,598 more than budgeted due to additional grant funding approval, particularly related to Social Services expenditures.
- General government actual expenditures were \$954,130 less than budgeted, Community development actual expenditures were \$450,222 less than budgeted, and Public safety actual expenditures were \$361,880 less than budgeted. These savings were primarily due to attrition during FY 17.
- Expenditures in Public Works were \$667,564 less than budgeted primarily as a result of uncompleted projects carried forward to FY 2018.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2017, the County's investment in capital assets totaled \$175,029,821 as summarized below:

Capital Assets as of June 30, 2017



During Fiscal Year 2017, the County's net capital assets (including additions, decreases, and depreciation) increased \$7,022,393 as summarized below:

Change in Capital Assets Governmental Funds			
	Balance July 1, 2016	Net Additions and Deletions	Balance June 30, 2017
Land and land Improvements	\$ 11,486,536	\$ 163,000	\$ 11,649,536
Construction in progress	6,437,775	2,062,651	8,500,426
School land and construction in progress*	9,978,144	1,394,464	11,372,608
Buildings and improvements	79,515,914	(460,870)	79,055,044
School building and improvements*	83,171,679	4,960,611	88,132,290
Furniture, equipment, and vehicles	51,177,413	2,911,004	54,088,417
Other improvements	9,628,330	679,266	10,307,596
Total Capital Assets	\$ 251,395,791	\$ 11,710,126	\$ 263,105,917
Less accumulated depreciation	(83,388,363)	(4,687,733)	(88,076,096)
Total capital assets, net	\$ 168,007,428	\$ 7,022,393	\$ 175,029,821

* 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:

- Construction of the Pantops Rescue Station (Station 16). This facility will serve the Pantops urban area. Groundbreaking ceremonies occurred in March 7, 2017, with an anticipated opening date of early 2018.
- Purchase of Fire/Rescue apparatus including Monticello, North Garden, and Seminole Trail fire stations. The purchase of new airpicks for all fire/rescue stations also occurred in FY 2017.
- On-going construction and renovations to several schools including Red Hill Elementary, Woodbrook Elementary, Jouett 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 March 2017, the County issued \$30,435,000 of General Obligation Bonds, Series 2017 to fund projects approved by referendum in November 2016. Also in March 2017, the County issued \$22,240,000 of Public Facility Revenue Bonds, Series 2017. 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:

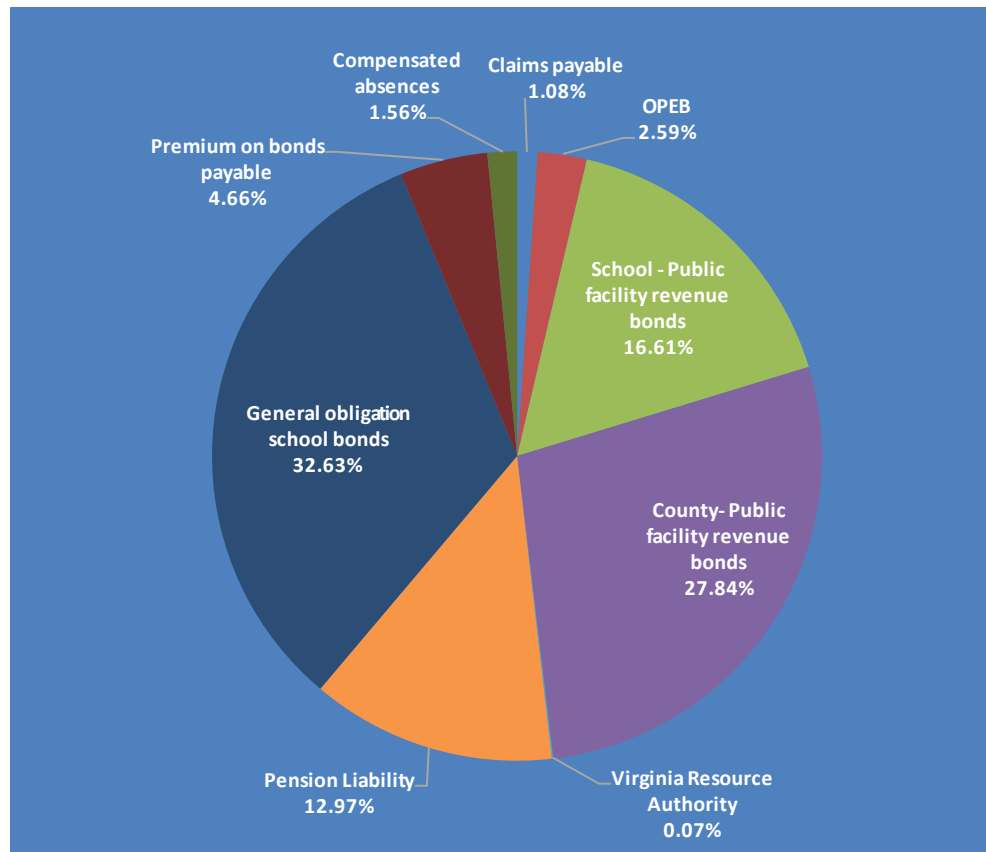
Summary of Long-Term Obligation Changes For the Fiscal Year Ended June 30, 2017			
	Amounts Payable July 1, 2016	Net Increase (Decrease)	Amounts Payable June 30, 2017
Primary Government			
General obligation school bonds	\$ 64,970,000	\$ 22,605,000	\$ 87,575,000
School - Public facility revenue bonds	34,075,077	10,496,971	44,572,048
County - Public facility revenue bonds	69,381,923	5,341,029	74,722,952
Virginia Resource Authority	242,890	(41,729)	201,161
Premium on bonds payable	9,231,886	3,266,341	12,498,227
Claims payable	2,205,138	681,754	2,886,892
Net pension liability	29,012,729	5,804,851	34,817,580
Net OPEB obligations	6,328,000	633,000	6,961,000
Compensated absences	4,184,630	207	4,184,837
Total	<u>\$ 219,632,273</u>	<u>\$ 48,787,424</u>	<u>\$ 268,419,697</u>

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Long-term Debt (Continued)

As of June 30, 2017, the County's long-term obligations total \$268,419,697 and can be summarized as follows:

Long-Term Obligations
Primary Government as of June 30, 2017



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.

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Long-term Debt (Continued)

- 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.
- 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 2017 was 3.7%. The area continues to have one of the lower unemployment rates and was ranked 34th lowest in the Commonwealth (tied with Henrico, King and Queen, and Warren Counties). For the same period, Virginia's unemployment rate was 3.9 percent and the national unemployment rate was 4.5 percent.
- According to the U.S. Census Bureau, the estimated population in Albemarle was 105,715, as of July 1, 2016, with an estimated 80% of individuals over the age of eighteen. The median was calculated at 38.2 years of age.
- The Fiscal Year 2018 Adopted Budget anticipates general fund revenues and expenditures to be \$274,243,257, a 6.11% increase over the fiscal year 2017 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 the 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.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2017

	Governmental Activities	Component Unit School Board
Assets		
Cash and investments	\$ 82,708,876	\$ 25,578,644
Investments - restricted	22,665,813	34,642,150
Receivables (net of allowance for doubtful accounts) - Note 4	13,314,125	584,378
Due from other governments - Note 5	13,106,767	4,753,205
Prepaid items	18,191	58,482
Inventories	87,609	293,594
Capital assets - Note 7:		
Land and construction in progress	31,522,570	6,174,142
Other capital assets (net of accumulated depreciation)	143,507,251	53,671,483
Total capital assets, net	<u>\$ 175,029,821</u>	<u>\$ 59,845,625</u>
Total assets	<u>\$ 306,931,202</u>	<u>\$ 125,756,078</u>
Deferred Outflows of Resources:		
Deferred amount on refunding	\$ 395,936	\$ -
Differences between expected and actual experience	47,351	46,025
Changes in proportionate share of employer contributions and proportionate share of contributions	-	2,802,000
Differences between projected and actual earnings on plan investments	3,382,594	9,700,035
Differences in proportionate share of net pension liabilities	120,335	-
Pension contributions subsequent to measurement date	4,611,455	13,429,944
Total deferred outflows of resources	<u>\$ 8,557,671</u>	<u>\$ 25,978,004</u>
Total assets and deferred outflows of resources	<u>\$ 315,488,873</u>	<u>\$ 151,734,082</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 5,917,348	\$ 19,308,659
Amounts held for others	1,321,790	-
Accrued interest payable	1,821,224	-
Unearned revenue	-	220,559
Long-term liabilities - Note 8:		
Due within one year	17,460,797	291,686
Due in more than one year	250,958,900	171,659,212
Total liabilities	<u>\$ 277,480,059</u>	<u>\$ 191,480,116</u>
Deferred Inflows of Resources		
Deferred revenue - Note 9	\$ 2,615,703	\$ -
Changes in proportionate share of employer contributions and proportionate share of contributions	-	438,000
Differences between expected and actual experience	387,632	6,365,333
Total deferred outflows of resources	<u>\$ 3,003,335</u>	<u>\$ 6,803,333</u>
Net Position		
Net investment in capital assets	\$ 13,365,493	\$ 59,845,625
Restricted:		
Grant compliance	3,827,416	-
Unrestricted	17,812,570	(106,394,992)
Total net position	<u>\$ 35,005,479</u>	<u>\$ (46,549,367)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 315,488,873</u>	<u>\$ 151,734,082</u>

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

Statement of Activities
Year Ended June 30, 2017

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
Primary Government						
Governmental activities						
General government administration	\$ 14,159,854	\$ 382,375	\$ 495,006	\$ -	\$ (13,282,473)	\$ -
Judicial administration	5,955,611	495,670	1,821,315	-	(3,638,626)	-
Public safety	45,574,488	3,117,781	3,849,583	-	(38,607,124)	-
Public works	7,661,298	92,316	-	1,244,002	(6,324,980)	-
Health and welfare	26,701,233	-	17,880,616	-	(8,820,617)	-
Education	156,222,909	25,000	-	-	(156,197,909)	-
Parks, recreation and cultural	8,804,004	314,000	14,485	-	(8,475,519)	-
Community development	26,614,114	2,500,395	308,455	196,475	(23,608,789)	-
Interest on long-term debt	6,695,703	-	154,491	-	(6,541,212)	-
Total governmental activities	\$ 298,389,213	\$ 6,927,537	\$ 24,523,951	\$ 1,440,477	\$ (265,497,248)	\$ -
Component Unit						
Albemarle County Public Schools	\$ 207,155,126	\$ 6,104,492	\$ 58,701,661	\$ 1,752,000	\$ -	\$ (140,596,973)
General Revenues						
Taxes:						
General property taxes, real and personal				\$ 174,980,809	\$ -	
Local sales and use taxes				16,229,409	-	
Business licenses tax				12,849,303	-	
Consumer utility taxes				4,462,769	-	
Meals tax				7,971,041	-	
Motor vehicle licenses tax				3,910,692	-	
Other taxes				7,258,368	-	
Payment from County of Albemarle:						
Education				-		162,121,149
Grants and contributions not restricted to specific programs						
				21,113,223	-	
Unrestricted use of money and property				1,653,038		1,123,464
Miscellaneous				282,926		3,653,968
Total general revenues				\$ 250,711,578	\$ 166,898,581	
Change in net position				\$ (14,785,670)	\$ 26,301,608	
Net position, beginning of year				49,791,149	(72,850,975)	
Net position, end of year				\$ 35,005,479	\$ (46,549,367)	

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, 2017

	General Fund	Federal/ State Grants Fund	General Capital Improve- ments	Other Govern- mental Funds	Total Govern- mental Funds
Assets					
Cash and investments	\$ 44,123,392	\$ 3,657,931	\$ 14,730,324	\$ 3,922,186	\$ 66,433,833
Investments - restricted	-	-	19,834,028	2,831,785	22,665,813
Property taxes receivable, (net of allowance for uncollectibles) - Note 4	8,992,270	-	-	-	8,992,270
Receivables, (net of allowance for uncollectibles) - Note 4	3,727,023	44,384	24,364	370,203	4,165,974
Due from other governments - Note 5	11,813,309	1,180,131	20,366	92,961	13,106,767
Prepaid items	18,191	-	-	-	18,191
Inventories	87,609	-	-	-	87,609
Total assets	\$ 68,761,794	\$ 4,882,446	\$ 34,609,082	\$ 7,217,135	\$ 115,470,457
Liabilities					
Accounts payable and accrued liabilities	\$ 2,869,638	\$ 1,055,030	\$ 882,727	\$ 393,615	\$ 5,201,010
Amounts held for others	1,321,790	-	-	-	1,321,790
Total liabilities	\$ 4,191,428	\$ 1,055,030	\$ 882,727	\$ 393,615	\$ 6,522,800
Deferred Inflows of resources					
Unavailable revenue, property tax - Note 9	\$ 8,265,248	\$ -	\$ -	\$ -	\$ 8,265,248
Fund Balance					
Nonspendable:					
Inventories and prepaid items	\$ 105,800	\$ -	\$ -	\$ -	\$ 105,800
Loan receivable	-	-	24,364	-	24,364
Restricted:					
Grant compliance	-	3,827,416	-	-	3,827,416
Committed:					
Encumbrances:					
General government administration	\$ 772,426	\$ -	\$ -	\$ -	\$ 772,426
Judicial administration	5,243	-	-	-	5,243
Public safety	114,483	-	-	-	114,483
Health and welfare	26,785	-	-	-	26,785
Parks and recreation	137,700	-	-	-	137,700
Community development	9,108	-	-	-	9,108
Total encumbrance commitments	\$ 1,065,745	\$ -	\$ -	\$ -	\$ 1,065,745
Other Commitments:					
General capital projects	\$ -	\$ -	\$ 33,701,991	\$ -	\$ 33,701,991
Storm water projects	-	-	-	3,739,145	3,739,145
Special revenue	-	-	-	3,084,375	3,084,375
Education - School Reserve Fund	1,975,506	-	-	-	1,975,506
Unassigned	53,158,067	-	-	-	53,158,067
Total fund balance	\$ 56,305,118	\$ 3,827,416	\$ 33,726,355	\$ 6,823,520	\$ 100,682,409
Total liabilities, deferred inflows of resources and fund balance	\$ 68,761,794	\$ 4,882,446	\$ 34,609,082	\$ 7,217,135	\$ 115,470,457

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, 2017

Total fund balances for governmental funds (Exhibit 3) \$ 100,682,409

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	\$ 11,649,536	
Construction in progress	8,500,426	
School Board construction in progress	11,372,608	
Buildings and improvements, net of accumulated depreciation	48,714,661	
Other improvements, net of accumulated depreciation	2,363,410	
Furniture, equipment and vehicles, net of accumulated depreciation	15,299,424	
School Board capital assets, net of accumulated depreciation	77,129,756	
Total net capital assets		175,029,821

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:

12,827,694

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.

5,649,545

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 (387,632)

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.

4,611,455

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	\$ (1,821,224)	
Differences between expected and actual experience	47,351	
Difference between projected and actual earnings on plan investments	3,382,594	
Differences in proportionate share of net pension liabilities	120,335	
General obligation bonds	(132,147,048)	
Public facility revenue and refunding bonds	(74,722,952)	
Virginia Resource Authority	(201,161)	
Net pension liability	(34,817,580)	
Net OPEB obligation	(6,961,000)	
Unamortized bond premium	(12,498,227)	
Deferred amount on refunding	395,936	
Compensated absences	(4,184,837)	(263,407,813)

Total net position of governmental activities (Exhibits 1 and 2) \$ 35,005,479

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, 2017

	General Fund	Federal/ State Grants Fund	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 174,497,297	\$ -	\$ -	\$ -	\$ 174,497,297
Other local taxes	51,003,575	-	-	1,678,004	52,681,579
Permits, privilege fees and regulatory licenses	2,595,632	-	-	175,291	2,770,923
Fines and forfeitures	440,281	-	-	-	440,281
Use of money and property	1,180,939	1,010	180,034	238,796	1,600,779
Charges for services	1,624,974	-	-	2,091,359	3,716,333
Miscellaneous	274,005	7,138	-	1,783	282,926
Recovered costs	264,677	50,423	57,723	13,759	386,582
Intergovernmental:					
Contribution from School Board	824,120	1,830,820	-	-	2,654,940
Commonwealth	27,888,083	6,700,719	1,020,989	566,786	36,176,577
Federal Government	6,656,236	3,825,352	419,488	79,135	10,980,211
Total revenues	\$ 267,249,819	\$ 12,415,462	\$ 1,678,234	\$ 4,844,913	\$ 286,188,428
Expenditures					
Current:					
General government administration	\$ 12,904,062	\$ -	\$ -	\$ -	\$ 12,904,062
Judicial administration	4,722,068	1,014,085	-	-	5,736,153
Public safety	25,890,638	510,522	-	14,283,203	40,684,363
Public works	4,468,841	-	-	76,226	4,545,067
Health and welfare	17,400,434	10,081,970	-	-	27,482,404
Education - local community college	23,981	-	-	-	23,981
Education - public school system	123,592,513	-	42,155,586	-	165,748,099
Parks, recreation and cultural	7,662,290	-	-	-	7,662,290
Community development	23,178,766	3,374,422	-	-	26,553,188
Contingencies	621,493	-	-	-	621,493
Debt service:					
Principal payments	-	-	-	14,273,729	14,273,729
Interest and fiscal charges	-	-	602,087	7,389,291	7,991,378
Capital projects	-	-	14,425,102	132,072	14,557,174
Total expenditures	\$ 220,465,086	\$ 14,980,999	\$ 57,182,775	\$ 36,154,521	\$ 328,783,381
Excess (deficiency) of revenues over (under) expenditures	\$ 46,784,733	\$ (2,565,537)	\$ (55,504,541)	\$ (31,309,608)	\$ (42,594,953)
Other financing sources (uses)					
Issuance of general obligation bonds	\$ -	\$ -	\$ 52,675,000	\$ -	\$ 52,675,000
Premium on debt	-	-	4,565,775	-	4,565,775
Transfers in	2,713,310	4,715,032	2,764,778	37,063,454	47,256,574
Transfers (out)	(41,125,995)	(288,227)	(2,694,128)	(3,554,926)	(47,663,276)
Total other financing sources (uses)	\$ (38,412,685)	\$ 4,426,805	\$ 57,311,425	\$ 33,508,528	\$ 56,834,073
Net change in fund balance	\$ 8,372,048	\$ 1,861,268	\$ 1,806,884	\$ 2,198,920	\$ 14,239,120
Fund balance, beginning of year	47,933,070	1,966,148	31,919,471	4,624,600	86,443,289
Fund balance, end of year	\$ 56,305,118	\$ 3,827,416	\$ 33,726,355	\$ 6,823,520	\$ 100,682,409

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, 2017

Net change in fund balances - total governmental funds (Exhibit 5) \$ 14,239,120

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	\$ 163,000	
Construction in progress additions	3,488,277	
Construction in progress deletions	(1,425,626)	
Building and improvements additions	477,560	
Other improvements additions	679,266	
Furniture, equipment and vehicle additions	3,936,299	\$ 7,318,776
Depreciation expense		(9,968,088) (2,649,312)

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. (262,860)

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	\$ 11,471,265	
School construction in progress deletions	(10,076,801)	
School buildings and improvements additions	9,928,142	
School buildings and improvements deletions	(4,967,531)	
Transfer of depreciation	3,579,490	9,934,565

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. 483,512

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 2,679,014

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	\$ (52,675,000)	
Less premium on debt issued	(4,565,775)	
Repayments:		
General obligation school bonds	7,830,000	
Public facility revenue bonds	6,402,000	
Virginia Resource Authority	41,729	(42,967,046)

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	\$ (207)	
Amortization of deferred amount on refunding	(27,464)	
Amortization of bond premium	1,299,434	
Net pension liability	(5,804,851)	
Net OPEB obligation	(633,000)	
Differences between expected and actual experience	(22,230)	
Differences between projected and actual earnings on plan investments	3,382,594	
Differences in proportionate share of net pension liabilities	58,701	
Deferred outflows related to pension payments subsequent to measurement date	(297,489)	
Accrued interest payable	(55,430)	
Net adjustment		(2,099,942)

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. 5,857,279

Change in net position of governmental activities (Exhibit 2) \$ (14,785,670)

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2017

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 16,275,043
Receivables, (net of allowance for doubtful accounts)	<u>155,881</u>
Total assets	<u>\$ 16,430,924</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 716,338
Claims payable:	
Due within one year	383,598
Due in more than one year	<u>2,503,294</u>
Total liabilities	<u>\$ 3,603,230</u>
Net Position	
Unrestricted	<u>\$ 12,827,694</u>
Total liabilities and net position	<u>\$ 16,430,924</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, 2017

	Governmental Activities Internal Service Funds
Operating revenues	
Charges for services, net	\$ 39,244,032
Operating expenses	
Benefits and related expenses	\$ 32,112,066
Services and supplies	1,733,648
Total operating expenses	\$ 33,845,714
Operating income (loss)	\$ 5,398,318
Nonoperating revenues (expenses)	
Interest income	\$ 52,259
Transfers	
Transfers in	\$ 430,414
Transfers (out)	(23,712)
Net transfers	\$ 406,702
Change in net position	\$ 5,857,279
Net position, beginning of year	6,970,415
Net position, end of year	\$ 12,827,694

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2017

	Governmental Activities Internal Service Funds
Cash flows from operating activities	
Receipts from insured	\$ 36,675,024
Receipts from services	2,418,166
Payments to suppliers	<u>(32,608,942)</u>
Net cash provided by (used for) operating activities	\$ <u>6,484,248</u>
Cash flows from noncapital financing activities	
Transfers	\$ <u>406,702</u>
Cash flows from investing activities	
Interest income	\$ <u>52,259</u>
Net increase (decrease) in cash and cash equivalents	\$ 6,943,209
Cash and cash equivalents, beginning of year	<u>9,331,834</u>
Cash and cash equivalents, end of year	\$ <u><u>16,275,043</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 5,398,318
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in assets and liabilities:	
Receivables, net	(150,842)
Accounts payable and accrued liabilities	555,018
Claims payable	<u>681,754</u>
Net cash provided by (used for) operating activities	\$ <u><u>6,484,248</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, 2017

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 6,595,714	\$ 6,885,090
Investments with trustee	300,515	-
Accounts receivable	100,380	568,711
Total assets	\$ 6,996,609	\$ 7,453,801
Liabilities		
Accounts payable	\$ 8,481	\$ 911,147
Amounts held for others	-	6,542,654
Total liabilities	\$ 8,481	\$ 7,453,801
Net Position	\$ 6,988,128	\$ -

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, 2017

	Private Purpose Trust Funds
	<u> </u>
Additions	
Investment earnings (losses)	\$ 103,684
Proffers	<u>1,596,351</u>
Total additions	<u>\$ 1,700,035</u>
Deductions	
General	\$ 17,925
Contributions	<u>77,953</u>
Total deductions	<u>\$ 95,878</u>
 Net position, beginning of year	 <u>5,383,971</u>
 Net position, end of year	 <u><u>\$ 6,988,128</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, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board, and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. 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.

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

A. Financial Reporting Entity: (Continued)

- 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).
- 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)

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 \$4,234,445 in operating funds in fiscal year 2017. 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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

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 2017 the County contributed \$705,519 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)

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. The government-wide financial statements exclude both fiduciary funds of the primary government and fiduciary-type component units.

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)

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 2017.

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 major and 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. The federal and state grant fund is considered a major fund for financial reporting purposes.

The following special revenue funds are considered nonmajor for financial reporting purposes:

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)

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, Computer Replacement 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)

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)

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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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

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

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

b. Agency Funds: (Continued)

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.

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.

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

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

4. Component Unit: (Continued)

Albemarle County School Board: (Continued)

Governmental Funds: (Continued)

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.

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.

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

C. Basis of Accounting: (Continued)

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.

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, 2017 amounts reappropriated by the Board totaled \$1,065,745.

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.

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

D. Budgets and Budgetary Accounting (Continued)

Encumbrances: (Continued)

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.

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, 2017, 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.

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

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 in accordance with GASB 79. All other investments are reported at fair value.

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 \$497,618 at June 30, 2017 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.

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

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.

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 \$4,184,837.

Component Unit School Board

Certain School Board employees accrue vacation and sick leave.

The School Board has outstanding accrued vacation and sick pay totaling \$2,916,858.

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

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.

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;

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

P. Fund Equity: (Continued)

- * 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, 2017.

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.

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. A deferred charge on refunding results from the difference in carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 projected and actual earnings on plan investments, 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.

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

Q. Deferred Outflows/Inflows of Resources: (Continued)

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 2nd 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 2nd 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. 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. 81, Irrevocable Split-Interest Agreements, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

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

S. Upcoming Pronouncements: (Continued)

Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 86, Certain Debt Extinguishment Issues, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 87, Leases, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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, 2017 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	\$ -	\$ 267,147	
U.S. Government Agencies	11,483,760	-	
U.S. Treasury Obligations	9,239,105	-	
Virginia State Non-Arbitrage Program	57,700,198	-	
Local Government Investment Pool	76,372,343	-	
Total	\$ 154,795,406	\$ 267,147	

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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.

The County has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Fair Value Measurement Using	
	6/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)
U.S. Government Agencies	\$ 11,483,760	\$ 11,483,760
U.S. Treasury Obligations	9,239,105	9,239,105
Total	\$ 20,722,865	\$ 20,722,865

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, 2017, 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, 2017 (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.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
U.S. Government Agencies	\$ 11,483,760	\$ 11,483,760
U.S. Treasury Obligations	9,239,105	9,239,105
Virginia State Non-Arbitrage Program	57,700,198	57,700,198
Local Government Investment Pool	76,372,343	76,372,343
Total	\$ 154,795,406	\$ 154,795,406

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Restricted Investments

Restricted investments at June 30, 2017 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	\$ 19,834,028	\$ 34,642,150
Storm Water Control Fund:		
General projects unexpended bond proceeds	<u>2,831,785</u>	<u>-</u>
Total	<u>\$ 22,665,813</u>	<u>\$ 34,642,150</u>

NOTE 3—PROPERTY TAXES:

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 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 for calendar year 2017 were levied by the County Board of Supervisors on May 15, 2017, on the assessed value listed as of January 1, 2017.

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, 2017 (Continued)

NOTE 4—RECEIVABLES:

Receivables at June 30, 2017 consist of the following:

	Primary Government Governmental Activities						Component Unit
	General	Federal/ State Grants Fund	General Capital Improvements	Other Governmental Funds	Internal Service	Total	School Board
Property taxes	\$ 9,489,888	\$ -	\$ -	\$ -	\$ -	\$ 9,489,888	\$ -
Other	3,727,023	44,384	24,364	370,203	155,881	4,321,855	584,378
Total	\$ 13,216,911	\$ 44,384	\$ 24,364	\$ 370,203	\$ 155,881	\$ 13,811,743	\$ 584,378
Allowance for uncollectibles	(497,618)	-	-	-	-	(497,618)	-
Net receivables	\$ 12,719,293	\$ 44,384	\$ 24,364	\$ 370,203	\$ 155,881	\$ 13,314,125	\$ 584,378

NOTE 5—DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2017 consist of the following:

	Governmental Funds					Component Unit
	General	Federal/ State Grants Fund	General Capital Improvements	Special Revenue	Total	School Board
Commonwealth of Virginia:						
Local sales taxes	\$ 2,913,260	\$ -	\$ -	\$ -	\$ 2,913,260	\$ -
State sales taxes	-	-	-	-	-	2,922,628
PPTRA	6,783,357	-	-	-	6,783,357	-
Communications tax	718,614	-	-	-	718,614	-
Recordation tax	159,081	-	-	-	159,081	-
Comprehensive Services Act	-	1,112,235	-	-	1,112,235	-
Shared expenses	203,868	-	-	-	203,868	-
Public assistance grants	284,281	-	-	-	284,281	-
Other state funds	133,183	35,113	20,366	92,961	281,623	88,280
Federal government:						
School funds	-	-	-	-	-	1,742,297
Public assistance grants	617,665	-	-	-	617,665	-
Other federal funds	-	32,783	-	-	32,783	-
Total	\$ 11,813,309	\$ 1,180,131	\$ 20,366	\$ 92,961	\$ 13,106,767	\$ 4,753,205

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements June 30, 2017 (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, 2017.

Transfers To/From Other Funds

General Fund

Federal/State Grants Fund for other costs	\$ 288,227
Vehicle Replacement Fund for other costs	23,712
Fire Rescue Services Fund for costs expended	106,317
Water resources for costs expended	745,969
Tourism Fund for tourism program costs expended	1,516,334
Total General Fund	<u>\$ 2,680,559</u>

Federal/State Grants Fund

General and other funds for local match funds for various grant programs	<u>\$ 4,715,032</u>
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General Debt Service

General Fund for debt service expenditures	<u>\$ 8,124,197</u>
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School Debt Service

General Fund for debt service expenditures	<u>\$ 13,178,447</u>
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General Capital Improvements:

General Fund for capital projects	\$ 1,626,278
Stormwater Fund for costs expended	1,000,000
Tourism for capital expenditures	110,000
Courthouse Maintenance Fund for building renovations and other costs	28,500

Total General Capital Improvements Fund	<u>\$ 2,764,778</u>
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Fire Rescue Services Fund

General Fund for fire rescue service expenditures	<u>\$ 11,884,982</u>
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Stormwater Control Fund

Water Resources Fund for stormwater capital improvement expenditures	\$ 25,257
Capital Improvements Fund for stormwater capital improvement expenditures	2,694,128

Total Stormwater Control Fund	<u>\$ 2,719,385</u>
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Health Insurance Fund

Various Funds to reimburse for expenditures	<u>\$ 430,414</u>
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Water Resources Fund

General Fund for water resources projects	<u>\$ 1,156,443</u>
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Total transfers	<u><u>\$ 47,654,237</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>
Total transfers	<u><u>\$ 112,500</u></u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2017:

Governmental Activities:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 11,486,536	\$ 163,000	\$ -	\$ 11,649,536
Construction in progress	6,437,775	3,488,277	1,425,626	8,500,426
School construction in progress *	9,978,144	11,471,265	10,076,801	11,372,608
Total capital assets not being depreciated	\$ 27,902,455	\$ 15,122,542	\$ 11,502,427	\$ 31,522,570
Capital assets being depreciated:				
Buildings and improvements	\$ 79,515,914	\$ 477,560	\$ 938,430	\$ 79,055,044
Other improvements	9,628,330	679,266	-	10,307,596
School buildings and improvements *	83,171,679	9,928,142	4,967,531	88,132,290
Furniture, equipment and vehicles	51,177,413	3,936,299	1,025,295	54,088,417
Total capital assets being depreciated	\$ 223,493,336	\$ 15,021,267	\$ 6,931,256	\$ 231,583,347
Accumulated depreciation:				
Buildings and improvements	\$ 28,709,729	\$ 2,306,224	\$ 675,570	\$ 30,340,383
Other improvements	7,560,210	383,976	-	7,944,186
School buildings and improvements *	11,626,531	2,955,493	3,579,490	11,002,534
Furniture, equipment and vehicles	35,491,893	4,322,395	1,025,295	38,788,993
Total accumulated depreciation	\$ 83,388,363	\$ 9,968,088	\$ 5,280,355	\$ 88,076,096
Total capital assets being depreciated, net	\$ 140,104,973	\$ 5,053,179	\$ 1,650,901	\$ 143,507,251
Governmental activities capital assets, net	\$ 168,007,428	\$ 20,175,721	\$ 13,153,328	\$ 175,029,821
Depreciation expense was allocated as follows:				
General government administration		\$ 2,329,148		
Judicial administration		364,450		
Public safety		3,266,158		
Public works		84,370		
Health and welfare		22,905		
Education		3,040,334		
Parks, recreation and cultural		799,078		
Community development		61,645		
Total depreciation expense		\$ 9,968,088		

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land and land improvements	\$ 6,174,142	\$ -	\$ -	\$ 6,174,142
Construction in progress	9,978,144	11,471,265	10,076,801	11,372,608
School construction in progress allocated to County *	(9,978,144)	(11,471,265)	(10,076,801)	(11,372,608)
Total capital assets not being depreciated	\$ 6,174,142	\$ -	\$ -	\$ 6,174,142
Capital assets being depreciated:				
Buildings and improvements	\$ 261,448,711	\$ 9,928,142	\$ -	\$ 271,376,853
Other improvements	13,171,987	126,898	-	13,298,885
School buildings and improvements*	(83,171,679)	(9,928,142)	(4,967,531)	(88,132,290)
Furniture, equipment and vehicles	42,319,585	1,900,722	772,836	43,447,471
Total capital assets being depreciated	\$ 233,768,604	\$ 2,027,620	\$ (4,194,695)	\$ 239,990,919
Accumulated depreciation:				
Buildings and improvements	\$ 142,368,965	\$ 9,290,539	\$ -	\$ 151,659,504
Other improvements	7,396,930	645,599	-	8,042,529
School buildings and improvements *	(11,626,531)	(2,955,493)	(3,579,490)	(11,002,534)
Furniture, equipment and vehicles	36,410,863	1,981,910	772,836	37,619,937
Total accumulated depreciation	\$ 174,550,227	\$ 8,962,555	\$ (2,806,654)	\$ 186,319,436
Total capital assets being depreciated, net	\$ 59,218,377	\$ (6,934,935)	\$ (1,388,041)	\$ 53,671,483
School board capital assets, net	\$ 65,392,519	\$ (6,934,935)	\$ (1,388,041)	\$ 59,845,625
Depreciation expense allocated to education		\$ 8,962,555		

* 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	\$ 175,029,821
Long-term debt applicable to capital assets at June 30, 2017:	
General obligation school bonds	\$ 87,575,000
School - Public facility revenue bonds	44,572,048
County - Public facility revenue bonds	74,722,952
Premium on bonds payable	12,498,227
Deferred amount for issuance premiums	(395,936) \$ 218,972,291
Less-debt proceeds received but not expended on capital assets at June 30, 2017	(57,307,963)
Net long-term debt	\$ 161,664,328
Net investment in capital assets	\$ 13,365,493

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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, 2017:

	Balance July 1, 2016	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2017	Amounts Due Within One Year
General obligation school bonds	\$ 64,970,000	\$ 30,435,000	\$ 7,830,000	\$ 87,575,000	\$ 8,125,000
School - Public facility revenue bonds	34,075,077	11,980,109	1,483,138	44,572,048	2,052,802
County - Public facility revenue bonds	69,381,923	10,259,891	4,918,862	74,722,952	4,714,197
Virginia Resource Authority	242,890	-	41,729	201,161	42,961
Premium on bonds payable	9,231,886	4,565,775	1,299,434	12,498,227	1,723,776
Claims payable	2,205,138	681,754	-	2,886,892	383,598
Net pension liability	29,012,729	15,216,442	9,411,591	34,817,580	-
Net OPEB obligation	6,328,000	1,315,000	682,000	6,961,000	-
Compensated absences	4,184,630	1,012,884	1,012,677	4,184,837	418,463
Total primary government	<u>\$ 219,632,273</u>	<u>\$ 75,466,855</u>	<u>\$ 26,679,431</u>	<u>\$ 268,419,697</u>	<u>\$ 17,460,797</u>
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 17,460,797	
Long-term liabilities due in more than one year:				<u>250,958,900</u>	
Total long-term obligations				<u>\$ 268,419,697</u>	

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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	
			School Public Facility		County Public Facility			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 8,125,000	\$ 4,063,490	\$ 2,052,802	\$ 1,843,267	\$ 4,714,197	\$ 3,420,438	\$ 42,961	\$ 5,582
2019	7,520,000	3,406,609	2,222,730	1,634,750	6,058,272	3,088,984	44,229	4,314
2020	7,260,000	3,050,259	2,362,444	1,534,506	6,363,556	2,786,069	45,534	3,008
2021	7,155,000	2,738,721	2,467,050	1,427,540	6,283,950	2,467,893	46,878	1,664
2022	7,085,000	2,413,434	2,579,781	1,315,609	6,581,220	2,153,695	21,559	316
2023	6,045,000	2,104,623	2,690,330	1,198,306	5,875,670	1,824,635	-	-
2024	5,680,000	1,829,431	2,732,373	1,075,742	4,264,627	1,530,852	-	-
2025	5,415,000	1,567,903	2,779,433	960,483	4,363,564	1,340,208	-	-
2026	5,035,000	1,321,021	2,894,715	842,838	4,564,287	1,143,894	-	-
2027	4,740,000	1,090,609	2,503,963	719,300	3,001,038	936,763	-	-
2028	3,985,000	883,854	2,210,725	627,967	3,036,274	827,334	-	-
2029	3,500,000	708,769	2,291,513	548,109	3,157,487	706,727	-	-
2030	2,180,000	579,316	2,365,021	474,552	2,935,978	591,188	-	-
2031	2,230,000	472,626	2,440,806	397,914	3,042,194	484,084	-	-
2032	1,790,000	371,181	2,517,592	447,089	3,153,407	372,286	-	-
2033	1,845,000	317,481	2,232,579	235,671	2,801,422	256,339	-	-
2034	1,900,000	262,131	1,694,525	163,778	1,253,476	152,128	-	-
2035	1,965,000	200,381	1,745,027	113,953	1,295,972	111,391	-	-
2036	2,025,000	136,519	1,184,252	61,874	1,335,748	68,400	-	-
2037	2,095,000	70,706	604,387	21,154	640,613	22,421	-	-
	<u>\$ 87,575,000</u>	<u>\$ 27,589,064</u>	<u>\$ 44,572,048</u>	<u>\$ 15,644,402</u>	<u>\$ 74,722,952</u>	<u>\$ 24,285,729</u>	<u>\$ 201,161</u>	<u>\$ 14,884</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations outstanding at June 30, 2017 are as follows:

	<u>Amount Outstanding</u>
County Public Facilities Revenue Bonds:	
\$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%	\$ 21,145,000
\$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%	24,473,954
\$22,240,000, Public Facility Revenue Bonds, Series 2017, (General portion \$10,259,891) issued March 9, 2017, maturing in various annual installments through June 1, 2037, interest payable semi-annually 2.853%	10,259,891
\$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%	18,844,107
Total County public facilities revenue bonds	\$ <u>74,722,952</u>
School Public Facilities Revenue Bonds:	
\$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%	\$ 7,460,000
\$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%	4,110,893
\$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%	8,875,000
\$22,240,000, Public Facility Revenue Bonds, Series 2017, (School portion \$11,980,109) issued March 9, 2017, maturing in various annual installments through June 1, 2037, interest payable semi-annually 2.853%	11,980,109
\$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%	12,146,046
Total School public facilities revenue bonds	\$ <u>44,572,048</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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:	
\$30,435,000, Series 2017, issued March 8, 2017, maturing in various annual installments through July 1, 2037, interest payable semi-annually at 2.853%	\$ 30,435,000
\$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	1,800,000
\$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%	1,020,000
\$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%	720,000
\$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%	420,000
\$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%	520,000
\$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%	5,075,000
\$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%	2,490,000
\$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%	2,345,000

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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%	\$ 3,560,000
\$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%	3,310,000
\$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%	7,500,000
\$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%	6,215,000
\$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%	16,805,000
\$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%	5,360,000
Total general obligation school bonds	\$ <u>87,575,000</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%	\$ 201,161
Compensated absences	\$ 4,184,837
Claims payable	\$ 2,886,892
Net pension liability	\$ 34,817,580
Net OPEB Obligation	\$ 6,961,000
Unamortized bond premiums	\$ 12,498,227
Total long-term obligations	\$ <u><u>268,419,697</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, 2017 (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, 2017.

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Compensated absences	\$ 2,579,032	\$ 484,112	\$ 146,286	\$ 2,916,858	\$ 291,686
Net pension liability - professional	139,474,000	36,996,000	18,849,000	157,621,000	-
Net pension liability - non-professional	1,617,396	2,578,183	3,380,539	815,040	-
Net OPEB Obligation	9,191,000	3,211,000	1,804,000	10,598,000	-
Total	<u>\$ 152,861,428</u>	<u>\$ 43,269,295</u>	<u>\$ 24,179,825</u>	<u>\$ 171,950,898</u>	<u>\$ 291,686</u>
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year				\$ 291,686	
Long-term liabilities due in more than one year				171,659,212	
Total long-term debt				<u>\$ 171,950,898</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, 2017.

	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	\$ -	\$ 5,649,545	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	2,615,703	2,615,703	-
Total deferred/unavailable revenue	<u>\$ 2,615,703</u>	<u>\$ 8,265,248</u>	<u>\$ -</u>
Unearned revenue:			
Prepaid summer school tuition and registration fees	\$ -	\$ -	\$ 220,559
Total	<u>\$ 2,615,703</u>	<u>\$ 8,265,248</u>	<u>\$ 220,559</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 10—COMMITMENTS AND CONTINGENCIES:

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.
- 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 11—PART-TIME EMPLOYEE PENSION PLAN:

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 2017 were \$23,766 and \$285,443, respectively. The average payroll for covered County employees was \$337,278 and \$4,102,151 for School Board employees, respectively. The contribution averaged 7.05% and 6.96% 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:

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 \$15,767,084 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>About Plan 1 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>About Plan 2 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>About the Hybrid Retirement Plan 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"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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"> • 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.
<p>Eligible Members 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>Hybrid Opt-In Election 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>Eligible Members 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>Hybrid Opt-In Election 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>Eligible Members 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"> • Political subdivision employees* • School division employees • 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. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) 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>Hybrid Opt-In Election (Cont.) 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>*Non-Eligible Members (Cont.) 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>Retirement Contributions 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 are paying the full 5% as of 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>Retirement Contributions 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 are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions 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>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service 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>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</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>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting 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>Vesting Same as Plan 1.</p>	<p>Vesting <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>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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: (Cont.)</u> 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"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit 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>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <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>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier 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>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: 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>Service Retirement Multiplier 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>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: 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>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility 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>Earliest Unreduced Retirement Eligibility 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>Earliest Unreduced Retirement Eligibility <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>Earliest Reduced Retirement Eligibility 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>Earliest Reduced Retirement Eligibility 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>Earliest Reduced Retirement Eligibility <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>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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 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"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement 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>Cost-of-Living Adjustment (COLA) in Retirement <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>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • 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. • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <p>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
Disability Coverage: (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage: (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage: (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service 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.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • 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. <u>Defined Contribution Component:</u> Not applicable.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to 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, 2017 was 12.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$4,611,455 and \$4,908,944 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

At June 30, 2017, the County reported a liability of \$34,817,580 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. 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, 2016 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2016 and 2015, the County's proportion was 94.5826% and 94.2816%, respectively.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

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, 2015, 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, 2016.

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2015 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, 2015, 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, 2016.

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees: (Continued)

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 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, 2015 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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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)	\$ 57,208,938	\$ 34,817,580	\$ 16,257,869

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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, 2017, the County recognized pension expense of \$4,569,575. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,351	\$ 387,632
Difference in proportionate share	120,335	-
Net difference between projected and actual earnings on pension plan investments	3,382,594	-
Employer contributions subsequent to the measurement date	4,611,455	-
Total	<u>\$ 8,161,735</u>	<u>\$ 387,632</u>

\$4,611,455 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government
2018	\$ 28,125
2019	28,125
2020	1,792,412
2021	1,313,985
Thereafter	-

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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, 2015 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	173
Inactive members:	
Vested inactive members	47
Non-vested inactive members	135
Inactive members active elsewhere in VRS	127
Total inactive members	<u>309</u>
Active members	<u>210</u>
Total covered employees	<u><u>692</u></u>

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 4.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$319,116 and \$290,710 for the years ended June 30, 2017 and June 30, 2016, 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, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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, 2015	\$ 28,157,226	\$ 26,539,830	\$ 1,617,396
Changes for the year:			
Service cost	\$ 637,830	\$ -	\$ 637,830
Interest	1,923,580	-	1,923,580
Differences between expected and actual experience	(2,112,662)	-	(2,112,662)
Contributions - employer	-	493,668	(493,668)
Contributions - employee	-	320,570	(320,570)
Net investment income	-	453,639	(453,639)
Benefit payments, including refunds of employee contributions	(1,355,010)	(1,355,010)	-
Administrative expenses	-	(16,579)	16,579
Other changes	-	(194)	194
Net changes	\$ (906,262)	\$ (103,906)	\$ (802,356)
Balances at June 30, 2016	\$ 27,250,964	\$ 26,435,924	\$ 815,040

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)	\$ 4,221,703	\$ 815,040	\$ 2,024,479

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (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, 2017, the Component Unit School Board (nonprofessional) recognized pension expense of (\$360,896). At June 30, 2017, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,025	\$ 1,257,333
Net difference between projected and actual earnings on pension plan investments	696,035	-
Employer contributions subsequent to the measurement date	319,116	-
Total	<u>\$ 1,061,176</u>	<u>\$ 1,257,333</u>

\$319,116 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Component Unit School Board (nonprofessional)
2018	\$ (799,961)
2019	(392,661)
2020	400,422
2021	276,927
Thereafter	-

NOTE 13—PENSION PLAN: (CONTINUED)

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, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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, 2017. Contributions to the pension plan from the School Board were \$13,110,828 and \$12,085,302 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$157,621,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 1.12473% as compared to 1.10814% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$14,164,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, 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, 2017 (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, 2017, 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	\$ -	\$ 5,108,000
Net difference between projected and actual earnings on pension plan investments	9,004,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,802,000	438,000
Employer contributions subsequent to the measurement date	<u>13,110,828</u>	<u>-</u>
Total	<u>\$ 24,916,828</u>	<u>\$ 5,546,000</u>

\$13,110,828 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, 2018. 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>	
2018	\$ (444,000)
2019	(444,000)
2020	4,418,000
2021	2,897,000
2022	(167,000)
Thereafter	-

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

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, 2015, 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, 2016.

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, 2015 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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	44,183,326
Plan Fiduciary Net Position		<u>30,168,211</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>14,014,115</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		68.28%

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:

			<u>Rate</u>			
		<u>(6.00%)</u>		<u>(7.00%)</u>		<u>(8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$	224,689,000	\$	157,621,000	\$	102,373,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annualreport.pdf> , or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 14—LEGAL COMPLIANCE:

A. Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2017.

B. Fund Deficits

There are no funds with deficit balances at June 30, 2017.

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:

<u>Fiscal Year</u>	<u>Claims Liability Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims and Other Payments</u>	<u>Claims Liability End of Year</u>
2017	\$ 2,097,851	\$ 35,741,769	\$ 35,140,020	\$ 2,699,600
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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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

Employee Health Insurance: (Continued)

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
2017	\$ 35,140,020	\$ 45,957	\$ 29,516,282
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

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
2017	\$ 107,287	\$ 1,765,984	\$ 1,685,979	\$ 187,292
2016	132,706	1,646,626	1,672,045	107,287
2015	101,938	1,539,510	1,508,742	132,706

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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

Employee Dental Insurance: (Continued)

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

<u>Fiscal Year</u>		<u>Operating Revenue</u>		<u>Nonoperating Revenue</u>		<u>Claims and Related Expenses</u>
2017	\$	1,685,979	\$	2,869	\$	1,719,941
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.

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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 16—SURETY BONDS:

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:

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 \$3,688,747. During the fiscal year ended June 30, 2017, the County paid \$310,998 to the Rivanna Solid Waste Authority under the terms and contributions of the Cost Sharing Agreement.

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS:

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.

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**A. Plan Description: (Continued)**

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.

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 \$1,315,000 for the County and \$3,211,000 for the Component Unit School Board for fiscal year 2017. 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	\$ 1,391,000	\$ 3,320,000
Interest on net OPEB obligation	221,000	322,000
Adjustment to annual required contribution	(297,000)	(431,000)
Annual OPEB cost (expense)	\$ 1,315,000	\$ 3,211,000
Contributions made	682,000	1,804,000
Increase (decrease) in net OPEB obligation	\$ 633,000	\$ 1,407,000
Net OPEB obligation - beginning of year	6,328,000	9,191,000
Net OPEB obligation - end of year	<u>\$ 6,961,000</u>	<u>\$ 10,598,000</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

Annual OPEB Cost. For 2017, the County's expected cash payment of \$682,000 and School Board's expected cash payment of \$1,804,000 are less than the OPEB cost (expense) of \$1,315,000 and \$3,211,000 respectively and were \$633,000 and \$1,407,000 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 2017 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, 2017	\$ 1,315,000	\$ 682,000	52%	\$ 6,961,000
June 30, 2016	1,246,000	398,000	32%	6,328,000
June 30, 2015	1,129,000	500,000	44%	5,480,000

Fiscal Year Ended	Component Unit School Board			
	Annual OPEB Cost (APC)	Estimated Contribution	Percentage of APC Contributed	Net OPEB Obligation
June 30, 2017	\$ 3,211,000	\$ 1,804,000	56%	\$ 10,598,000
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

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016 is as follows:

Actuarial accrued liability (AAL)	\$ 45,257,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	45,257,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	142,210,076
UAAL as a percentage of covered payroll	31.82%

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.

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

E. Actuarial Methods and Assumptions: (Continued)

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-rata 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 17 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.

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	2.30%
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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

E. Actuarial Methods and Assumptions: (Continued)

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:

<u>Fiscal</u> <u>Year Ended</u>	<u>Percentage</u>	<u>Fiscal</u> <u>Year Ended</u>	<u>Percentage</u>
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%

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, 2017 (Continued)

NOTE 19—CONSTRUCTION AND OTHER COMMITMENTS:

At June 30, 2017 the County has several construction contracts and other commitments which are summarized as follows:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expended To date</u>	<u>Balance</u>
Woodbrook Elementary School Additions and Replacement	\$ 13,615,405	\$ 663,734	\$ 12,951,671
Pantops Public Safety Facility	2,841,160	902,287	1,938,873
Other construction projects	<u>7,067,619</u>	<u>3,176,298</u>	<u>3,891,321</u>
Total	<u>\$ 23,524,184</u>	<u>\$ 4,742,319</u>	<u>\$ 18,781,865</u>

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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.

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Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 166,891,683	\$ 166,891,683	\$ 174,497,297	\$ 7,605,614
Other local taxes	46,986,075	46,986,075	51,003,575	4,017,500
Permits, privilege fees and regulatory licenses	2,077,404	2,077,404	2,595,632	518,228
Fines and forfeitures	411,226	411,226	440,281	29,055
Use of money and property	1,054,699	1,054,699	1,180,939	126,240
Charges for services	1,768,143	1,768,143	1,624,974	(143,169)
Miscellaneous	271,150	318,977	274,005	(44,972)
Recovered costs	304,909	354,871	264,677	(90,194)
Intergovernmental:				
Contribution from School Board	1,666,617	1,650,670	824,120	(826,550)
Commonwealth	28,119,025	28,155,277	27,888,083	(267,194)
Federal Government	5,134,906	5,305,638	6,656,236	1,350,598
Total revenues	<u>\$ 254,685,837</u>	<u>\$ 254,974,663</u>	<u>\$ 267,249,819</u>	<u>\$ 12,275,156</u>
Expenditures				
Current:				
General Government Administration				
Board of supervisors	\$ 687,508	\$ 745,214	\$ 650,133	\$ 95,081
County executive	1,311,677	1,338,989	1,233,155	105,834
Human resources	644,772	698,519	661,271	37,248
County attorney	1,063,239	1,120,879	1,030,038	90,841
Finance	5,257,855	5,478,933	5,320,254	158,679
Management and budget	453,099	492,644	456,505	36,139
Information technology	3,003,829	3,093,615	2,799,709	293,906
Voter registration	659,435	712,399	700,581	11,818
Other general government	177,000	177,000	52,416	124,584
Total general government administration	<u>\$ 13,258,414</u>	<u>\$ 13,858,192</u>	<u>\$ 12,904,062</u>	<u>\$ 954,130</u>
Judicial Administration				
Circuit court	\$ 104,694	\$ 104,694	\$ 93,113	\$ 11,581
General district court	41,328	41,328	21,391	19,937
Magistrate	4,050	4,178	4,178	-
Juvenile and domestic relations court	126,445	126,317	117,495	8,822
Clerk of the circuit court	914,181	954,152	907,911	46,241
Sheriff	2,423,671	2,428,167	2,346,035	82,132
Commonwealth attorney	1,351,727	1,351,727	1,231,945	119,782
Total judicial administration	<u>\$ 4,966,096</u>	<u>\$ 5,010,563</u>	<u>\$ 4,722,068</u>	<u>\$ 288,495</u>
Public Safety				
Police department	\$ 17,098,774	\$ 17,009,131	\$ 16,858,544	\$ 150,587
E-911 service	2,354,327	2,360,053	2,360,038	15
Regional jail	3,745,702	3,777,375	3,694,331	83,044
Inspections	1,389,452	1,412,992	1,402,706	10,286
Contributions - various	1,700,036	1,692,967	1,575,019	117,948
Total public safety	<u>\$ 26,288,291</u>	<u>\$ 26,252,518</u>	<u>\$ 25,890,638</u>	<u>\$ 361,880</u>
Public Works				
General services	\$ 182,855	\$ 194,196	\$ 179,236	\$ 14,960
Sanitation and waste removal	640,149	673,509	380,001	293,508
Maintenance of buildings and grounds	4,114,103	4,268,700	3,909,604	359,096
Total public works	<u>\$ 4,937,107</u>	<u>\$ 5,136,405</u>	<u>\$ 4,468,841</u>	<u>\$ 667,564</u>

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued)				
Health and Welfare				
Family Services	\$ 1,140,692	\$ 1,140,692	\$ 1,079,648	\$ 61,044
Contribution human development	5,002,990	5,023,934	5,005,352	18,582
Social services	11,225,948	11,448,916	11,315,434	133,482
Total health and welfare	\$ 17,369,630	\$ 17,613,542	\$ 17,400,434	\$ 213,108
Education				
Appropriation to public school system	\$ 118,259,916	\$ 125,787,672	\$ 123,592,513	\$ 2,195,159
Community college	23,981	23,981	23,981	-
Total education	\$ 118,283,897	\$ 125,811,653	\$ 123,616,494	\$ 2,195,159
Parks, Recreation and Cultural				
Parks and recreation	\$ 2,461,222	\$ 2,605,672	\$ 2,432,945	\$ 172,727
Towe park	179,332	180,402	153,735	26,667
Regional library	4,243,565	4,243,565	4,234,445	9,120
Miscellaneous contributions	841,165	841,165	841,165	-
Total parks, recreation and cultural	\$ 7,725,284	\$ 7,870,804	\$ 7,662,290	\$ 208,514
Community Development				
Planning and community development	\$ 4,592,536	\$ 4,862,298	\$ 4,547,476	\$ 314,822
Housing	482,913	482,913	475,260	7,653
Contributions to other agencies	1,702,127	1,732,127	1,732,127	-
Revenue sharing agreement - City of Charlottesville	15,767,084	15,767,084	15,767,084	-
Soil and Water Conservation District	118,107	118,107	109,954	8,153
Cooperative extension program	208,683	208,683	198,709	9,974
Economic development	371,899	457,776	348,156	109,620
Total community development	\$ 23,243,349	\$ 23,628,988	\$ 23,178,766	\$ 450,222
Contingencies				
Total contingencies	\$ 2,081,511	\$ 1,710,449	\$ 621,493	\$ 1,088,956
Total expenditures	\$ 218,153,579	\$ 226,893,114	\$ 220,465,086	\$ 6,428,028
Excess (deficiency) of revenues over expenditures	\$ 36,532,258	\$ 28,081,549	\$ 46,784,733	\$ 18,703,184
Other Financing Sources (Uses)				
Transfers in	\$ 4,181,964	\$ 12,619,395	\$ 2,680,559	\$ (9,938,836)
Transfers (out)	(40,714,222)	(40,700,944)	(41,093,244)	(392,300)
Total other financing sources (uses)	\$ (36,532,258)	\$ (28,081,549)	\$ (38,412,685)	\$ (10,331,136)
Net change in fund balance	\$ -	\$ -	\$ 8,372,048	\$ 8,372,048
Fund balance, beginning of year	-	-	47,933,070	47,933,070
Fund balance, end of year	\$ -	\$ -	\$ 56,305,118	\$ 56,305,118

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

Budgetary Comparison Schedule
Federal and State Grants Fund
Year Ended June 30, 2017

	Federal and State Grants Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 1,010	\$ 1,010
Miscellaneous	5,000	14,138	7,138	(7,000)
Recovered costs	35,000	110,000	50,423	(59,577)
Intergovernmental:				
Contribution from School Board	2,174,426	2,174,426	1,830,820	(343,606)
Revenue from the Commonwealth	7,579,274	7,856,932	6,700,719	(1,156,213)
Revenue from the Federal Government	3,561,864	5,080,086	3,825,352	(1,254,734)
Total revenues	\$ 13,355,564	\$ 15,235,582	\$ 12,415,462	\$ (2,820,120)
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ 731,081	\$ 1,037,630	\$ 1,014,085	\$ 23,545
Public Safety				
Police department	\$ 334,315	\$ 591,345	\$ 500,865	\$ 90,480
Fire-Rescue	-	10,343	9,657	686
Total public safety	\$ 334,315	\$ 601,688	\$ 510,522	\$ 91,166
Health and Welfare				
Comprehensive Services Act programs	\$ 12,225,328	\$ 12,405,328	\$ 8,629,855	\$ 3,775,473
At-risk 4 year olds	1,407,064	1,407,244	1,391,809	15,435
Other	5,000	69,440	60,306	9,134
Total health and welfare	\$ 13,637,392	\$ 13,882,012	\$ 10,081,970	\$ 3,800,042
Community Development				
Housing programs	\$ 3,200,000	\$ 4,384,409	\$ 3,374,422	\$ 1,009,987
Total community development	\$ 3,200,000	\$ 4,384,409	\$ 3,374,422	\$ 1,009,987
Total expenditures	\$ 17,902,788	\$ 19,905,739	\$ 14,980,999	\$ 4,924,740
Excess (deficiency) of revenues over (under) expenditures	\$ (4,547,224)	\$ (4,670,157)	\$ (2,565,537)	\$ 2,104,620
Other financing sources (uses):				
Transfers in	\$ 4,787,224	\$ 4,895,595	\$ 4,715,032	\$ (180,563)
Transfers (out)	(240,000)	(242,515)	(288,227)	(45,712)
Total other financing sources (uses)	\$ 4,547,224	\$ 4,653,080	\$ 4,426,805	\$ (226,275)
Net changes in fund balances	\$ -	\$ (17,077)	\$ 1,861,268	\$ 1,878,345
Fund balances at beginning of year	-	17,077	1,966,148	1,949,071
Fund balances at end of year	\$ -	\$ -	\$ 3,827,416	\$ 3,827,416

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

Schedule of Employer's Proportionate Share of the Net Pension Liability
 Years Ended June 30, 2017 and 2016

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)
Primary Government - County Retirement Plan					
2016	94.58%	\$ 34,817,580	\$ 38,473,766	90.50%	78.49%
2015	93.37%	29,012,729	37,323,375	77.73%	81.12%
2014	93.42%	26,490,296	36,352,047	72.87%	81.67%
Component Unit School Board (professional)					
2016	1.2523%	157,621,000	89,432,661	176.25%	n/a
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 Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
Years Ended June 30, 2017 and 2016

	2016	2015	2014
Total pension liability			
Service cost	\$ 637,830	\$ 794,863	\$ 828,627
Interest	1,923,580	1,817,237	1,720,625
Differences between expected and actual experience	(2,112,662)	177,527	-
Benefit payments, including refunds of employee contributions	(1,355,010)	(1,185,865)	(1,152,293)
Net change in total pension liability	\$ (906,262)	\$ 1,603,762	\$ 1,396,959
Total pension liability - beginning	28,157,226	26,553,464	25,156,505
Total pension liability - ending (a)	\$ 27,250,964	\$ 28,157,226	\$ 26,553,464
Plan fiduciary net position			
Contributions - employer	\$ 493,668	\$ 504,909	\$ 748,757
Contributions - employee	320,570	318,408	395,722
Net investment income	453,639	1,171,563	3,512,738
Benefit payments, including refunds of employee contributions	(1,355,010)	(1,185,865)	(1,152,293)
Administrative expense	(16,579)	(16,163)	(18,770)
Other	(194)	(247)	185
Net change in plan fiduciary net position	\$ (103,906)	\$ 792,605	\$ 3,486,339
Plan fiduciary net position - beginning	26,539,830	25,747,225	22,260,886
Plan fiduciary net position - ending (b)	\$ 26,435,924	\$ 26,539,830	\$ 25,747,225
School Division's net pension liability - ending (a) - (b)	\$ 815,040	\$ 1,617,396	\$ 806,239
Plan fiduciary net position as a percentage of the total pension liability	97.01%	94.26%	96.96%
Covered payroll	\$ 6,439,895	\$ 6,461,738	\$ 7,956,214
School Division's net pension liability as a percentage of covered payroll	12.66%	25.03%	10.13%

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 Contributions
Years Ended June 30, 2017 and 2016

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)
Primary Government					
2017	\$ 4,611,455	\$ 4,611,455	\$ -	\$ 39,352,233	12.32%
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%
Component Unit School Board (nonprofessional)					
2017	\$ 319,116	\$ 319,116	\$ -	\$ 6,763,407	4.67%
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%
Component Unit School Board (professional)					
2017	\$ 13,110,828	\$ 13,110,828	\$ -	\$ 89,432,661	14.66%
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%

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

County and School Board - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll *	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2017 \$	-	\$ 45,257,000	\$ 45,257,000	0.00%	\$ 142,210,076	31.82%
6/30/2016	-	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%

* Information provided by the Department of Finance

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

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, 2016 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, 2017

	Special Revenue	Storm Water Control Fund	Total
Assets			
Cash and investments	\$ 2,969,774	\$ 952,412	\$ 3,922,186
Investments - restricted	-	2,831,785	2,831,785
Receivables, (net of allowance for uncollectibles) - Note 4	370,203	-	370,203
Due from other governments - Note 5	92,961	-	92,961
Total assets	<u>\$ 3,432,938</u>	<u>\$ 3,784,197</u>	<u>\$ 7,217,135</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 348,563	\$ 45,052	\$ 393,615
Total liabilities	<u>\$ 348,563</u>	<u>\$ 45,052</u>	<u>\$ 393,615</u>
Fund Balance			
Committed:			
Stormwater projects	\$ -	\$ 3,739,145	\$ 3,739,145
Special revenue	3,084,375	-	3,084,375
Total fund balance	<u>\$ 3,084,375</u>	<u>\$ 3,739,145</u>	<u>\$ 6,823,520</u>
Total liabilities and fund balance	<u>\$ 3,432,938</u>	<u>\$ 3,784,197</u>	<u>\$ 7,217,135</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2017

	Special Revenue	Debt Service	Storm Water Control	Total
Revenues				
Other local taxes	\$ 1,678,004	\$ -	\$ -	\$ 1,678,004
Permits, privilege fees and regulatory licenses	175,291	-	-	175,291
Use of money and property	87,722	126,750	24,324	238,796
Charges for services	2,053,221	-	38,138	2,091,359
Miscellaneous	1,783	-	-	1,783
Recovered costs	13,759	-	-	13,759
Intergovernmental:				
Commonwealth	412,295	154,491	-	566,786
Federal Government	-	79,135	-	79,135
Total revenues	\$ 4,422,075	\$ 360,376	\$ 62,462	\$ 4,844,913
Expenditures				
Current:				
Public safety	\$ 14,283,203	\$ -	\$ -	\$ 14,283,203
Public works	76,226	-	-	76,226
Debt service:				
Principal payments	-	14,273,729	-	14,273,729
Interest and fiscal charges	-	7,389,291	-	7,389,291
Capital projects	-	-	132,072	132,072
Total expenditures	\$ 14,359,429	\$ 21,663,020	\$ 132,072	\$ 36,154,521
Excess (deficiency) of revenues over (under) expenditures	\$ (9,937,354)	\$ (21,302,644)	\$ (69,610)	\$ (31,309,608)
Other financing sources (uses)				
Transfers in	\$ 13,041,425	\$ 21,302,644	\$ 2,719,385	\$ 37,063,454
Transfers (out)	(2,554,926)	-	(1,000,000)	(3,554,926)
Total other financing sources (uses)	\$ 10,486,499	\$ 21,302,644	\$ 1,719,385	\$ 33,508,528
Net change in fund balance	\$ 549,145	\$ -	\$ 1,649,775	\$ 2,198,920
Fund balance, beginning of year	2,535,230	-	2,089,370	4,624,600
Fund balance, end of year	\$ 3,084,375	\$ -	\$ 3,739,145	\$ 6,823,520

Combining Balance Sheet
Nonmajor Special Revenue Funds
At June 30, 2017

	Fire Rescue Services Fund	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
Assets							
Cash and investments	\$ 1,227,029	\$ 1,437,449	\$ 13,434	\$ 3,063	\$ 205,270	\$ 83,529	\$ 2,969,774
Receivables, (net of allowance for uncollectibles) - Note 4	143,456	-	2,771	-	220,186	3,790	370,203
Due from other governments - Note 5	92,961	-	-	-	-	-	92,961
Total assets	<u>\$ 1,463,446</u>	<u>\$ 1,437,449</u>	<u>\$ 16,205</u>	<u>\$ 3,063</u>	<u>\$ 425,456</u>	<u>\$ 87,319</u>	<u>\$ 3,432,938</u>
Liabilities							
Accounts payable and accrued liabilities	\$ 337,274	\$ -	\$ -	\$ -	\$ -	\$ 11,289	\$ 348,563
Total liabilities	<u>\$ 337,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,289</u>	<u>\$ 348,563</u>
Fund Balance							
Committed:							
Special revenue	\$ 1,126,172	\$ 1,437,449	\$ 16,205	\$ 3,063	\$ 425,456	\$ 76,030	\$ 3,084,375
Total fund balance	<u>\$ 1,126,172</u>	<u>\$ 1,437,449</u>	<u>\$ 16,205</u>	<u>\$ 3,063</u>	<u>\$ 425,456</u>	<u>\$ 76,030</u>	<u>\$ 3,084,375</u>
Total liabilities and fund balance	<u>\$ 1,463,446</u>	<u>\$ 1,437,449</u>	<u>\$ 16,205</u>	<u>\$ 3,063</u>	<u>\$ 425,456</u>	<u>\$ 87,319</u>	<u>\$ 3,432,938</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2017

	Fire Rescue Services Fund	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
Revenues							
Other local taxes	\$ -	\$ -	\$ -	\$ -	1,678,004	\$ -	1,678,004
Permits, privilege fees and regulatory licenses	140,175	-	35,116	-	-	-	175,291
Use of money and property	2,825	-	-	-	-	84,897	87,722
Charges for services	2,053,221	-	-	-	-	-	2,053,221
Miscellaneous	1,783	-	-	-	-	-	1,783
Recovered costs	13,759	-	-	-	-	-	13,759
Intergovernmental: Commonwealth	412,295	-	-	-	-	-	412,295
Total revenues	<u>\$ 2,624,058</u>	<u>\$ -</u>	<u>\$ 35,116</u>	<u>\$ -</u>	<u>\$ 1,678,004</u>	<u>\$ 84,897</u>	<u>\$ 4,422,075</u>
Expenditures							
Current:							
Public safety	\$ 14,283,203	\$ -	\$ -	\$ -	\$ -	\$ -	14,283,203
Public works	-	-	-	-	-	76,226	76,226
Total expenditures	<u>\$ 14,283,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,226</u>	<u>\$ 14,359,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (11,659,145)</u>	<u>\$ -</u>	<u>\$ 35,116</u>	<u>\$ -</u>	<u>\$ 1,678,004</u>	<u>\$ 8,671</u>	<u>\$ (9,937,354)</u>
Other financing sources (uses)							
Transfers in	\$ 11,884,982	\$ 1,156,443	\$ -	\$ -	\$ -	\$ -	13,041,425
Transfers (out)	(116,317)	(783,775)	(28,500)	-	(1,626,334)	-	(2,554,926)
Total other financing sources (uses)	<u>\$ 11,768,665</u>	<u>\$ 372,668</u>	<u>\$ (28,500)</u>	<u>\$ -</u>	<u>\$ (1,626,334)</u>	<u>\$ -</u>	<u>\$ 10,486,499</u>
Net change in fund balance	<u>\$ 109,520</u>	<u>\$ 372,668</u>	<u>\$ 6,616</u>	<u>\$ -</u>	<u>\$ 51,670</u>	<u>\$ 8,671</u>	<u>\$ 549,145</u>
Fund balance, beginning of year	<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>
Fund balance, end of year	<u><u>\$ 1,126,172</u></u>	<u><u>\$ 1,437,449</u></u>	<u><u>\$ 16,205</u></u>	<u><u>\$ 3,063</u></u>	<u><u>\$ 425,456</u></u>	<u><u>\$ 76,030</u></u>	<u><u>\$ 3,084,375</u></u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2017

	Debt Service		
	General	School	Total
Revenues			
Use of money and property	\$ -	\$ 126,750	\$ 126,750
Intergovernmental:			
Commonwealth	-	154,491	154,491
Federal government	-	79,135	79,135
Total revenues	\$ -	\$ 360,376	\$ 360,376
Expenditures			
Debt service:			
Principal payments	\$ 4,960,592	\$ 9,313,137	\$ 14,273,729
Interest and fiscal charges	3,163,605	4,225,686	7,389,291
Total expenditures	\$ 8,124,197	\$ 13,538,823	\$ 21,663,020
Excess (deficiency) of revenues over (under) expenditures	\$ (8,124,197)	\$ (13,178,447)	\$ (21,302,644)
Other financing sources (uses)			
Transfers in	\$ 8,124,197	\$ 13,178,447	\$ 21,302,644
Total other financing sources (uses)	\$ 8,124,197	\$ 13,178,447	\$ 21,302,644
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

Combining Statement of Net Position
Internal Service Funds
At June 30, 2017

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
Assets							
Current assets:							
Cash and investments	\$ 15,130,661	\$ 792,565	\$ 2,243	\$ 10,175	\$ 109,801	\$ 229,598	\$ 16,275,043
Accounts receivable	154,599	-	1,248	34	-	-	155,881
Total assets	<u>\$ 15,285,260</u>	<u>\$ 792,565</u>	<u>\$ 3,491</u>	<u>\$ 10,209</u>	<u>\$ 109,801</u>	<u>\$ 229,598</u>	<u>\$ 16,430,924</u>
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 510,615	\$ 46,179	\$ 3,491	\$ 7,317	\$ 83,245	\$ 65,491	\$ 716,338
Claims payable:							
Due within one year	196,306	187,292	-	-	-	-	383,598
Due in more than one year	2,503,294	-	-	-	-	-	2,503,294
Total liabilities	<u>\$ 3,210,215</u>	<u>\$ 233,471</u>	<u>\$ 3,491</u>	<u>\$ 7,317</u>	<u>\$ 83,245</u>	<u>\$ 65,491</u>	<u>\$ 3,603,230</u>
Net position							
Unrestricted	12,075,045	559,094	-	2,892	26,556	164,107	12,827,694
Total liabilities and net position	<u>\$ 15,285,260</u>	<u>\$ 792,565</u>	<u>\$ 3,491</u>	<u>\$ 10,209</u>	<u>\$ 109,801</u>	<u>\$ 229,598</u>	<u>\$ 16,430,924</u>

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
Year Ended June 30, 2017

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
Operating revenues							
Charges for services, net	\$ 35,140,020	\$ 1,685,979	\$ 60,608	\$ 933,749	\$ 303,653	\$ 1,120,023	\$ 39,244,032
Operating expenses							
Benefits and related expenses	\$ 29,516,282	\$ 1,698,718	\$ -	\$ 897,066	\$ -	\$ -	\$ 32,112,066
Services and supplies	-	21,223	60,608	36,682	462,884	1,152,251	1,733,648
Total operating expenses	\$ 29,516,282	\$ 1,719,941	\$ 60,608	\$ 933,748	\$ 462,884	\$ 1,152,251	\$ 33,845,714
Operating income (loss)	\$ 5,623,738	\$ (33,962)	\$ -	\$ 1	\$ (159,231)	\$ (32,228)	\$ 5,398,318
Nonoperating revenues (expenses)							
Interest income	\$ 45,957	\$ 2,869	\$ -	\$ -	\$ -	\$ 3,433	\$ 52,259
Transfers							
Transfers in	\$ 430,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,414
Transfers out	-	-	-	-	-	(23,712)	(23,712)
Net transfers	\$ 430,414	\$ -	\$ -	\$ -	\$ -	\$ (23,712)	\$ 406,702
Change in net position	\$ 6,100,109	\$ (31,093)	\$ -	\$ 1	\$ (159,231)	\$ (52,507)	\$ 5,857,279
Net position, beginning of year	5,974,936	590,187	-	2,891	185,787	216,614	6,970,415
Net position, end of year	\$ 12,075,045	\$ 559,094	\$ -	\$ 2,892	\$ 26,556	\$ 164,107	\$ 12,827,694

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2017

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
Cash flows from operating activities							
Receipts from insured	\$ 34,985,421	\$ 1,689,603	\$ -	\$ -	\$ -	\$ -	\$ 36,675,024
Receipts from services	-	-	60,467	934,023	303,653	1,120,023	2,418,166
Payments to suppliers	(28,464,393)	(1,603,991)	(60,809)	(937,925)	(380,547)	(1,161,277)	(32,608,942)
Net cash provided by (used for) operating activities	\$ 6,521,028	\$ 85,612	\$ (342)	\$ (3,902)	\$ (76,894)	\$ (41,254)	\$ 6,484,248
Cash flows from noncapital financing activities							
Transfers	\$ 430,414	\$ -	\$ -	\$ -	\$ -	\$ (23,712)	\$ 406,702
Cash flows from investing activities							
Interest income	\$ 45,957	\$ 2,869	\$ -	\$ -	\$ -	\$ 3,433	\$ 52,259
Net increase (decrease) in cash and cash equivalents	\$ 6,997,399	\$ 88,481	\$ (342)	\$ (3,902)	\$ (76,894)	\$ (61,533)	\$ 6,943,209
Cash and cash equivalents, beginning of year	8,133,262	704,084	2,585	14,077	186,695	291,131	9,331,834
Cash and cash equivalents, end of year	\$ 15,130,661	\$ 792,565	\$ 2,243	\$ 10,175	\$ 109,801	\$ 229,598	\$ 16,275,043
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	\$ 5,623,738	\$ (33,962)	\$ -	\$ 1	\$ (159,231)	\$ (32,228)	\$ 5,398,318
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Change in assets and liabilities:							
Receivables, net	(154,599)	3,624	(141)	274	-	-	(150,842)
Accounts payable and accrued liabilities	450,140	35,945	(201)	(4,177)	82,337	(9,026)	555,018
Claims payable	601,749	80,005	-	-	-	-	681,754
Net cash provided by (used for) operating activities	\$ 6,521,028	\$ 85,612	\$ (342)	\$ (3,902)	\$ (76,894)	\$ (41,254)	\$ 6,484,248

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

At June 30, 2017

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Funds	Proffer Trust Fund	Total
Assets							
Cash and investments	\$ -	\$ 12,539	\$ 84,356	\$ 59,592	\$ 117,719	\$ 6,321,508	\$ 6,595,714
Investments with trustee	300,515	-	-	-	-	-	300,515
Accounts receivable	30	-	-	-	350	100,000	100,380
	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>100,000</u>	<u>100,380</u>
Total assets	<u>\$ 300,545</u>	<u>\$ 12,539</u>	<u>\$ 84,356</u>	<u>\$ 59,592</u>	<u>\$ 118,069</u>	<u>\$ 6,421,508</u>	<u>\$ 6,996,609</u>
Liabilities							
Accounts payable	\$ 8,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,481
	<u>8,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,481</u>
Net Position	<u>292,064</u>	<u>12,539</u>	<u>84,356</u>	<u>59,592</u>	<u>118,069</u>	<u>6,421,508</u>	<u>6,988,128</u>
Total liabilities and net position	<u>\$ 300,545</u>	<u>\$ 12,539</u>	<u>\$ 84,356</u>	<u>\$ 59,592</u>	<u>\$ 118,069</u>	<u>\$ 6,421,508</u>	<u>\$ 6,996,609</u>

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
Year Ended June 30, 2017

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Fund	Proffer Trust Fund	Total
Additions							
Investment earnings (losses)	\$ 27,109	\$ 57	\$ 382	\$ 270	\$ 49,550	\$ 26,316	\$ 103,684
Proffers	-	-	-	-	-	1,596,351	1,596,351
Total additions	\$ 27,109	\$ 57	\$ 382	\$ 270	\$ 49,550	\$ 1,622,667	\$ 1,700,035
Deductions							
General	\$ 17,925	-	-	-	-	-	\$ 17,925
Contributions	-	-	-	-	-	77,953	77,953
Total deductions	\$ 17,925	-	-	-	-	77,953	\$ 95,878
Change in net position	\$ 9,184	\$ 57	\$ 382	\$ 270	\$ 49,550	\$ 1,544,714	\$ 1,604,157
Net position, beginning of year	282,880	12,482	83,974	59,322	68,519	4,876,794	5,383,971
Net position, end of year	\$ 292,064	\$ 12,539	\$ 84,356	\$ 59,592	\$ 118,069	\$ 6,421,508	\$ 6,988,128

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Fiduciary Net Position

Agency Funds

At June 30, 2017

	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
Assets								
Cash and investments	\$ 74,283	\$ 151,358	\$ 661,388	\$ 24,127	\$ 46,682	\$ 20,511	\$ 100,389	\$ (288,822)
Accounts receivable	-	-	8,806	-	-	-	-	429,386
Total assets	<u>\$ 74,283</u>	<u>\$ 151,358</u>	<u>\$ 670,194</u>	<u>\$ 24,127</u>	<u>\$ 46,682</u>	<u>\$ 20,511</u>	<u>\$ 100,389</u>	<u>\$ 140,564</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ 670,194	\$ -	\$ -	\$ -	\$ 100,389	\$ 140,564
Amounts held for others	74,283	151,358	-	24,127	46,682	20,511	-	-
Total liabilities	<u>\$ 74,283</u>	<u>\$ 151,358</u>	<u>\$ 670,194</u>	<u>\$ 24,127</u>	<u>\$ 46,682</u>	<u>\$ 20,511</u>	<u>\$ 100,389</u>	<u>\$ 140,564</u>

Appeal Bond Fund	Sheriff Reserve Fund	Performance Bond Fund	Natural Heritage Fund	Economic Development Authority Fund	Commonwealth Attorney Commission Fund	Public Recreation Facility Authority	Courts Escrow Fund	Total
\$ 4,500	\$ 1,541	\$ 5,351,970	\$ 1,091	\$ 392,237	\$ 190,321	\$ 145,707	\$ 7,807	\$ 6,885,090
-	-	-	-	128,237	2,282	-	-	568,711
<u>\$ 4,500</u>	<u>\$ 1,541</u>	<u>\$ 5,351,970</u>	<u>\$ 1,091</u>	<u>\$ 520,474</u>	<u>\$ 192,603</u>	<u>\$ 145,707</u>	<u>\$ 7,807</u>	<u>\$ 7,453,801</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 911,147
<u>4,500</u>	<u>1,541</u>	<u>5,351,970</u>	<u>1,091</u>	<u>520,474</u>	<u>192,603</u>	<u>145,707</u>	<u>7,807</u>	<u>6,542,654</u>
<u>\$ 4,500</u>	<u>\$ 1,541</u>	<u>\$ 5,351,970</u>	<u>\$ 1,091</u>	<u>\$ 520,474</u>	<u>\$ 192,603</u>	<u>\$ 145,707</u>	<u>\$ 7,807</u>	<u>\$ 7,453,801</u>

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Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Special Welfare Fund:				
Assets:				
Cash and investments	\$ <u>38,934</u>	\$ <u>120,982</u>	\$ <u>85,633</u>	\$ <u>74,283</u>
Liabilities:				
Amounts held for others	\$ <u>38,934</u>	\$ <u>120,982</u>	\$ <u>85,633</u>	\$ <u>74,283</u>
Drug Fund:				
Assets:				
Cash and investments	\$ <u>131,900</u>	\$ <u>19,855</u>	\$ <u>397</u>	\$ <u>151,358</u>
Liabilities:				
Amounts held for others	\$ <u>131,900</u>	\$ <u>19,855</u>	\$ <u>397</u>	\$ <u>151,358</u>
Payroll Suspense Fund:				
Assets:				
Cash and investments	\$ <u>642,708</u>	\$ <u>661,388</u>	\$ <u>642,708</u>	\$ <u>661,388</u>
Accounts receivable	<u>12,086</u>	<u>8,806</u>	<u>12,086</u>	<u>8,806</u>
Total assets	\$ <u>654,794</u>	\$ <u>670,194</u>	\$ <u>654,794</u>	\$ <u>670,194</u>
Liabilities:				
Accounts payable	\$ <u>654,794</u>	\$ <u>670,194</u>	\$ <u>654,794</u>	\$ <u>670,194</u>
HUD Family Self Sufficiency Fund:				
Assets:				
Cash and investments	\$ <u>24,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,127</u>
Liabilities:				
Amounts held for others	\$ <u>24,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,127</u>
County Contribution Fund:				
Assets:				
Cash and investments	\$ <u>34,175</u>	\$ <u>24,539</u>	\$ <u>12,032</u>	\$ <u>46,682</u>
Accounts receivable	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total assets	\$ <u>34,275</u>	\$ <u>24,539</u>	\$ <u>12,132</u>	\$ <u>46,682</u>
Liabilities:				
Amounts held for others	\$ <u>34,275</u>	\$ <u>24,539</u>	\$ <u>12,132</u>	\$ <u>46,682</u>
Ace Contribution Fund:				
Assets:				
Cash and investments	\$ <u>20,407</u>	\$ <u>104</u>	\$ <u>-</u>	\$ <u>20,511</u>
Liabilities:				
Amounts held for others	\$ <u>20,407</u>	\$ <u>104</u>	\$ <u>-</u>	\$ <u>20,511</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2017 (Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Firearms Range Operating Fund:				
Assets:				
Cash and investments	\$ (372)	\$ 200,935	\$ 100,174	\$ 100,389
Accounts receivable	4,960	-	4,960	-
Total assets	<u>\$ 4,588</u>	<u>\$ 200,935</u>	<u>\$ 105,134</u>	<u>\$ 100,389</u>
Liabilities:				
Accounts payable	<u>\$ 4,588</u>	<u>\$ 200,935</u>	<u>\$ 105,134</u>	<u>\$ 100,389</u>
CATEC Fund:				
Assets:				
Cash and investments	\$ (314,812)	\$ 2,207,209	\$ 2,181,219	\$ (288,822)
Accounts receivable	440,390	429,386	440,390	429,386
Total assets	<u>\$ 125,578</u>	<u>\$ 2,636,595</u>	<u>\$ 2,621,609</u>	<u>\$ 140,564</u>
Liabilities:				
Accounts payable	<u>\$ 125,578</u>	<u>\$ 2,636,595</u>	<u>\$ 2,621,609</u>	<u>\$ 140,564</u>
Appeal Bond Fund:				
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>
Sheriff Reserve Fund:				
Assets:				
Cash and investments	<u>\$ 1,584</u>	<u>\$ 252</u>	<u>\$ 295</u>	<u>\$ 1,541</u>
Liabilities:				
Amounts held for others	<u>\$ 1,584</u>	<u>\$ 252</u>	<u>\$ 295</u>	<u>\$ 1,541</u>
Performance Bond Fund:				
Assets:				
Cash and investments	<u>\$ 7,142,810</u>	<u>\$ 1,685,897</u>	<u>\$ 3,476,737</u>	<u>\$ 5,351,970</u>
Liabilities:				
Amounts held for others	<u>\$ 7,142,810</u>	<u>\$ 1,685,897</u>	<u>\$ 3,476,737</u>	<u>\$ 5,351,970</u>
Natural Heritage Fund:				
Assets:				
Cash and investments	<u>\$ 1,089</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,091</u>
Liabilities:				
Amounts held for others	<u>\$ 1,089</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,091</u>
Economic Development Authority Fund:				
Assets:				
Cash and investments	\$ 282,787	\$ 392,237	\$ 282,787	\$ 392,237
Accounts receivable	149,376	128,237	149,376	128,237
Total assets	<u>\$ 432,163</u>	<u>\$ 520,474</u>	<u>\$ 432,163</u>	<u>\$ 520,474</u>
Liabilities:				
Amounts held for others	<u>\$ 432,163</u>	<u>\$ 520,474</u>	<u>\$ 432,163</u>	<u>\$ 520,474</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2017 (Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Commonwealth Attorney Commission Fund:				
Assets:				
Cash and investments	\$ 195,879	\$ 118,092	\$ 123,650	\$ 190,321
Accounts receivable	729	2,282	729	2,282
Total assets	<u>\$ 196,608</u>	<u>\$ 120,374</u>	<u>\$ 124,379</u>	<u>\$ 192,603</u>
Liabilities:				
Amounts held for others	<u>\$ 196,608</u>	<u>\$ 120,374</u>	<u>\$ 124,379</u>	<u>\$ 192,603</u>
Public Recreation Facility Authority:				
Assets:				
Cash and investments	<u>\$ 106,986</u>	<u>\$ 38,721</u>	<u>\$ -</u>	<u>\$ 145,707</u>
Liabilities:				
Amounts held for others	<u>\$ 106,986</u>	<u>\$ 38,721</u>	<u>\$ -</u>	<u>\$ 145,707</u>
Courts Escrow Fund:				
Assets:				
Cash and investments	<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>
Totals--All Agency Funds:				
Assets:				
Cash and investments	\$ 8,320,509	\$ 5,470,213	\$ 6,905,632	\$ 6,885,090
Accounts receivable	607,641	568,711	607,641	568,711
Total assets	<u>\$ 8,928,150</u>	<u>\$ 6,038,924</u>	<u>\$ 7,513,273</u>	<u>\$ 7,453,801</u>
Liabilities:				
Accounts payable	\$ 784,960	\$ 3,507,724	\$ 3,381,537	\$ 911,147
Amounts held for others	8,143,190	2,531,200	4,131,736	6,542,654
Total liabilities	<u>\$ 8,928,150</u>	<u>\$ 6,038,924</u>	<u>\$ 7,513,273</u>	<u>\$ 7,453,801</u>

COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds - Budget and Actual
Year Ended June 30, 2017

	Special Revenue Funds			
	Courthouse Maintenance Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees and regulatory licenses	-	-	-	-
Revenue from use of money and property	-	-	-	-
Charges for services	28,500	28,500	35,116	6,616
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Contribution from School Board	-	-	-	-
Commonwealth	-	-	-	-
Federal Government	-	-	-	-
Total revenues	\$ 28,500	\$ 28,500	\$ 35,116	\$ 6,616
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-
Total public safety	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-
Transfers (out)	(28,500)	(28,500)	(28,500)	-
Total other financing sources (uses)	\$ (28,500)	\$ (28,500)	\$ (28,500)	\$ -
Net changes in fund balances	\$ -	\$ -	\$ 6,616	\$ 6,616
Fund balances at beginning of year	-	-	9,589	9,589
Fund balances at end of year	\$ -	\$ -	\$ 16,205	\$ 16,205

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)
\$ -	\$ -	\$ -	\$ -	\$ 1,516,334	\$ 1,516,334	\$ 1,678,004	\$ 161,670
109,000	109,000	140,175	31,175	-	-	-	-
700	700	2,825	2,125	-	-	-	-
1,882,045	1,882,045	2,053,221	171,176	-	-	-	-
-	-	1,783	1,783	-	-	-	-
10,000	13,796	13,759	(37)	-	-	-	-
-	-	-	-	-	-	-	-
399,905	399,905	412,295	12,390	-	-	-	-
-	-	-	-	-	-	-	-
\$ 2,401,650	\$ 2,405,446	\$ 2,624,058	\$ 218,612	\$ 1,516,334	\$ 1,516,334	\$ 1,678,004	\$ 161,670
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,255,832	14,904,008	14,283,203	620,805	-	-	-	-
\$ 14,255,832	\$ 14,904,008	\$ 14,283,203	\$ 620,805	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 14,255,832	\$ 14,904,008	\$ 14,283,203	\$ 620,805	\$ -	\$ -	\$ -	\$ -
\$ (11,854,182)	\$ (12,498,562)	\$ (11,659,145)	\$ 839,417	\$ 1,516,334	\$ 1,516,334	\$ 1,678,004	\$ 161,670
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,854,182	11,884,982	11,884,982	-	110,000	110,000	-	(110,000)
-	-	(116,317)	(116,317)	(1,626,334)	(1,626,334)	(1,626,334)	-
\$ 11,854,182	\$ 11,884,982	\$ 11,768,665	\$ (116,317)	\$ (1,516,334)	\$ (1,516,334)	\$ (1,626,334)	\$ (110,000)
\$ -	\$ (613,580)	\$ 109,520	\$ 723,100	\$ -	\$ -	\$ 51,670	\$ 51,670
-	613,580	1,016,652	1,016,652	-	-	373,786	373,786
\$ -	\$ -	\$ 1,126,172	\$ 1,126,172	\$ -	\$ -	\$ 425,456	\$ 425,456

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds - Budget and Actual
Year Ended June 30, 2017 (Continued)

	Debt Service Funds			
	General Debt Service Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
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	-	-	-	-
Commonwealth	-	-	-	-
Federal Government	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-
Total public safety	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ 4,955,086	\$ 4,960,592	\$ 4,960,592	\$ -
Interest and fiscal charges	3,167,396	3,163,605	3,163,605	-
Capital projects	-	-	-	-
Total expenditures	\$ 8,122,482	\$ 8,124,197	\$ 8,124,197	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (8,122,482)	\$ (8,124,197)	\$ (8,124,197)	\$ -
Other financing sources (uses):				
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	8,122,482	8,124,197	8,124,197	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ 8,122,482	\$ 8,124,197	\$ 8,124,197	\$ -
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

School Debt Service Fund				Capital Projects Fund			
School Debt Service 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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
168,075	126,750	126,750	-	-	-	24,324	24,324
-	-	-	-	-	-	38,138	38,138
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
154,491	154,491	154,491	-	-	293,678	-	(293,678)
78,880	79,135	79,135	-	-	159,000	-	(159,000)
\$ 401,446	\$ 360,376	\$ 360,376	\$ -	\$ -	\$ 452,678	\$ 62,462	\$ (390,216)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,313,137	\$ 9,313,137	\$ 9,313,137	\$ -	\$ -	\$ -	\$ -	\$ -
4,241,997	4,225,687	4,225,686	1	-	-	-	-
-	-	-	-	3,367,660	4,199,395	132,072	4,067,323
\$ 13,555,134	\$ 13,538,824	\$ 13,538,823	\$ 1	\$ 3,367,660	\$ 4,199,395	\$ 132,072	\$ 4,067,323
\$ (13,153,688)	\$ (13,178,448)	\$ (13,178,447)	\$ 1	\$ (3,367,660)	\$ (3,746,717)	\$ (69,610)	\$ 3,677,107
\$ -	\$ -	\$ -	\$ -	\$ 2,694,128	\$ -	\$ -	\$ -
13,153,688	13,178,448	13,178,447	(1)	1,673,532	4,746,717	2,719,385	(2,027,332)
-	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)	-
\$ 13,153,688	\$ 13,178,448	\$ 13,178,447	\$ (1)	\$ 3,367,660	\$ 3,746,717	\$ 1,719,385	\$ (2,027,332)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,649,775	\$ 1,649,775
-	-	-	-	-	-	2,089,370	2,089,370
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,739,145	\$ 3,739,145

Component Unit School Board
Combining Balance Sheet
At June 30, 2017

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 16,886,222	\$ 1,435,994	\$ 7,256,428	\$ 25,578,644
Investments - restricted	-	-	34,642,150	34,642,150
Accounts receivable	566,265	18,113	-	584,378
Due from other governments	4,662,121	91,084	-	4,753,205
Prepaid items	58,482	-	-	58,482
Inventories	223,782	69,812	-	293,594
Total assets	<u>\$ 22,396,872</u>	<u>\$ 1,615,003</u>	<u>\$ 41,898,578</u>	<u>\$ 65,910,453</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 15,401,121	\$ 227,601	\$ 3,679,937	\$ 19,308,659
Unearned revenue - Note 9	220,559	-	-	220,559
Total liabilities	<u>\$ 15,621,680</u>	<u>\$ 227,601</u>	<u>\$ 3,679,937</u>	<u>\$ 19,529,218</u>
Fund Balance				
Nonspendable:				
Inventories and prepaid items	\$ 282,264	\$ 69,812	\$ -	\$ 352,076
Committed:				
Education				
Special revenue	6,492,928	1,317,590	-	7,810,518
Assigned:				
Capital projects	-	-	38,218,641	38,218,641
Total fund balance	<u>\$ 6,775,192</u>	<u>\$ 1,387,402</u>	<u>\$ 38,218,641</u>	<u>\$ 46,381,235</u>
Total liabilities and fund balance	<u>\$ 22,396,872</u>	<u>\$ 1,615,003</u>	<u>\$ 41,898,578</u>	<u>\$ 65,910,453</u>

Component Unit School Board

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2017

Total fund balances for governmental funds	\$	46,381,235
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		124,973,705
Furniture, equipment and vehicles, net of depreciation		5,827,534
School Board capital assets in primary government, net of depreciation		<u>(77,129,756)</u>
Total capital assets		59,845,625
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		9,700,035
Changes in proportionate share of employer contributions and proportionate share of contributions		(438,000)
Differences between expected and actual experience		(6,365,333)
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.		
		13,429,944
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		46,025
Differences in proportionate share of employer contributions		2,802,000
Compensated absences		(2,916,858)
Net pension liability		(158,436,040)
Net OPEB obligation		<u>(10,598,000)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u>(46,549,367)</u>

Component Unit School Board

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2017

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
Revenues				
Use of money and property	\$ 983,935	\$ 5,930	\$ 133,599	\$ 1,123,464
Charges for services	3,606,745	2,497,747	-	6,104,492
Miscellaneous	3,518,528	135,440	-	3,653,968
Recovered costs	703,608	-	94,580	798,188
Intergovernmental:				
Appropriation from primary government	116,892,513	-	48,855,586	165,748,099
Commonwealth	48,722,396	96,866	1,752,000	50,571,262
Federal Government	7,034,616	2,847,783	-	9,882,399
Total revenues	\$ 181,462,341	\$ 5,583,766	\$ 50,835,765	\$ 237,881,872
Expenditures				
Current:				
Education:				
Instruction	\$ 130,905,643	\$ -	\$ -	\$ 130,905,643
Administration, attendance and health	7,629,142	-	-	7,629,142
Transportation	9,675,124	-	-	9,675,124
Special Programs	12,307,944	-	-	12,307,944
Facilities operations and maintenance	15,978,473	-	-	15,978,473
School food services	-	5,394,477	-	5,394,477
Technology	3,170,055	-	-	3,170,055
Contribution to primary government	2,654,940	-	-	2,654,940
Capital projects	-	-	16,049,776	16,049,776
Total expenditures	\$ 182,321,321	\$ 5,394,477	\$ 16,049,776	\$ 203,765,574
Excess (deficiency) of revenues over (under) expenditures	\$ (858,980)	\$ 189,289	\$ 34,785,989	\$ 34,116,298
Other financing sources (uses)				
Transfers in	\$ 112,500	\$ -	\$ -	\$ 112,500
Transfers (out)	-	(112,500)	-	(112,500)
Total other financing sources (uses)	\$ 112,500	\$ (112,500)	\$ -	\$ -
Net change in fund balance	\$ (746,480)	\$ 76,789	\$ 34,785,989	\$ 34,116,298
Fund balance, beginning of year	7,521,672	1,310,613	3,432,652	12,264,937
Fund balance, end of year	\$ 6,775,192	\$ 1,387,402	\$ 38,218,641	\$ 46,381,235

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, 2017

Net change in fund balances - total governmental funds \$ 34,116,298

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	\$ 11,471,265	
Construction in progress deletions	(10,076,801)	
Buildings and improvements additions	9,928,142	
Other improvement additions	126,898	
Furniture, equipment and vehicle additions	<u>1,900,722</u>	13,350,226
Depreciation expense		(8,962,555)

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	(11,471,265)	
Construction in progress deletions	10,076,801	
School buildings and improvements additions	(9,928,142)	
School buildings and improvements deletions	4,967,531	
Transfer of depreciation	<u>(3,579,490)</u>	(9,934,565)

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. 838,466

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:

Increase (decrease) in deferred inflows related to the measurement of the net pension liability	9,220,257	
Changes in proportionate share of employer contributions		
and proportionate share of contributions	126,000	
Differences between expected and actual experience	(4,444,333)	
Increase in differences between expected and actual experience	(65,751)	
(Decrease) in differences in proportionate share of employer contributions	1,447,000	
Differences between projects and actual earnings on plan investments	9,700,035	
Net OPEB obligation	(1,407,000)	
Net pension liability	(17,344,644)	
Compensated absences	<u>(337,826)</u>	
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>26,301,608</u></u>

COUNTY OF ALBEMARLE, VIRGINIA

Component Unit School Board
 School Funds
 Budgetary Comparison Schedule
 Year Ended June 30, 2017

	School Operating Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Use of money and property	\$ 874,455	\$ 874,455	\$ 983,935	\$ 109,480
Charges for services	4,711,403	4,727,120	3,606,745	(1,120,375)
Miscellaneous	2,671,373	3,418,142	3,518,528	100,386
Recovered costs	591,196	621,996	703,608	81,612
Intergovernmental:				
Appropriation from primary government	118,259,916	119,861,138	116,892,513	(2,968,625)
Commonwealth	49,118,873	49,292,664	48,722,396	(570,268)
Federal Government	6,723,104	7,415,703	7,034,616	(381,087)
Total revenues	\$ 182,950,320	\$ 186,211,218	\$ 181,462,341	\$ (4,748,877)
Expenditures				
Current:				
Education:				
Instruction	\$ 131,280,060	\$ 131,811,235	\$ 130,905,643	\$ 905,592
Administration, attendance and health	7,796,070	7,932,206	7,629,142	303,064
Transportation	9,922,358	10,010,368	9,675,124	335,244
Special Programs	12,117,243	15,262,865	12,307,944	2,954,921
Facilities operations and maintenance	16,535,040	16,544,585	15,978,473	566,112
Food service operations	-	-	-	-
Technology	3,125,933	3,178,344	3,170,055	8,289
Contribution to primary government	2,361,356	2,378,156	2,654,940	(276,784)
Capital projects	-	-	-	-
Total expenditures	\$ 183,138,060	\$ 187,117,759	\$ 182,321,321	\$ 4,796,438
Excess (deficiency) of revenues over (under) expenditures	\$ (187,740)	\$ (906,541)	\$ (858,980)	\$ 47,561
Other financing sources (uses)				
Transfers in	\$ -	\$ 4,785,783	\$ 112,500	\$ (4,673,283)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 4,785,783	\$ 112,500	\$ (4,673,283)
Net change in fund balance	\$ (187,740)	\$ 3,879,242	\$ (746,480)	\$ (4,625,722)
Fund balance, beginning of year	187,740	(3,879,242)	7,521,672	11,400,914
Fund balance, end of year	\$ -	\$ -	\$ 6,775,192	\$ 6,775,192

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)
\$ 2,631	\$ 2,631	\$ 5,930	\$ 3,299	\$ 2,000	\$ 4,000	\$ 133,599	\$ 129,599
2,545,229	2,545,229	2,497,747	(47,482)	-	-	-	-
62,000	62,000	135,440	73,440	-	94,385	-	(94,385)
-	-	-	-	-	94,580	94,580	-
-	-	-	-	13,633,695	58,436,088	48,855,586	(9,580,502)
56,700	56,700	96,866	40,166	1,026,000	2,052,000	1,752,000	(300,000)
2,865,000	2,865,000	2,847,783	(17,217)	-	-	-	-
<u>\$ 5,531,560</u>	<u>\$ 5,531,560</u>	<u>\$ 5,583,766</u>	<u>\$ 52,206</u>	<u>\$ 14,661,695</u>	<u>\$ 60,681,053</u>	<u>\$ 50,835,765</u>	<u>\$ (9,845,288)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,419,060	5,419,060	5,394,477	24,583	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	14,661,695	60,681,053	16,049,776	44,631,277
<u>\$ 5,419,060</u>	<u>\$ 5,419,060</u>	<u>\$ 5,394,477</u>	<u>\$ 24,583</u>	<u>\$ 14,661,695</u>	<u>\$ 60,681,053</u>	<u>\$ 16,049,776</u>	<u>\$ 44,631,277</u>
\$ 112,500	\$ 112,500	\$ 189,289	\$ 76,789	\$ -	\$ -	\$ 34,785,989	\$ 34,785,989
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(112,500)	(112,500)	(112,500)	-	-	-	-	-
<u>\$ (112,500)</u>	<u>\$ (112,500)</u>	<u>\$ (112,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 76,789	\$ 76,789	\$ -	\$ -	\$ 34,785,989	\$ 34,785,989
-	-	1,310,613	1,310,613	-	-	3,432,652	3,432,652
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,387,402</u>	<u>\$ 1,387,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,218,641</u>	<u>\$ 38,218,641</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.

6 - 9

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.

10 - 12

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.

13 - 14

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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 \$	13,365,493
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	3,827,416
Debt service	-	-	-	-	502,484	284,252	-	-	-	-
Unrestricted	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	17,812,570
Total governmental activities net position	\$ 86,102,979 \$	80,782,030 \$	87,448,821 \$	92,591,014 \$	93,603,696 \$	92,068,463 \$	76,728,027 \$	44,575,615 \$	49,791,149 \$	35,005,479
Component Unit - School Board										
Net investment in capital assets	\$ 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 \$	59,845,625
Unrestricted	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)	(106,394,992)
Total component unit activities net position	\$ 78,194,824 \$	74,648,613 \$	79,600,756 \$	79,879,660 \$	76,530,188 \$	72,601,827 \$	71,668,180 \$	(76,288,352) \$	(72,850,975) \$	(46,549,367)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government administration	\$ 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	\$ 14,159,853
Judicial administration	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	5,955,611
Public safety	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	45,574,488
Public works	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	7,661,298
Health and welfare	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	26,701,233
Education	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	156,222,909
Parks, recreation and cultural	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	8,804,004
Community development	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	26,614,114
Interest on long-term debt	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	6,695,703
Total governmental activities expenses	\$ 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	\$ 298,389,213
Component unit activities:										
Albemarle County Public Schools	\$ 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	\$ 207,155,126
Total component unit activities expenses	\$ 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	\$ 207,155,126
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 296,899	\$ 327,307	\$ 66,288	\$ 37,049	\$ 427,114	\$ 383,601	\$ 385,209	\$ 379,547	\$ 397,260	\$ 382,375
Judicial administration	1,148,419	1,163,869	888,120	493,144	342,246	554,336	544,286	503,083	500,335	495,670
Public safety	637,758	477,246	1,148,738	1,997,033	2,928,839	2,124,556	2,775,672	2,803,272	3,117,337	3,117,781
Public works	91,163	59,982	20,345	621,781	40,095	60,712	74,861	95,345	102,082	92,316
Education	-	-	-	-	-	-	-	-	-	25,000
Parks, recreation and cultural	329,600	351,174	346,209	320,996	327,731	300,290	331,375	335,885	336,689	314,000
Community development	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	2,500,395
Operating grants and contributions	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	24,523,951
Capital grants and contributions	587,914	470,606	207,078	282,118	631,468	141,548	244,658	2,100,329	3,356,618	1,440,477
Total governmental activities program revenues	\$ 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	\$ 32,891,965
Component unit activities:										
Albemarle County Public Schools:										
Charges for services	\$ 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	\$ 6,104,492
Operating grants and contributions	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	58,701,661
Capital grants and contributions	847,098	895,867	700,000	700,000	752,000	752,000	1,804,000	300,000	1,026,000	1,752,000
Total component unit activities program revenues	\$ 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	\$ 66,558,153
Net (expense) / revenue										
Governmental activities	\$ (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)	\$ (265,497,248)
Component unit activities	\$ (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)	\$ (140,596,973)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
General property taxes, real and personal	\$ 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	\$ 174,980,809
Local sales and use taxes	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	16,229,409
Business license tax	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	12,849,303
Consumer utility taxes	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	4,462,769
Meals tax	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	7,971,041
Motor vehicle licenses taxes	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	3,910,692
Other local taxes	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	7,258,368
Unrestricted grants and contributions	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	21,113,223
Unrestricted revenues from use of money and property	3,284,263	1,563,093	846,649	805,955	608,377	842,474	692,400	985,769	1,631,677	1,653,038
Miscellaneous	1,292,537	469,286	937,284	203,873	319,380	649,297	506,060	1,362,906	481,659	282,926
Total governmental activities	\$ 201,327,456	\$ 204,545,742	\$ 201,071,522	\$ 198,899,385	\$ 202,560,453	\$ 205,543,000	\$ 211,565,566	\$ 221,726,880	\$ 236,982,337	\$ 250,711,578
Component Unit - School Board activities:										
Payment from COA- Education	\$ 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	\$ 162,121,149
Unrestricted revenues from use of money and property	1,048,805	873,647	799,208	811,439	885,422	765,199	914,242	926,260	1,206,650	1,123,464
Miscellaneous	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	3,653,968
Total component unit activities	\$ 108,114,407	\$ 113,309,851	\$ 112,202,762	\$ 107,228,599	\$ 108,215,889	\$ 110,154,989	\$ 120,838,787	\$ 121,265,791	\$ 127,342,552	\$ 166,898,581
Change in Net Position										
Governmental activities	\$ 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	\$ (14,785,670)
Component Unit activities	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	26,301,608
Total reporting entity	\$ 7,004,453	\$ (3,563,509)	\$ 3,088,714	\$ 1,299,572	\$ (1,481,640)	\$ (5,463,594)	\$ (16,274,083)	\$ (3,766,753)	\$ 6,913,911	\$ 11,515,938

COUNTY OF ALBEMARLE, VIRGINIA

Table 3

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	Motor			Recordation and Wills Tax	Business License Tax	Utility Company Tax	Seller's Tax	Other	Total	
			Meals Tax	Consumer Utility Tax	Vehicle License Tax							Bank Franchise Tax
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
2017	174,981	16,229	7,971	4,463	3,911	1,035	2,308	12,626	224	712	3,203	227,663

COUNTY OF ALBEMARLE, VIRGINIA

Table 4

Fund Balances of Governmental Funds (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ 60,143	\$ 46,984	\$ 63,614	\$ 114,626	\$ 104,517	\$ 193,590	\$ 88,554	\$ 118,063	\$ 110,587	\$ 105,800
Committed	-	-	-	715,565	905,080	5,138,214	2,497,481	3,150,271	728,372	1,065,746
Education - School Reserve	-	-	-	-	-	-	-	-	1,397,998	1,975,506
Unassigned	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	53,158,067
Total general fund	\$ 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	\$ 56,305,118
All other governmental funds										
Nonspendable										
Loan receivable	\$ -	\$ -	\$ -	\$ 97,468	\$ 85,284	\$ 73,100	\$ 60,916	\$ 48,732	\$ 36,548	\$ 24,364
Restricted										
Grant compliance	-	-	-	2,538,900	1,776,167	1,018,918	920,676	1,049,763	1,966,148	3,827,416
Debt service funds	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	37,441,136
Special revenue	-	-	-	380,375	412,061	488,767	456,314	1,183,677	2,535,230	3,084,375
Unreserved										
Designated										
Subsequent year's expenditures:										
Special revenue funds	2,931,104	3,153,769	2,997,406	-	-	-	-	-	-	-
Capital projects funds	34,348,827	35,570,507	24,803,578	-	-	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 44,377,291

(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

COUNTY OF ALBEMARLE, VIRGINIA

Table 5

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
General property taxes	\$ 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	\$ 174,497,297
Other local taxes	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	52,681,579
Permits, privilege fees and regulatory licenses	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	2,770,923
Fines and forfeitures	441,600	547,798	476,500	622,358	990,216	735,224	668,593	609,085	472,385	440,281
Revenue from use of money and property	2,787,863	1,360,326	819,118	787,407	605,097	834,373	685,900	964,609	1,607,884	1,600,779
Charges for services	2,025,260	1,759,655	1,905,439	2,780,682	2,889,682	2,532,525	3,289,771	3,356,766	3,712,549	3,716,333
Miscellaneous	1,292,537	469,286	504,648	147,857	319,380	649,297	542,680	1,362,906	481,659	282,926
Recovered costs	623,070	398,641	399,889	1,017,954	668,751	904,990	539,548	1,983,051	421,454	386,582
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	2,654,940
Contribution from Crozet Crossings Trust	-	-	430,800	44,559	-	-	-	-	-	-
Contribution from other entities	-	-	1,836	11,457	-	-	-	-	-	-
Commonwealth	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	36,176,577
Federal	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	10,980,211
Total revenues	\$ 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	\$ 286,188,428
Expenditures										
General government administration	\$ 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	\$ 12,904,062
Judicial administration	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	5,736,153
Public safety	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	40,684,363
Public works	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	4,545,067
Health and welfare	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	27,482,404
Education - local community college	23,475	23,475	23,475	22,301	22,524	22,750	24,962	24,024	23,510	23,981
Education - public school system	109,404,047	127,316,033	99,229,649	105,286,652	104,964,240	104,622,967	108,788,973	121,110,651	129,982,080	165,748,099
Education - trust funds	-	-	-	150,000	-	-	-	-	-	-
Parks, recreation and cultural	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	7,662,290
Community development	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	26,553,188
Contingencies	-	-	-	594,970	892,611	682,933	726,253	605,241	632,799	621,493
Capital outlay	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	14,557,174
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	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	14,273,729
Interest and other fiscal charges	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	7,991,378
Total expenditures	\$ 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	\$ 328,783,381
Excess (deficit) of revenues over (under) expenditures	\$ (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)	\$ (42,594,953)
Other financing sources (uses)										
Transfers in	\$ 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	\$ 47,256,574
Proceeds from VRA Debt Issued	-	-	-	-	-	362,637	-	-	-	-
Transfers out	(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)	(47,663,276)
Bonds issued	11,325,000	34,886,021	-	7,670,000	36,315,000	25,550,000	25,550,000	9,630,000	38,880,000	52,675,000
Premium on bonds issued	608,650	725,039	-	238,717	4,288,513	-	1,954,592	-	4,398,732	4,565,775
Payment to bond escrow agent	-	-	-	-	(13,350,497)	-	-	-	-	-
Total other financing sources (uses)	\$ 11,851,450	\$ 35,565,060	\$ -	\$ 7,908,717	\$ 27,111,516	\$ 334,274	\$ 27,290,244	\$ 9,630,000	\$ 43,278,732	\$ 56,834,073
Net change in fund balances	\$ 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	\$ 14,239,120
Debt service as a percentage of noncapital expenditures	6.33%	5.99%	8.04%	7.20%	9.92%	6.79%	7.43%	7.03%	7.01%	6.93%

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	
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
2017	16,719,336	1,040,481	391,501	18,151,318		0.972

(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	Public Service				Total Direct Tax Rate (4)
	Real Property (3)	Personal Property (3)	Real	Personal	
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
2017	.839/.839	4.28/4.28	.839/.839	4.28/4.28	0.972

(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 2017			Fiscal Year 2008		
	2017 Assessed Valuation (1)	Rank	% of Total Assessed Valuation	2008 Assessed Valuation (2)	Rank	% of Total Assessed Valuation
University Real Estate Foundation (4)	\$ 310,534	1	1.71%	\$ 229,940	1	1.38%
Martha Jefferson Hospital	267,892	2	1.48%			
Westminster - Canterbury	130,207	3	0.72%	111,234	3	0.67%
Oct Stonefield Property Owner, LLC	105,514	4	0.58%			
5th Street Station Ventures, LLC	69,296	5	0.38%			
Shopping Center Associates	64,648	6	0.36%	68,160	5	0.41%
JDM II SF National LLC	64,013	7	0.35%			
Reserve at Belvedere, LLC	52,569	8	0.29%			
MAALP Stonefield Commons, LLC	47,782	9	0.26%			
Avemore Apartments, LP	46,779	10	0.26%			
Charles W Hurt	-	-	-	113,764	2	0.68%
Hunter E Craig	-	-	-	105,179	4	0.63%
March Mountain Properties, LLC	-	-	-	53,020	6	0.32%
University of VA Host Properties, Inc	-	-	-	49,966	7	0.30%
PJP	-	-	-	48,234	8	0.29%
Glenmore Associates LP	-	-	-	46,971	9	0.28%
Keswick Corporation	-	-	-	45,301	10	0.27%
	<u>\$ 1,159,234</u>		<u>6.39%</u>	<u>\$ 826,468</u>		<u>4.95%</u>

(1) Based on January 1, 2017 real estate tax assessment records

(2) Based on January 1, 2008 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
2008	\$ 146,208,175	\$ 139,626,124	95.50%	6,439,088	\$ 146,065,212	99.90%
2009	151,579,976	143,841,132	94.89%	7,627,470	151,468,602	99.93%
2010	151,047,966	141,669,613	93.79%	9,286,708	150,956,321	99.94%
2011	149,277,570	140,932,395	94.41%	8,333,548	149,265,943	99.99%
2012	150,892,028	144,024,192	95.45%	6,848,872	150,873,064	99.99%
2013	152,881,289	146,813,431	96.03%	6,019,432	152,832,863	99.97%
2014	158,501,037	152,862,649	96.44%	5,180,399	158,043,048	99.71%
2015	167,821,725	162,541,808	96.85%	4,428,276	166,970,084	99.49%
2016	177,465,143	171,967,912	96.90%	3,398,955	175,366,867	98.82%
2017	186,788,335	181,098,238	96.95%	-	181,098,238	96.95%

(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 Obligation Bonds	School Pub. Facility Bonds	County Pub. Facility Bonds	Unamortized		Literary		Virginia Resource Authority	Lease Revenue Bonds										
				Bond	Premium	Fund	Loans			Capital Leases									
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
2017		87,575,000		44,572,048		74,722,952		12,498,227		-		-		201,161	-		219,569,388	2.34%	2,077

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)
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
2017	16,719,336,669	91,218,535	0.55%	863

(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 and literary fund loans only.

Legal Debt Margin Information
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 1,671,933,667
Total net debt applicable to limit	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	91,218,535
Legal debt margin	\$ 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	\$ 1,580,715,132
Total net debt applicable to the limit as a percentage of debt limit	6.29%	7.54%	7.04%	7.08%	6.70%	6.18%	5.54%	5.43%	4.12%	5.46%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 16,719,336,669
Debt limit (10% of total assessed value)	\$ 1,671,933,667
Net debt applicable to limit	91,218,535
Legal debt margin	\$ 1,580,715,132

COUNTY OF ALBEMARLE, VIRGINIA

Table 13

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita		Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
		Personal Income (2)(5)	Personal Income (2)(5)			
2008	93,117	\$	5,554,915,000	\$	41,709	36.2
2009	93,668		6,059,782,000		45,275	36.2
2010	94,908		6,383,281,000		46,969	37.4
2011	98,970		6,330,202,000		46,163	37.4
2012	100,780		6,778,562,000		47,052	37.9
2013	101,575		7,493,869,000		51,255	38.2
2014	102,731		7,764,329,000		52,693	39.0
2015	103,707		8,795,194,000		58,603	38.4
2016	105,051		9,182,721,000		60,294	37.7
2017	105,715		9,375,633,000		60,964	38.2

(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 2017		Fiscal Year 2008	
	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 +		
State Farm Mutual Automobile Insurance	4	1,000 +	3	1,000 +
U.S. Department of Defense	5	500 to 999	6	500 to 999
University of VA Medical Center	6	500 to 999		
Atlantic Coast Athletic Club	7	500 to 999		250 to 499
Piedmont VA Community College	8	500 to 999		
Northrup Grumman Corporation	8	250 to 499	5	500 to 999
Wal Mart	10	250 to 499	8	250 to 499
UVA Health Services Foundation			4	1,000 +
GE Fanuc Automation Manufacturing			7	250 to 499
Crutchfield Corporation			9	250 to 499
Lakeland Tours			10	250 to 499

Source: Virginia Employment Commission

COUNTY OF ALBEMARLE, VIRGINIA

Table 15

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration										
Board of Supervisors	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5
County Executive (1)	14.0	11.5	11.5	7.0	7.0	8.0	8.0	8.0	9.5	9.5
Human Resources	3.0	3.0	3.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
County Attorney	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Finance (1)	51.0	53.5	53.5	49.8	49.8	52.8	53.3	54.8	55.8	55.8
Management & Budget (2)	0.0	0.0	0.0	3.5	3.5	3.5	4.0	4.3	4.8	5.3
Information Technology	23.0	23.0	23.0	21.0	21.0	20.0	21.0	21.0	22.0	22.0
Board of Elections (Registrar)	5.6	5.6	5.6	5.6	5.5	4.5	4.5	4.8	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	10.0	10.0	10.0	10.5	11.0	11.0	11.0	11.5
Commonwealth's Attorney	9.0	9.0	9.0	9.0	9.0	9.5	9.5	11.5	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	149.5	151.5	152.0	147.5	147.5	147.5	151.5	156.5	163.5	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	1.0	1.0	1.0
Problem Oriented Policing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Fire/Rescue	80.0	80.0	80.0	80.0	80.0	93.5	96.0	98.6	109.0	109.0
FEMA Grant (4)	0.0	0.0	0.0	0.0	0.0	0.0	9.0	8.4	0.0	0.0
Public Works (5)										
Facilities & Environmental Services	30.5	30.5	30.7	21.6	22.4	22.1	22.0	23.0	26.3	26.3
Facilities - Project Mgmt	8.0	8.0	10.0	10.0	9.0	9.0	9.0	9.0	8.5	8.5
Human Development										
Social Services	97.2	98.2	104.2	103.2	103.2	103.7	107.3	110.1	115.2	117.2
Bright Stars	18.5	19.5	18.5	18.5	18.3	18.3	18.7	18.7	21.1	21.1
Parks, Recreation, and Culture										
Parks and Recreation	19.0	19.0	19.0	17.0	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	84.0	84.0	83.0	59.0	59.0	58.0	58.0	63.5	66.5	68.5
Economic Development (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.5	2.5
Housing	7.0	7.0	7.0	7.0	7.0	6.0	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	650.8	654.8	660.0	611.7	611.2	624.9	646.8	670.6	698.4	703.4

(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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police department:										
Physical arrests	4,180	2,282	2,607	2,495	3,480	3,064	3,035	3,268	3,157	2,753
Traffic violations	11,412	13,373	13,454	13,779	13,573	8,223	9,991	10,251	6,939	9,243
Fire and rescue:										
Number of calls answered	12,364	12,370	12,680	13,127	11,467	12,666	12,385	13,053	13,507	13,263
Zoning & Current development										
New residential construction (unit #)	741	403	313	357	411	345	468	474	449	592
New commercial construction (unit #)	53	45	48	53	56	57	36	29	42	48
Health and welfare										
Department of Social Services:										
Caseload	12,348	12,636	14,619	18,188	18,640	19,442	17,519	17,336	16,612	N/A
Culture and recreation										
Parks and recreation:										
Middle school sports program participants	968	1,008	929	1,160	1,100	1,093	1,074	1,114	1,106	1,036
Fee based classes/camps	2,677	2,629	1,971	1,698	1,888	1,747	1,583	1,899	1,767	1,850
Summer playground program	447	465	504	411	393	389	382	347	298	293
Men's Basketball	-	-	-	320	320	350	300	340	340	350
Component Unit - School Board										
Education:										
School enrollment	12,531	12,742	12,914	12,800	13,104	13,263	13,420	13,680	13,737	13,790
Number of central office instructors (1)	-	-	-	35	37	43	42	51	63	66
Number of elementary instructors	501	496	518	545	541	563	571	571	562	568
Number of secondary instructors	549	553	551	578	593	603	615	610	608	616

Source: Individual county departments

(1) New indicator for FY 10/11

COUNTY OF ALBEMARLE, VIRGINIA

Table 17

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Administration vehicles	8	8	8	9	8	6	7	7	7	9
Judicial										
Sherriff's department patrol units	31	33	31	33	37	36	43	40	39	44
Public safety										
Police department patrol units	162	167	177	180	189	195	190	227	220	223
Fire/Rescue department vehicles	39	34	35	36	34	39	51	54	52	63
Community Development										
Economic Development (3)	-	-	-	-	-	-	-	-	-	1
Building codes:										
Administration (2)	-	-	-	-	-	3	3	6	3	4
Inspections vehicles	13	13	12	12	12	11	11	10	13	14
Planning (2)	1	1	1	1	1	-	-	-	-	-
Zoning vehicles (2)	6	6	4	3	3	-	-	-	-	-
Public works										
General Services:										
General maintenance vehicles	12	12	11	12	8	7	7	8	8	11
Facilities Development	5	5	5	5	3	3	3	3	3	3
Pool vehicles	10	11	11	10	11	11	11	12	12	11
Health and welfare										
Social Services vehicles	18	18	18	18	18	14	14	16	16	13
Parks and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Vehicles	33	33	32	27	29	29	29	29	29	29
Parks (1)	34	36	36	36	37	37	38	38	38	38
Parks acreage (1)	2,967	4,034	4,034	4,034	4,634	4,634	5,044	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	1	1	1	1	1

Source: Individual county departments

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

(2) Combined Divisions FY 12/13

(3) New to Vehicle Inventory FY 16/17

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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*

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, 2017, 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 13, 2017.

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, Farnell, Cox Associates

Charlottesville, Virginia

November 13, 2017

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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 in the OMB 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, 2017. 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, 2017.

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, Farnell, Cox Associates

Charlottesville, Virginia
November 13, 2017

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Primary Government:				
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10115, 10116 40115, 40116	\$ 1,369,664	
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	Unknown	19,178	
Total Department of Agriculture			\$ 1,388,842	
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	400115, 400116	\$ 444,164	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115, 760116	71,455	
Foster Care - Title IV-E	93.658	1100115, 1100116	986,263	
Adoption Assistance	93.659	1120115, 1120116	811,649	
Promoting Safe and Stable Families	93.556	500115, 500116	60,654	
Refugee and Entrant Assistance - State Administered Programs	93.566	500115, 500116	11,131	
Low-Income Home Energy Assistance	93.568	600415, 600416	38,855	
Chafee Education and Training Vouchers Program	93.599	9160115, 9160116	18,315	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115, 900116	933	
Social Services Block Grant	93.667	1000115, 1000116	489,945	
Chafee Foster Care Independence Program	93.674	9150115, 9150116	23,475	
Children's Health Insurance Program	93.767	540115, 540116	79,027	
Medical Assistance Program	93.778	1200115, 1200116	2,101,044	
Total Department of Health and Human Services			\$ 5,136,910	
Department of Housing and Urban Development:				
Direct Payments:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 2,772,177	
Mainstream Vouchers	14.879	N/A	400,918	3,173,095
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Unknown	293,000	
Total Department of Housing and Urban Development			\$ 3,466,095	
Department of Justice:				
Direct Payments:				
Drug Court Discretionary Grant Program	16.585	N/A	\$ 19,998	
State Criminal Alien Assistance Program	16.606	N/A	19,541	\$ 15,242
Pass Through Payments:				
Crime Victim Assistance	16.575	N/A	96,092	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000 39001-51000	146,496	
Total Department of Justice			\$ 282,127	
Environmental Protection Agency:				
Direct Payments:				
Chesapeake Bay Program	66.466	N/A	\$ 15,455	
Total Environmental Protection Agency			\$ 15,455	

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2017 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>Primary Government: (Continued)</u>				
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Planning and Construction	20.205	Unknown	\$ 419,488	
State and Community Highway Safety	20.600	Unknown	9,677	
Alcohol Open Container Requirements	20.607	154AL-11-51263	24,706	
Total Department of Transportation			\$ 453,871	
Department of Homeland Security:				
Department of Emergency Services:				
Pass Through Payments:				
Emergency Management Performance Grants	97.042	Unknown	\$ 9,657	
Total Department of Homeland Security			\$ 9,657	
Total Federal Expenditures - Primary Government			\$ 10,752,957	
<u>Component Unit - School Board:</u>				
Department of Agriculture:				
Direct Payments:				
Summer Food Service Program for Children	10.559	N/A	\$ 14,789	
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	17901-40591,40253	\$ 554,368	
National School Lunch Program	10.555	17901-40623,40254	\$ 1,931,139	
Department of Agriculture:				
Food Distribution				
	10.555	Unknown	347,487	
			\$ 2,278,626	2,832,994
Fresh Fruit and Vegetable Program	10.582	Unknown		44,368
Total Department of Agriculture			\$ 2,892,151	
Department of Education:				
Direct payments:				
Investing in Innovation (i3) Fund	84.411	Unknown	\$ 875,995	
Pass Through Payments:				
Title I Grants to Local Educational Agencies	84.010	17901-42901		2,018,482
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	17901-43071	\$ 3,076,121	
Special Education - Preschool Grants	84.173	17901-62521	85,611	3,161,732
Adult Education - Basic Grants to States	84.002	17901-42801		100,000
		17901-61380		
Migrant Education-State Grant Program	84.011	17901-42910		57,824
Career and Technical Education - Basic Grants to States	84.048	17901-61095		138,443
Migrant Education Coordination Program	84.144	17901-61399		7,688
Education for Homeless Children and Youth	84.196	17901-42940		49,500
Twenty-first Century Community Learning Centers	84.287	17901-60565		142,059
Advanced Placement Program	84.330	17901-60957		1,966
English Language Acquisition State Grants	84.365	17901-60512		104,227
Supportive Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	17901-61480		332,332
Total Department of Education			\$ 6,990,248	
Total Federal Expenditures - Component Unit- School Board			\$ 9,882,399	
Total Expenditures of Federal Awards			\$ 20,635,356	

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, 2017

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, 2017. 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 the Uniform Guidance 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 - Subrecipients

The County passed through \$15,242 of State Criminal Alien Assistance Program grant to the Albemarle-Charlottesville Regional Jail Authority during the year.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 7 - Relationship to Financial Statements

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

Primary government:	
General Fund	\$ 6,656,236
Federal/State Grants Fund	3,825,352
General Capital Improvements	419,488
Other Governmental Funds	79,135
Total primary government	<u>\$ 10,980,211</u>
Component Unit School Board:	
School Operating Fund	\$ 7,034,616
School Food Services Fund	2,847,783
Total Component Unit School Board	<u>\$ 9,882,399</u>
Total federal expenditures per basic financial statements	\$ 20,862,610
Amounts required to reconcile federal revenues to expenditures:	
Less: Payment in lieu of taxes	(38,237)
Less: FEMA reimbursement from prior years	(109,882)
Less: QCSB federal credit in debt service fund	<u>(79,135)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 20,635,356</u>

COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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
84.010	Title I Grants to Local Educational Agencies
84.027 / 84.173	Special Education Cluster (IDEA)
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance
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.