



Comprehensive Annual Financial Report

City of Charlottesville, VA - For Fiscal Year Ended June 30, 2020

2020



CITY OF CHARLOTTESVILLE, VIRGINIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

**Prepared by
Department of Finance**

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CITY OF CHARLOTTESVILLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

CITY OF CHARLOTTESVILLE
"To be one community filled with opportunity"

Office of the Director of Finance

P.O. Box 911 · Charlottesville, Virginia 22902
Telephone 434-970-3200 · Fax 434-970-3232



November 30, 2020

Honorable Mayor and Members
of the City Council
City of Charlottesville, Virginia

Dear Council Members:

We are pleased to submit to you the comprehensive annual financial report (CAFR) of the City of Charlottesville (the City) for the fiscal year ended June 30, 2020. The CAFR was prepared in accordance with Section 11-96 of the Charlottesville City Code. The City's Finance Department prepared the report and it was audited by the City's independent auditors, Brown, Edwards, & Company, LLP. Brown, Edwards & Company's opinions are included in this report. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Generally accepted accounting principles (GAAP) require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

As a recipient of funds from the Federal government, the City is required to undergo an annual single audit in conformity with the provisions of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are contained in an appendix at the back of the CAFR.

THE REPORTING ENTITY AND ITS SERVICES

The City is located in Central Virginia, approximately 100 miles southwest of Washington, D.C. and 70 miles northwest of Richmond, Virginia. As the seat of both the City and Albemarle County governments, Charlottesville serves as an economic, cultural and educational center in Central Virginia. As the home of the University of Virginia, one of the most prestigious and highly-regarded universities in the country, the City derives a number of benefits, both economic and in the quality of life, from being associated with this area.

The City provides a full range of services. These services include police and fire protection, solid waste collection and disposal, education, parks, recreational and cultural activities, street and highway maintenance and construction, health and welfare, and community and economic development. In addition to these general governmental activities, the City also operates gas, water, wastewater, and stormwater systems as enterprise funds and maintains a pension trust fund and a post-employment benefits fund for its employees.

The financial reporting entity includes all funds of the Primary Government (i.e., the City), as well as the component units for which the City is financially accountable. The City of Charlottesville Public Schools (the School Board or Schools) and the Charlottesville Economic Development Authority (CEDA) are included in the report as discretely presented component units in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City and to differentiate their financial position and results of operations from that of the City. Both of these component units are administered by separate boards. School Board members are elected At Large and CEDA members are appointed by City Council. The Charlottesville Redevelopment and Housing Authority (CRHA) is not included in the reporting entity because the City is not financially accountable for the CRHA.

FINANCIAL CONDITION AND OUTLOOK

For Fiscal Year 2020 (completed June 30, 2020): The COVID 19 pandemic impacted the City's fiscal year 2020 results. Several of the City's economically-sensitive revenues (Sales Tax, Meals Tax, Lodging Tax) underperformed their original budget projections. Also, the timing of the pandemic in the course of the fiscal year (at the start of the fourth quarter) challenged the City's ability to make significant expenditure adjustments while still serving the needs of its citizens.

From the onset of the pandemic, the City's Revenue and Economic monitoring team changed its regular meeting time from a monthly to a weekly basis and revenue projections were revised downward. Enhanced controls were instituted to limit discretionary spending while the City sought to minimize the financial impacts of the pandemic on its employees by continuing to pay their salaries and benefits. These proactive measures minimized General Fund expenditures exceeding revenues by approximately \$1.8 million, or 1%.

Despite these impacts of COVID 19, the General Fund fund balance ended fiscal year with positive surplus of approximately \$3.8 million while maintaining compliance with the City's long-term financial policies.

City management has been focused on the long-term financial sustainability of the City's retirement plan and Other Post-Employment Benefits (OPEB). As part of its AAA-rated financial management, the City has traditionally funded 100% of its required Actuarially Determined Contribution (ADC) for pension costs and OPEB and plans to do so in the future. The funded status of the City's pension plan has been 50.3%, 53.7%, 56.5%, 58.3%, and 56.8% for fiscal years 2016, 2017, 2018, 2019 and 2020 respectively. The funded status of the City's OPEB plan has been 39.9%, 43.0%, 47.4%, 56.5% and 62.8% for fiscal years 2016, 2017, 2018 and 2019 respectively.

For Fiscal Year 2021 (beginning July 1, 2020): COVID 19 also impacted the development of the fiscal year 2021 budget. The City Manager's Proposed Budget included a General Fund budget of \$196.6 million. The pandemic resulted in several revenue and expenditure reductions to the Proposed Budget. The Adopted Budget for the General Fund for fiscal year 2021 totals \$191.2 million (a 1.2% increase over the fiscal year 2020 budget). The City continues to make investments in several of its Strategic Plan Priority Areas, including:

- Affordable Housing - \$30.7 million in the five-year capital program for several affordable housing initiatives, including redevelopment of public housing sites, and supplemental rental assistance; \$1.4 million for the Charlottesville Housing Affordability Program (CHAP); \$432,000 for Tax and Rent Relief for Elderly and Disabled programs.
- Race and Equity- \$155,000 is included for the second year of a grant match for the Food Equity program.
- Workforce Development and Economic Development - Downtown Job Center, Growing Opportunities (GO) workforce development programs, the Home to Hope program, job fairs and community events, and work done by staff to promote Charlottesville as a premier location for business and to collaborate with entrepreneurs and existing businesses seeking to grow here.

- Safety and Security- \$150,000 for this newly created Police Civilian Review Board (PCRB).
- City Schools - \$1.3 million in new operating funding including continuation of funding for the gifted teacher program. Through the City's Capital Improvement Program (CIP), \$1.25 million a year in an unallocated fund that the schools can use for priority capital improvement initiatives of their choice, in addition to the over \$1.95 million for general capital improvement dollars and HVAC replacement funds a year.

ECONOMIC CONDITION AND OUTLOOK

The City's key economic indicators continued to show positive growth through the first three quarters of fiscal year 2020, much like recent years. The COVID-19 pandemic hit in mid-March impacting conditions for the final quarter of the fiscal year.

Comparing fiscal year 2020 to fiscal year 2019, meals tax revenue increased by 3.18%. However, lodging tax revenue decreased by 10.77% while sales tax also decreased by 3.20% for the same time period. In addition, the City's unemployment rate spiked in April to a high of 10.7% but as of September 2020, has returned to 6.0%. This largely mirrors the state rate which rose to a high of 11.2% and has returned to a 6.2% level as of September 2020.

For tax year (calendar) 2020, residential real estate assessments increased in value by 3.77%. Commercial real property values increased for the eighth straight year in 2020, this time by 10.46%. Combined existing residential and commercial property increased in value by 6.58%. The total value of real property in the City, including new construction, increased by 7.33% in tax year 2020.

Continued capital investments throughout the City give us reason to be optimistic about the future. In calendar year 2019, 427 commercial construction permits were issued with an investment value of \$145,000,000, the highest ever-recorded total in City history. In fact, despite the effects of the global pandemic there are four major Class A office projects compromising 500,000 square feet of new space under construction currently. The first to reach the market in the fall of 2020 is Dairy Central with 50,000 square feet of office space in conjunction with a first of its kind food hall and retail and residential spaces. On the Downtown Mall, the CODE building will provide a 160,000 square foot office building that can accommodate up to 700 employees. Another project currently under construction is the 3Twenty3 office building. When completed, this new office space will offer 120,000 square feet and include 200 structured parking spaces. Finally, Apex Clean Energy, a local startup, is building a new state of the art headquarters facility located near the Downtown Mall. Of note, the Apex project began construction several months after the start of the pandemic signaling that interest in urban development remains high by both

residential and commercial developers. The City's proactive approach in welcoming investment continues to prove effective with support from a zoning ordinance that encourages denser, mixed-use development to help provide opportunities to expand the tax base and encourage quality commercial development.

OTHER INFORMATION

Independent Audit: State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial records of the City has been performed by the accounting firm of Brown, Edwards & Company, LLP, for the year ended June 30, 2020. The audit was also designed to meet the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The independent auditor's report on the government-wide financial statements and the fund financial statements and required supplementary information is included in the financial section of this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the fortieth (40th) consecutive such award received by the City. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies 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 report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

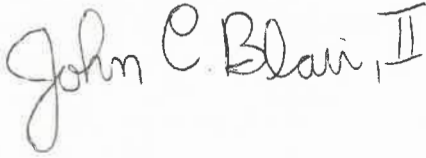
ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the dedicated service of each member of the Finance Department, notably the Accounting staff.

In closing, we would like to thank the members of City Council for your continued interest and support in planning and conducting the financial matters of the City in a responsible and progressive manner.

Honorable Mayor and Members
of the City Council
November 30, 2020

Respectfully submitted,

A handwritten signature in cursive script that reads "John C. Blair, II". The signature is written in dark ink and is positioned above the printed name.

John C. Blair
Acting City Manager

A handwritten signature in cursive script that reads "Christopher V. Cullinan". The signature is written in dark ink and is positioned above the printed name.

Christopher V. Cullinan
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Charlottesville
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

CITY OF CHARLOTTESVILLE, VIRGINIA

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2020

ELECTED OFFICIALS

Council Members:

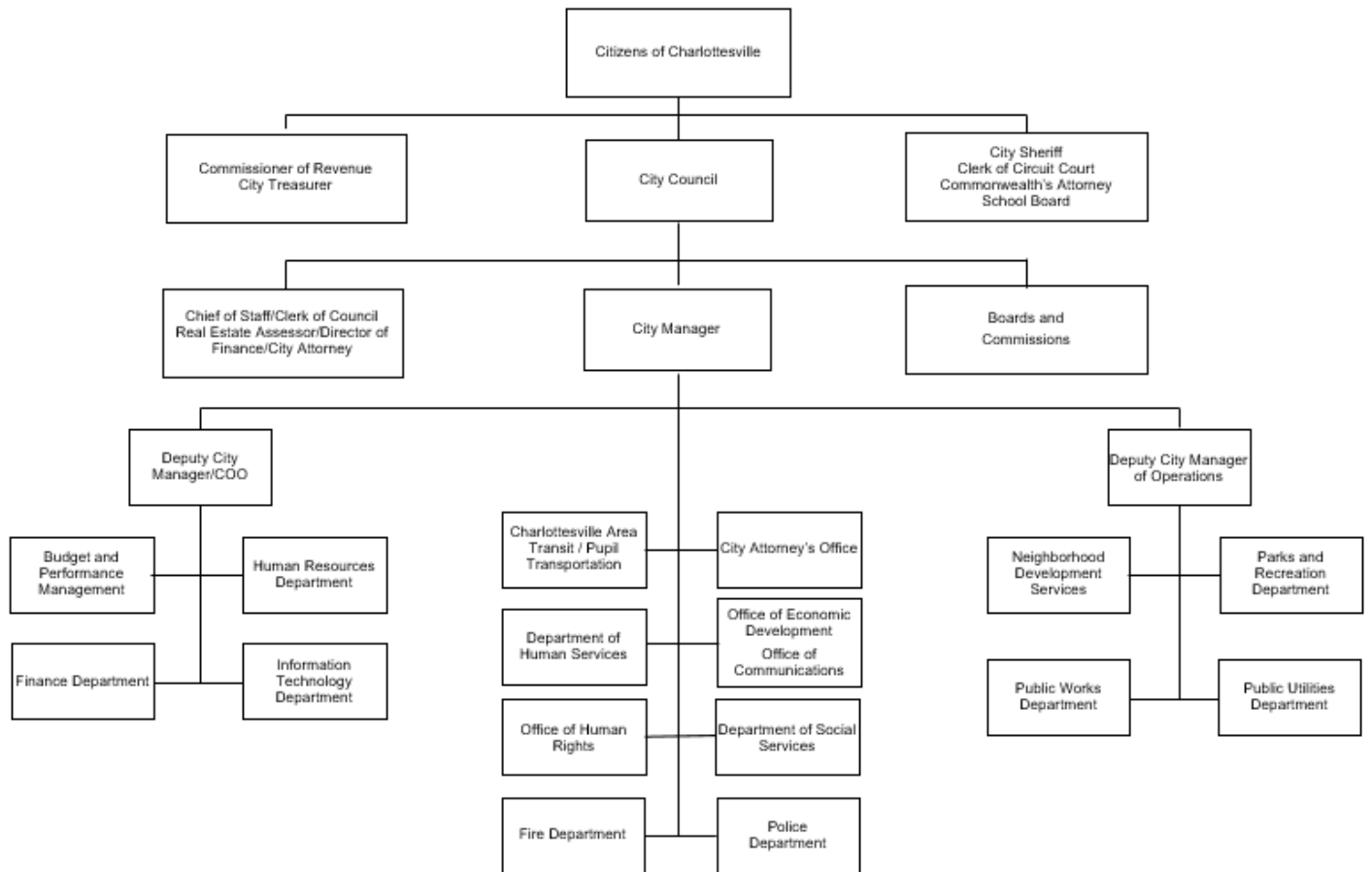
Nikuyah Walker	Mayor
Sena Magill	Vice-Mayor
Heather Hill	Council Member
Michael Payne	Council Member
Lloyd Snook	Council Member

Constitutional Officers:

Jason A. Vandever	City Treasurer
Todd D. Divers	Commissioner of Revenue
Joseph D. Platania	Commonwealth's Attorney
James E. Brown, III	City Sheriff
Llezelle A. Dugger	Clerk of Circuit Court

APPOINTED OFFICIALS

Dr. Tarron Richardson	City Manager
Letitia Shelton	Deputy City Manager/Chief Operating Officer
Paul Oberdorfer	Deputy City Manager of Operations
John Blair	City Attorney
Brian Wheeler	Director of Communications
Chris Engel	Director of Economic Development
Christopher V. Cullinan	Director of Finance
Emily Pelliccia	Acting Fire Chief
Michele Vineyard	Director of Human Resources
Sunny Hwang	Director of Information Technology
Alexander Ikefuna	Acting Director of Neighborhood Development Services
Dr. RaShall Brackney	Chief of Police
Martin Silman	Acting Director of Public Works
Jeffrey Davis	Real Estate Assessor
Todd Brown	Director of Parks and Recreation
Melissa Morton	General Registrar
Diane E. Kuknyo	Director of Social Services
Kaki Dimock	Director of Human Services
Lauren Hildebrand	Director of Utilities
Garland Williams	Director of Transit





FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Charlottesville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's 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; the *Specifications for Audits of Counties, Cities, and Towns*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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 auditor's 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, 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 and the required supplementary information as listed in the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory, supplementary information as listed in the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary section is the responsibility of management and was derived from and relates 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 supplementary information as listed in the table of contents is 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 25, 2020 on our consideration of the City'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 solely 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 the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 25, 2020

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2020

As management of the City of Charlottesville, Virginia, we offer readers this narrative overview and analysis of the financial activities of the City of Charlottesville, Virginia for the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section. The intent of this discussion and analysis is to evaluate the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Government-wide

- The City's total net position, on a government-wide basis excluding component units, totaled \$199.4 million at June 30, 2020.
- The City's total net position increased by \$3.4 million over the prior year. This increase is the sum of a \$1.3 million increase, as restated, for the governmental net position and a \$2.1 million increase in business-type net position.

Government Funds

- At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$68.7 million, a decrease of \$8.9 million over the prior year. Approximately 47.4 percent, or \$32.5 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported revenues \$11.6 million under budget. Several tax revenues (meals, lodging and sales tax) as well as parking garage and recreation fees performed worse than expected as a result of the impacts of COVID-19 during the last quarter of the fiscal year. The expenditures and other financing sources (net) finished out the year \$20.7 million under budget primarily due to City departments continued budget monitoring, which resulted in expenditures less than budget. Savings resulted from vacancies, efficiencies and staff's constant due diligence with city tax dollars.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$32.5 million, or 18.4 percent of total General Fund expenditures and net transfers.

Long-term Liabilities

- The City's total long-term liabilities, consisting of general obligation bonds, compensated absences, pension, and OPEB obligations decreased by \$19.3 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Charlottesville's basic financial statements. The City's basic financial statements comprise the following three components:

- *Government-wide financial statements, Exhibits A and B*
- *Fund financial statements, Exhibits C, D, E, and F*
- *Notes to the financial statements*

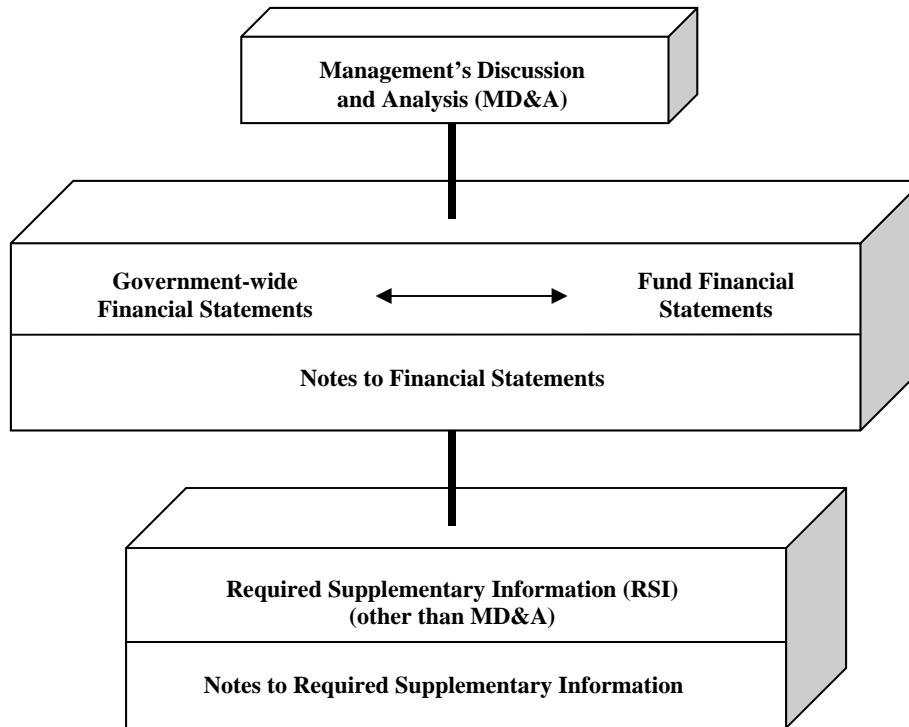
This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements presenting different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall financial status*.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City's government, reporting the City's operations in *more detail* than the government-wide statements.
 - *Governmental fund* statements tell how *general government* services such as public safety were financed in the *short term* as well as what amounts remain for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the public utility systems (water, sewer, and gas) and the golf course.
 - *Fiduciary fund* statements provide information about the financial relationship in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong, such as the City's retirement and post-employment benefit plans.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A shows how the required parts of this *Management's Discussion and Analysis* and the City's *basic financial statements* are arranged and relate to one another.

Figure A
Required Components of City's Financial Statements



The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused accrued vacation leave.)

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the Statement of Net Position and the Statement of Activities, the City is divided into three categories:

- *Governmental activities* – Most of the City's basic services are included here, such as the activities of the police, fire, public works, social services, parks and recreation departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to cover the cost of certain services it provides. The City's water, sewer, and gas systems as well as the golf course are included here.
- *Component units* – The City includes two separate legal entities in its report – the City of Charlottesville Economic Development Authority and the Charlottesville Public Schools. Although legally separate, these "component units" are important because the City is financially accountable for them and provides operating funding.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Charlottesville, Virginia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- * ***Governmental Funds***. Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide financial statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund financial statements.
- * ***Proprietary Funds***. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide financial statements, provide

both short-term and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, with the exception of the Internal Service Funds' allocation, but they provide more detail and additional information, such as a *statement of cash flows*. The City also uses internal service funds (another kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities – such as the Risk Management Fund and the Information Technology Fund.

- * ***Fiduciary Funds.*** Fiduciary funds are used to report assets held in a trustee or agency capacity for others outside the government. The City maintains two pension trust funds for retirement and post-employment benefits. These activities are reported in a separate statement of fiduciary net assets. The City excludes this activity from its government-wide financial statements because the City cannot use these assets to finance its operations.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of or following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bond and others) into the Governmental Activities column (in the government-wide statements).

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Exhibit F-2 at the end of the basic financial section of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information and notes*. General and Social Service major fund budget and actual reports are presented on a budgetary reporting basis as Exhibits G-1 and G-2. Progress in funding its obligations to provide pension and other post-employment benefits (OPEB) plans to its employees is provided as Exhibits H-1, H-2, H-3, H-4, and H-5.

The supplementary section has other major fund budget and actual reports presented on a budgetary reporting basis as Exhibits I-1 and I-2, as well as individual fiduciary statements in Exhibits I-3, and I-4. Non-major governmental funds are presented in Exhibits J, K, K-1, K-2, K-3, K-4, K-5, and K-6. Proprietary fund statements are presented as Exhibits E-1, E-2, and E-3. Internal Service funds are presented as Exhibits L-1, L-2, and L-3.

Financial Statements for the Charlottesville School Board – Component unit are presented in Exhibits M-1, M-2, M-3, M-4, M-5, M-6 and M-7. Progress in funding School Board obligation to provide pension and other postemployment benefits (OPEB) plans to its employees is provided as Exhibits H-5, H-6, H-7, H-8, H-9, H-10, and H-11.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

City of Charlottesville, Virginia Condensed Statement of Net Position June 30, 2020 and 2019

Table I

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
Assets:							
Current and other assets	\$ 155,469,248	\$ 154,735,155	\$ 25,336,274	\$ 29,586,961	\$ 180,805,522	\$ 184,322,116	(1.9) %
Capital assets	241,049,038	240,940,779	96,397,422	91,899,003	337,446,460	332,839,782	1.4
Total assets	396,518,286	395,675,934	121,733,696	121,485,964	518,251,982	517,161,898	0.2
Deferred Outflow of Resources	19,331,239	24,243,867	2,407,227	2,934,733	21,738,466	27,178,600	(20.0)
Liabilities:							
Long-term liabilities outstanding	182,005,974	199,997,795	55,960,840	62,079,349	237,966,814	262,077,144	(9.2)
Other liabilities	33,601,253	26,902,631	11,790,753	9,498,021	45,392,006	36,400,652	24.7
Total liabilities	215,607,227	226,900,426	67,751,593	71,577,370	283,358,820	298,477,796	(5.1)
Deferred Inflow of Resources	54,749,575	48,804,317	1,456,293	1,056,971	56,205,868	49,861,288	12.7
Net position:							
Net investment in capital assets	156,302,696	150,327,831	48,896,266	43,208,912	205,198,962	193,536,743	6.0
Restricted							
General government	212,209	-	-	-	212,209	-	100.0
Public safety	420,108	470,480	-	-	420,108	470,480	(10.7)
Health and welfare	64,719	17,071	-	-	64,719	17,071	-
Parks, recreation, and culture	66,307	6,560	-	-	66,307	6,560	-
Conservation and development	10,000	10,000	-	-	10,000	10,000	100.0
Nonexpendable permanent fund	188,471	164,422	-	-	188,471	164,422	14.6
Unrestricted	(11,771,787)	(6,781,306)	5,036,771	8,577,443	(6,735,016)	1,796,137	(475.0)
Total net position *	\$ 145,492,723	\$ 144,215,058	\$ 53,933,037	\$ 51,786,355	\$ 199,425,760	\$ 196,001,413	1.7

*As restated.

Net position (the difference between assets and liabilities plus deferred outflows of resources less deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, the net position was \$199.8 million at the close of fiscal year 2020. The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less accumulated depreciation, less any related outstanding debt and adding

unspent proceeds from debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

Governmental Activities

The net position of the City's governmental activities increased from \$144.2 million to \$145.5 million.

Business-type Activities

The City's business-type activities net position increased by \$2.1 million primarily due to an increase in net position for Water, Wastewater and Stormwater which totaled more than the decrease in net position for Gas. Business-type activity resources are not to be used to make up for a net position deficit in the governmental activities. In general, the City can only use the unrestricted net position of business-type activities to finance the continued operations of its enterprise operations, which include the Water, Sewer, Stormwater, Gas and Meadowcreek Golf Course funds.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business-type activities:

City of Charlottesville, Virginia

Changes in Net Position

For the Years Ended June 30, 2020 and 2019

Table II

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
Revenues:							
Program Revenues:							
Charges for services	\$ 13,441,467	\$ 15,370,819	\$ 52,163,693	\$ 56,842,922	\$ 65,605,160	\$ 72,213,741	(9.2) %
Operating grants and contributions	19,977,562	21,336,890	15,254	-	19,992,816	21,336,890	(6.3)
Capital grants and contributions	5,758,849	877,575	-	-	5,758,849	877,575	556.2
General Revenues:							
Property taxes	84,518,162	80,460,113	-	-	84,518,162	80,460,113	5.0
Other taxes	49,338,244	50,937,245	-	-	49,338,244	50,937,245	(3.1)
Grants and contributions*	37,969,151	39,975,597	-	-	37,969,151	39,975,597	-
Miscellaneous	1,319,692	896,195	292,884	297,137	1,612,576	1,193,332	-
Use of money and property	2,881,651	2,926,912	126,476	222,983	3,008,127	3,149,895	(4.5)
Total revenues	215,204,778	212,781,346	52,598,307	57,363,042	267,803,085	270,144,388	(0.9)
Expenses:							
General government	28,371,946	28,445,537	-	-	28,371,946	28,445,537	(0.3)
Public safety	39,716,740	39,513,247	-	-	39,716,740	39,513,247	0.5
Community services	22,139,189	22,110,867	-	-	22,139,189	22,110,867	0.1
Health and welfare	35,800,041	35,670,836	-	-	35,800,041	35,670,836	0.4
Parks, recreation and culture	14,638,408	14,061,131	-	-	14,638,408	14,061,131	4.1
Education	59,941,139	55,709,768	-	-	59,941,139	55,709,768	7.6
Conservation and development	18,093,478	15,426,140	-	-	18,093,478	15,426,140	17.3
Interest on long term debt	919,779	860,768	-	-	919,779	860,768	6.9
Water	-	-	10,183,626	10,037,485	10,183,626	10,037,485	1.5
Sewer	-	-	12,244,661	13,623,419	12,244,661	13,623,419	(10.1)
Gas	-	-	19,019,501	22,276,461	19,019,501	22,276,461	(14.6)
Stormwater	-	-	1,357,785	684,091	1,357,785	684,091	-
Golf	-	-	997,851	932,038	997,851	932,038	7.1
Total expenses	219,620,720	211,798,294	43,803,424	47,553,494	263,424,144	259,351,788	1.6
Change in net position before transfers	(4,415,942)	983,052	8,794,883	9,833,835	4,378,941	10,792,600	(59.4)
Transfers	5,648,201	5,567,298	(5,648,201)	(5,567,298)	-	-	-
Change in net position	1,232,259	6,550,350	3,146,682	4,266,537	4,378,941	10,792,600	(59.4)
Net position - beginning of year, restated **	144,260,465	137,664,708	51,786,355	47,519,818	196,046,820	185,184,526	5.9
Net position - end of year	\$ 145,492,724	\$ 144,215,058	\$ 54,933,037	\$ 51,786,355	\$ 200,425,761	\$ 195,977,126	2.3

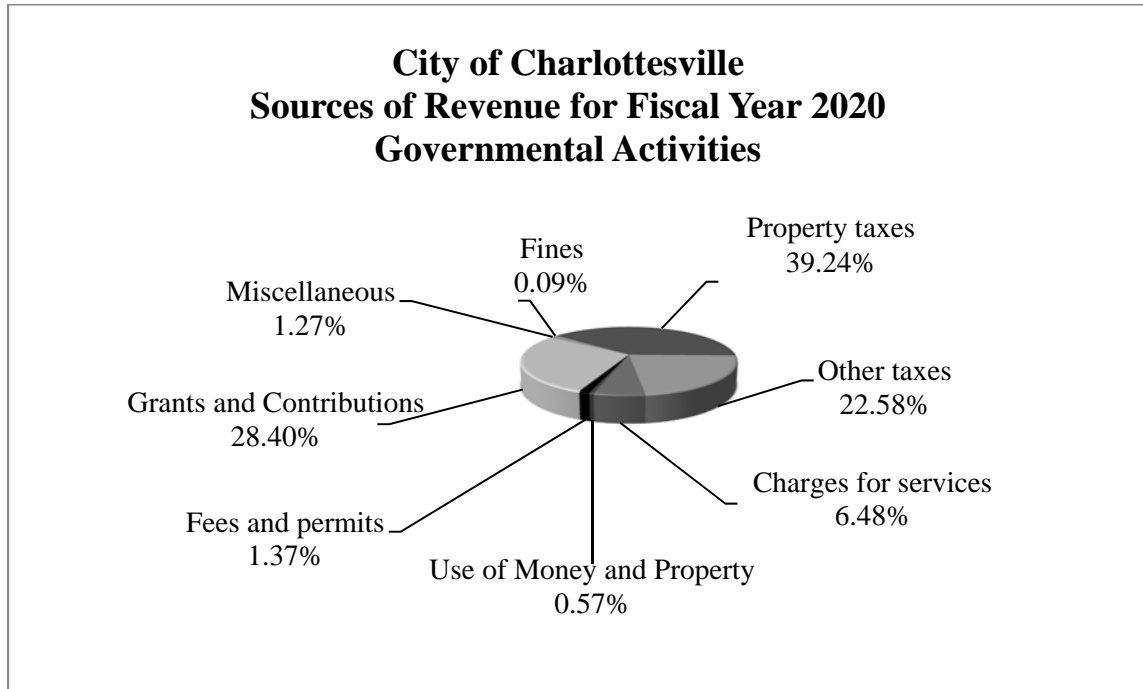
* Not restricted to specific programs.

** FY20 Net position beginning balance was restated due to restatement in the General Fund.

Governmental Activities

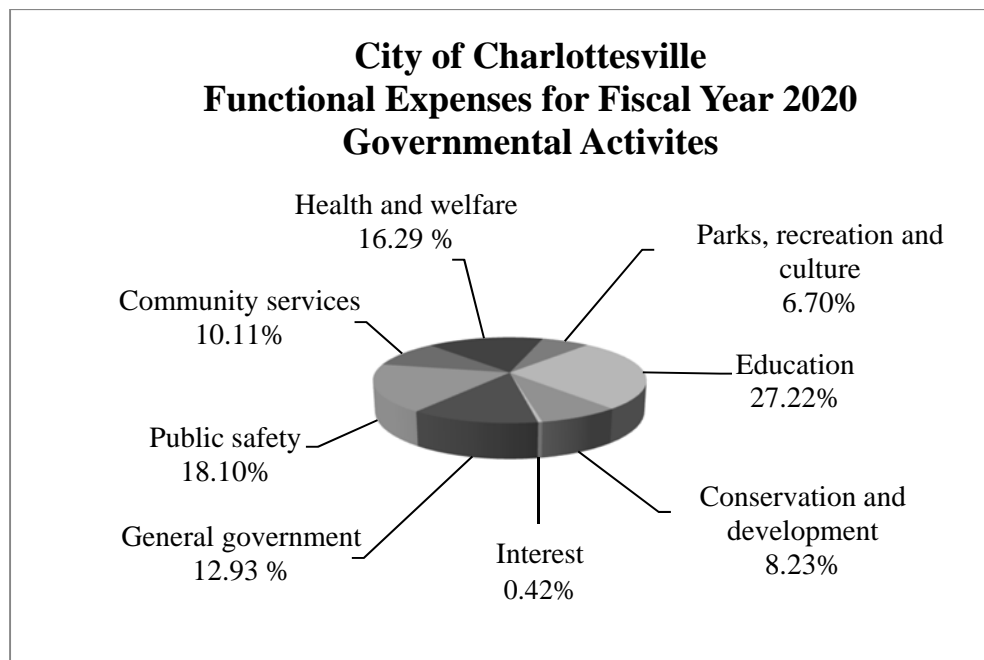
The City's total revenues from governmental activities were \$215.2 million for the fiscal year ended June 30, 2020. Approximately 60.1% of the City's revenue from governmental activities comes from property and other taxes (61.3% in 2019).

Revenues by Source – Governmental Activities



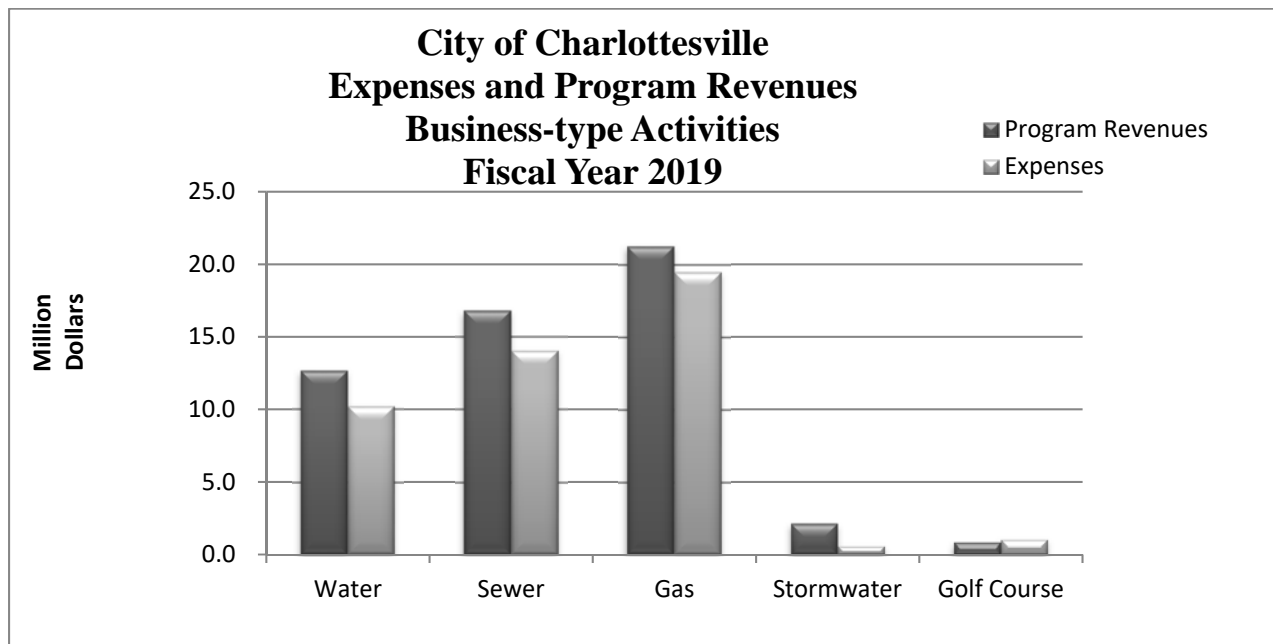
The City's governmental activity expenses increased by \$7.9 million in 2020. Expenses for fiscal year 2020 cover a wide range of services, with 16.3% or \$35.8 million related to health and welfare, 27.2% or \$60.0 million for education (primarily payments to the City's Public Schools, a component unit), and 18.1% or \$39.7 million related to public safety.

Expenses by Function – Governmental Activities



Business-Type Activities

Net position for the City's business-type increased by \$2.1 million.



Proprietary Funds

The City of Charlottesville's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund had an increase in net position of \$1,567,140. The Sewer Fund had a increase in net position of \$2,492,121. The Gas Fund had a decrease in net position of \$1,591,512. The Stormwater Fund had an increase in net position of \$717,353. The Golf Fund had a decrease in net position of \$58,732.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Charlottesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Charlottesville's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, restricted, committed, assigned, and unassigned fund balances may serve as a useful measure of a city's net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2020, the governmental funds reported combined ending fund balances of \$68.7 million, a decrease of \$8.9 million, in comparison with the prior year. Included in this are the following major transactions:

- \$23.6 million spent in the Capital Projects Fund for fund road and sidewalk construction and other projects, including improvements to government and school facilities.
- \$56.8 million net, contributed by the City to finance the Public Schools' operations.

Approximately \$44.9 million of the combined total fund balances constitutes committed and assigned fund balance, which generally is available for spending at the government's discretion. This balance includes \$13.4 million committed for debt service.

Nonspendable fund balance is \$162.5 thousand from the Permanent Fund and \$26.0 thousand for prepaid items. This amount represents assets that are not readily available to the City for current expenditures. The City also has \$776.3 thousand in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received grant funds that must be used for a specific purpose but have not yet been spent.

The remaining fund balance at June 30, 2020, indicated as unassigned, is \$32.5 million in the General Fund. This amount represents 18.4% of General Fund expenditures and transfers (net) and is a measure of the General Fund's liquidity. Total fund balance of the General Fund decreased by \$1.8 million in fiscal year 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund

For the Year Ended June 30, 2020

Table III

	Original Budget	Amended Budget	Actual	Variance Positive/(Negative)
Revenues				
Real Estate taxes	\$ 82,987,626	\$ 82,987,626	\$ 84,518,162	\$ 1,530,536
Other taxes	53,121,986	53,121,986	48,644,781	(4,477,205)
Intergovernmental	36,183,353	29,726,586	27,731,534	(1,995,052)
Other	14,917,020	21,514,801	14,825,477	(6,689,324)
Total	187,209,985	187,350,999	175,719,954	(11,631,045)
Expenditures and transfers (net)				
Expenditures	167,901,177	173,748,502	152,025,157	21,723,345
Transfers (net)	23,707,575	17,872,586	24,568,489	(6,695,903)
Total	191,608,752	191,621,088	176,593,646	15,027,442
Change in Fund Balance	\$ (4,398,767)	\$ (4,270,089)	\$ (873,692)	\$ 3,396,397

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$1,268,494 for encumbrances re-appropriated from June 30, 2019, as well as continuing appropriations from the prior year totaling \$3,481,604 for equipment and facilities as well as \$2,390,433 for the Landfill Remediation Reserve.

Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled \$128,678. This difference is primarily due to supplemental appropriations during the year.

Actual total revenues were less than the amended budget by \$11,631,045, primarily due to the decrease in economic activity due to the COVID-19 pandemic during the last quarter of the fiscal year. Several of the significant differences between budgeted and actual revenue were in meals, lodging and sales tax, as well as parking garage and recreation charges. Expenditures and transfers were below budget by \$15,027,442.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Charlottesville's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$340.2 million (net of depreciation). This investment includes land, municipal and school buildings and improvements, water, sewer and gas distribution systems, machinery and equipment, roads, and bridges.

City of Charlottesville's Capital Assets

(net of accumulated depreciation)

June 30, 2020 and 2019

Table IV

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 22,057,286	\$ 21,786,374	\$ 2,064,048	\$ 2,064,048	\$ 24,121,334	\$ 23,850,422	1.1 %
Assets under construction	41,299,804	35,342,072	-	-	41,299,804	35,342,072	-
Buildings and improvements	95,296,999	99,517,726	404,124	449,553	95,701,123	99,967,279	(4.3)
Vehicles	8,481,891	10,125,601	1,856,085	1,285,903	10,337,976	11,411,504	(9.4)
Equipment	4,265,711	3,937,585	261,723	360,947	4,527,434	4,298,532	5.3
Streets	38,535,536	40,382,215	-	-	38,535,536	40,382,215	(4.6)
Bridges	4,687,858	2,408,370	-	-	4,687,858	2,408,370	94.6
Infrastructure	26,423,956	27,440,936	91,811,440	87,738,552	118,235,396	115,179,488	2.7
Total	<u>\$ 241,049,041</u>	<u>\$ 240,940,879</u>	<u>\$ 96,397,420</u>	<u>\$ 91,899,003</u>	<u>\$ 337,446,461</u>	<u>\$ 332,839,882</u>	1.4

Major capital asset additions during the fiscal year included the following:

- Utility Infrastructure Improvements (Water, Sewer, and Stormwater)
- Belmont Bridge Replacement Project
- Circuit Court Renovations
- 7th Street Deck Project
- School Priority Projects

The City's fiscal year 2020 capital improvement funds provided approximately \$23.9 million for various capital projects. Some of the major categories include \$2.1 million in school related projects, \$7.8 million for street and bridge projects, \$3.1 million for parks and recreation improvements, \$2.0 million for public safety, \$3.2 million for housing, and 5.7 million in government building improvements. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan.

Additional information about the City of Charlottesville's capital assets can be found in note 8 of the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the City of Charlottesville had total bonded debt (including unamortized premiums, and notes payable) outstanding of \$127.1 million. This entire amount is backed by the full faith and credit of the City and \$47.0 million is being repaid by the City's utilities.

City of Charlottesville's Outstanding Debt
General Obligation Bonds
June 30, 2020 and 2019

Table V

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
General obligation bonds	\$ 80,104,675	\$ 87,670,733	\$ 45,241,232	\$ 49,234,305	\$ 125,345,907	\$ 136,905,038	(8.4) %
Total	\$ 80,104,675	\$ 87,670,733	\$ 45,241,232	\$ 49,234,305	\$ 125,345,907	\$ 136,905,038	(8.4) %

Charlottesville's total debt decreased by \$9.8 million during the fiscal year. On its most recent bond issue in May 2019, the City's bond rating was reaffirmed by Standard & Poor's Corporation and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$818.7 million. This is significantly more than the City's current total outstanding debt.

Additional information on the City of Charlottesville's long-term liabilities can be found in note 9 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

- Due to the pandemic, the City's unemployment rate increased from 2.6% in July 2019 to 6.0% in July 2020. Even though this was a substantial increase, it is lower than the national unemployment rate of 11.2%, and the state's rate of 6.2%.
- City labor force increased 0.75% from 26,014 in July 2019 to 26,211 in July 2020 based on current Virginia Employment Commission statistics.
- The City has an estimated population of 49,181 according to the Weldon Cooper Center for Public Service.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the impact of the global situation on its financial condition.

These indicators were taken into account when adopting the General Fund budget for 2022. Amounts available for appropriation in the General Fund budget for 2021 are \$191.2 million, an decrease of 1.6% over the 2020 budget of \$192.8 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Charlottesville, 605 East Main Street, Charlottesville, Virginia 22902.

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash, cash equivalents and investments (note 3)	\$ 89,319,031	\$ 17,898,633	\$ 107,217,664	\$ 2,354,011	\$ 9,375,469
Interest receivable	210,555	-	210,555	-	-
Accounts receivable, net	5,939,990	4,767,267	10,707,257	-	256,814
Taxes receivable, net	44,748,985	-	44,748,985	-	-
Loans receivable (note 5)	4,408,921	-	4,408,921	1,066,916	-
Due from other governments (note 6)	9,384,076	-	9,384,076	-	2,490,817
Inventories	123,550	636,662	760,212	-	18,775
Prepaid expenses	138,195	1,163,481	1,301,676	16	-
Restricted cash and investments (note 3)	1,195,945	870,231	2,066,176	-	-
Capital assets (note 8):					
Capital assets not being depreciated	63,357,089	2,064,048	65,421,137	-	982,889
Capital assets being depreciated	177,691,949	94,333,374	272,025,323	-	21,305,443
Total assets	<u>396,518,286</u>	<u>121,733,696</u>	<u>518,251,982</u>	<u>3,420,943</u>	<u>34,430,207</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding resulting in loss transactions	406	29,714	30,120	-	-
Deferred charges - pension (notes 11 and 15)	15,267,618	1,939,644	17,207,262	-	13,304,220
Deferred charges - OPEB (notes 13 and 16)	4,063,215	437,869	4,501,084	-	1,598,556
Total deferred outflows of resources	<u>19,331,239</u>	<u>2,407,227</u>	<u>21,738,466</u>	<u>-</u>	<u>14,902,776</u>
LIABILITIES					
Accounts payable	3,643,455	2,711,238	6,354,693	2,314	638,834
Accrued liabilities	12,379,494	4,069,864	16,449,358	67,393	5,978,302
Customer deposits	15,291	894,834	910,125	-	-
Due to other governments	2,082,919	-	2,082,919	-	-
Unearned revenue	4,189,340	-	4,189,340	-	27,953
Accrued interest payable	1,089,396	537,041	1,626,437	75,754	-
Long-term liabilities (note 9):					
Due within one year	10,201,358	3,577,776	13,779,134	130,000	394,340
Due in more than one year	80,022,752	43,625,583	123,648,335	-	3,301,640
Net pension liability (notes 9,11 and 15)	72,571,504	8,643,315	81,214,819	-	62,831,560
Net OPEB liability (notes 9, 13 and 15)	29,411,718	3,691,942	33,103,660	-	13,048,000
Total liabilities	<u>215,607,227</u>	<u>67,751,593</u>	<u>283,358,820</u>	<u>275,461</u>	<u>86,220,629</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	42,555,852	-	42,555,852	-	-
Deferred charges on refunding resulting in gain transactions	690,252	188,500	878,752	-	-
Deferred charges - pension (notes 11 and 15)	3,999,848	468,353	4,468,201	-	5,896,285
Deferred charges - OPEB (notes 13 and 16)	7,503,623	799,440	8,303,063	-	861,000
Total deferred inflows of resources	<u>54,749,575</u>	<u>1,456,293</u>	<u>56,205,868</u>	<u>-</u>	<u>6,757,285</u>
NET POSITION					
Net Investment in capital assets	156,302,696	49,896,266	206,198,962	-	22,288,332
Restricted for (note 2a):					
General government	212,209	-	212,209	-	-
Public safety	420,108	-	420,108	-	-
Health and welfare	64,719	-	64,719	-	-
Parks, recreation and culture	66,307	-	66,307	-	-
Education	-	-	-	-	2,222,150
Conservation and development	10,000	-	10,000	-	-
Permanent fund, nonexpendable	188,471	-	188,471	-	-
Unrestricted	(11,771,787)	5,036,771	(6,735,016)	3,145,482	(68,155,412)
Total net position	<u>\$ 145,492,723</u>	<u>\$ 54,933,037</u>	<u>\$ 200,425,760</u>	<u>\$ 3,145,482</u>	<u>\$ (43,644,930)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 28,371,946	\$ 2,059,764	\$ 3,099,467	\$ -
Public safety	39,716,740	167,254	4,980,799	-
Community services	22,139,189	1,186,067	9,203,947	-
Health and welfare	35,800,041	4,746,752	1,728,546	-
Parks, recreation and culture	14,638,408	974,336	235,102	1,131,851
Education	59,941,139	163,775	200,000	-
Conservation and development	18,093,478	4,143,519	529,701	4,626,998
Interest on long term debt	919,779	-	-	-
Total governmental activities	219,620,720	13,441,467	19,977,562	5,758,849
Business-type activities:				
Water	10,183,626	12,578,445	-	-
Sewer	12,244,661	15,531,423	-	-
Gas	19,019,501	21,209,685	11,486	-
Stormwater	1,357,785	2,034,647	-	-
Golf	997,851	809,493	3,768	-
Total business-type activities	43,803,424	52,163,693	15,254	-
Total Primary Government	\$ 263,424,144	\$ 65,605,160	\$ 19,992,816	\$ 5,758,849
COMPONENT UNITS				
Economic Development Authority	\$ 906,967	\$ 22,500	\$ 263,183	\$ -
School Board	78,429,215	2,568,163	8,344,496	-
Total Component Units	\$ 79,336,182	\$ 2,590,663	\$ 8,607,679	\$ -

Continued

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT B - Concluded

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units	
				Economic Development Authority	School Board
PRIMARY GOVERNMENT					
Governmental activities:					
General government	\$ (23,212,715)	\$ -	\$ (23,212,715)		
Public safety	(34,568,687)	-	(34,568,687)		
Community services	(11,749,175)	-	(11,749,175)		
Health and welfare	(29,324,743)	-	(29,324,743)		
Parks, recreation and culture	(12,297,119)	-	(12,297,119)		
Education	(59,577,364)	-	(59,577,364)		
Conservation and development	(8,793,260)	-	(8,793,260)		
Interest on long term debt	(919,779)	-	(919,779)		
Total governmental activities	<u>(180,442,842)</u>	<u>-</u>	<u>(180,442,842)</u>		
Business-type activities:					
Water	-	2,394,819	2,394,819		
Sewer	-	3,286,762	3,286,762		
Gas	-	2,201,670	2,201,670		
Stormwater	-	676,862	676,862		
Golf	-	(184,590)	(184,590)		
Total business-type activities	<u>-</u>	<u>8,375,523</u>	<u>8,375,523</u>		
Total Primary Government	<u>(180,442,842)</u>	<u>8,375,523</u>	<u>(172,067,319)</u>		
COMPONENT UNITS					
Economic Development Authority				\$ (621,284)	\$ -
School Board				-	(67,516,556)
Total Component Units				<u>(621,284)</u>	<u>(67,516,556)</u>
GENERAL REVENUES					
General property taxes	84,518,162	-	84,518,162	-	-
Sales tax	11,497,058	-	11,497,058	-	-
Utility tax	4,491,483	-	4,491,483	-	-
Communications tax	2,654,196	-	2,654,196	-	-
Meals tax	12,600,643	-	12,600,643	-	-
Lodging tax	5,049,858	-	5,049,858	-	-
Public service corporation tax	1,457,867	-	1,457,867	-	-
Wills and deeds tax	795,323	-	795,323	-	-
Rolling stock tax	18,940	-	18,940	-	-
Short-term rental tax	53,955	-	53,955	-	-
Cigarette tax	641,494	-	641,494	-	-
State recordation tax	157,168	-	157,168	-	-
Bank stock tax	1,057,296	-	1,057,296	-	-
Business license tax	8,862,963	-	8,862,963	-	-
Grants & contributions not restricted to specific programs	37,969,151	-	37,969,151	-	16,422,119
Payment from City	-	-	-	-	50,911,314
Unrestricted revenue from use of money and property	1,658,587	2,507	1,661,094	240,000	-
Interest on investment earnings	1,223,063	123,969	1,347,032	71,068	-
Miscellaneous	1,319,692	292,884	1,612,576	-	-
Transfers, net	5,648,201	(5,648,201)	-	-	-
Total general revenues and transfers	<u>181,675,100</u>	<u>(5,228,841)</u>	<u>176,446,259</u>	<u>311,068</u>	<u>67,333,433</u>
Change in net position	1,232,258	3,146,682	4,378,940	(310,216)	(183,123)
Net Position - July 1, 2019 Restated	<u>144,260,465</u>	<u>51,786,355</u>	<u>196,046,820</u>	<u>3,455,699</u>	<u>(43,461,807)</u>
Net Position - June 30, 2020	<u>\$ 145,492,723</u>	<u>\$ 54,933,037</u>	<u>\$ 200,425,760</u>	<u>\$ 3,145,483</u>	<u>\$ (43,644,930)</u>

The accompanying notes are an integral part of the basic financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
ASSETS						
Cash, cash equivalents and investments	\$ 43,023,742	\$ 7,389,977	\$ 13,416,411	\$ 61,668	\$ 4,935,315	\$ 68,827,113
Interest receivable	210,555	-	-	-	-	210,555
Accounts receivable, net	421,210	3,997	-	6,601	7,691	439,499
Taxes receivable, net	44,748,985	-	-	-	-	44,748,985
Due from other governments (note 6)	2,691,118	459,550	-	798,059	5,435,349	9,384,076
Due from other funds (note 7)	5,500,491	-	-	-	-	5,500,491
Loans receivable (note 5)	-	2,530,000	-	-	1,878,921	4,408,921
Prepaid items	25,970	-	-	-	1,290	27,260
Total assets	<u>\$ 96,622,071</u>	<u>\$ 10,383,524</u>	<u>\$ 13,416,411</u>	<u>\$ 866,328</u>	<u>\$ 12,258,566</u>	<u>\$ 133,546,900</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,880,904	\$ 1,227,419	\$ -	\$ 16,273	\$ 322,829	\$ 3,447,425
Accrued liabilities	4,011,219	500,149	5,621	412,523	2,462,080	7,391,592
Due to other governments	-	-	-	-	2,082,919	2,082,919
Due to other funds (note 7)	-	-	-	317,834	2,055,492	2,373,326
Unearned revenue-other	80,740	-	-	-	4,108,600	4,189,340
Total liabilities	<u>5,972,863</u>	<u>1,727,568</u>	<u>5,621</u>	<u>746,630</u>	<u>11,031,920</u>	<u>19,484,602</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable tax revenue	<u>43,700,816</u>	<u>1,652,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,353,099</u>
FUND BALANCES (Note 2b):						
Nonspendable	25,970	-	-	-	162,502	188,472
Restricted	484,048	-	-	-	292,295	776,343
Committed	9,435,257	-	13,410,790	-	-	22,846,047
Assigned	4,458,676	7,003,673	-	119,698	771,849	12,353,896
Unassigned	32,544,441	-	-	-	-	32,544,441
Total fund balances	<u>46,948,392</u>	<u>7,003,673</u>	<u>13,410,790</u>	<u>119,698</u>	<u>1,226,646</u>	<u>68,709,199</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 96,622,071</u>	<u>\$ 10,383,524</u>	<u>\$ 13,416,411</u>	<u>\$ 866,328</u>	<u>\$ 12,258,566</u>	<u>\$ 133,546,900</u>

(continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Total fund balances per the Balance Sheet for Governmental Funds	\$ 68,709,199
Amounts reported in the Statement of Net Position (Exhibit A) are different because:	
Capital assets are not financial resources and therefore are not reported in the funds statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation:	241,049,038
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the governmental funds and are not included in fund balance:	
Net deferred inflows and outflows of resources for pension charges	11,267,770
Net deferred amount on OPEB	(3,440,408)
Internal service funds area used by management to charge the cost of certain activities such as insurances and telecommunication to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Position:	
Internal service funds net position, less amounts reflected in capital assets, deferred inflows/outflows, and net pension liabilities	18,065,523
Some of the city'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 unavailable in the funds:	1,144,964
Some liabilities, including general bonds payable, are not due as payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position:	
Accrued interest payable	(1,089,396)
Unamortized premiums on bonds	(4,430,242)
Bonds payable	(80,104,675)
Net deferred amount on refunding	(689,846)
Net pension liability	(72,571,504)
Net OPEB liability	(29,411,718)
Compensated absences	(3,005,982)
Net position per the Statement of Net Position (Exhibit A)	\$ 145,492,723

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Social Service Fund	Other Governmental Funds	Total
REVENUES						
Taxes	\$ 133,162,943	\$ -	\$ -	\$ -	\$ -	\$ 133,162,943
Fees and permits	2,891,930	53,256	-	-	-	2,945,186
Intergovernmental	27,731,534	5,947,739	138,733	10,748,730	16,414,916	60,981,652
Charges for services	8,815,167	1,169	-	2,303	5,134,008	13,952,647
Fines	201,617	-	-	-	-	201,617
Investment earnings	1,080,671	-	136,285	-	6,107	1,223,063
Miscellaneous	1,836,094	827,951	-	8,554	65,075	2,737,674
Total revenues	175,719,956	6,830,115	275,018	10,759,587	21,620,106	215,204,782
EXPENDITURES						
Current:						
General government	21,552,539	2,784,760	21,953	-	802,040	25,161,292
Public safety	38,229,792	303,296	-	-	194,090	38,727,178
Community services	7,934,723	1,495,729	-	-	9,669,933	19,100,385
Health and welfare	5,751,889	-	-	14,327,649	15,768,899	35,848,437
Parks, recreation and culture	12,286,690	1,321,331	-	-	91,982	13,700,003
Education	56,758,927	2,143,148	-	-	-	58,902,075
Conservation and development	8,650,908	6,446,912	-	-	756,929	15,854,749
Debt service:						
Retirement of principal	-	-	7,566,058	-	-	7,566,058
Interest	-	-	3,155,879	-	-	3,155,879
Capital outlay	859,690	9,071,601	-	-	9,870	9,941,161
Total expenditures	152,025,158	23,566,777	10,743,890	14,327,649	27,293,743	227,957,217
Revenues over (under) expenditures	23,694,798	(16,736,662)	(10,468,872)	(3,568,062)	(5,673,637)	(12,752,435)
OTHER FINANCING SOURCES (USES)						
Transfers in (note 7)	-	9,721,816	11,049,588	3,568,062	4,077,224	28,416,690
Transfers out (note 7)	(24,568,490)	-	-	-	-	(24,568,490)
Total other financial sources (uses)	(24,568,490)	9,721,816	11,049,588	3,568,062	4,077,224	3,848,200
Net change in fund balance	(873,692)	(7,014,846)	580,716	-	(1,596,413)	(8,904,235)
Fund Balance July 1, 2019	47,822,084	14,018,519	12,830,074	119,698	2,823,059	77,613,434
Fund Balance June 30, 2020	\$ 46,948,392	\$ 7,003,673	\$ 13,410,790	\$ 119,698	\$ 1,226,646	\$ 68,709,199

(continued)

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT D, Continued

Net change in fund balances - total governmental funds (Exhibit D) \$ (8,904,235)

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Governmental funds report the cost of equipment and facilities required as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenses over the life of the assets:

Capital outlay	10,720,847
Depreciation expense	(10,606,349)
Net gain (loss) on disposal of assets	(51,645)

Debt proceeds provide current financing resources to governmental funds but debt issues increase long-term liabilities in the Statement of Net Position. Principal payments are expenditures in governmental funds but reduce long-term liabilities in the Statement of Net Position:

Principal payments	7,566,058
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Governmental funds report interest on long-term debt as expenditures when payments are due, while the Statement of Activities reports interest expense on the accrual basis:

Change in accrued interest	54,013
Change in amortization of bond premium	1,989,578
Interest earned on bond refunding	192,508

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in compensated absences	(252,745)
Change in net pension liability	354,291
Net change in deferred outflows and deferred inflows of resources related to net pension liability	(2,975,054)
Change in net OPEB liability	8,590,088
Net change in deferred outflows and deferred inflows of resources related to net OPEB liability	(6,084,900)

The change in net position of internal service funds, less amounts reflected in long term assets and liabilities, and deferred outflows of resources, and deferred inflows of resources, is combined with governmental activities on the Statement of Activities.	639,803
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Change in net position per the Statement of Activities (Exhibit B)	\$ 1,232,258
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The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ 3,876,373	\$ 8,556,303	\$ 5,385,578	\$ 11,217	\$ 17,829,471	\$ 21,704,763
Accounts receivable, net	681,659	585,771	171,146	68,632	-	1,507,208	19,185
Unbilled accounts receivable	1,176,460	1,417,919	646,492	-	-	3,240,871	-
Inventories	-	-	-	-	22,987	22,987	737,223
Prepaid expenses	-	-	1,163,481	-	-	1,163,481	110,936
Restricted cash and investments	-	863,543	-	58,949	-	922,492	-
Total current assets	1,858,119	6,743,606	10,537,422	5,513,159	34,204	24,686,510	22,572,107
Noncurrent assets:							
Land	-	-	584,291	-	1,337,432	1,921,723	-
Easements	12,625	95,600	34,100	-	-	142,325	-
Buildings and improvements	18,919	39,014	-	-	1,819,260	1,877,193	48,364
Vehicles	510,017	950,906	1,917,521	541,608	13,732	3,933,784	25,200
Transmission lines and mains	48,605,997	47,689,726	43,423,904	1,016,826	-	140,736,453	-
Storm drainage	-	-	-	7,058,358	-	7,058,358	-
Equipment	552,415	338,063	1,793,602	19,374	241,498	2,944,952	10,159,641
Accumulated depreciation	(15,826,005)	(11,573,862)	(32,465,944)	(665,286)	(1,688,611)	(62,219,708)	(9,368,622)
Total noncurrent assets	33,873,968	37,539,447	15,287,474	7,970,880	1,723,311	96,395,080	864,583
Total assets	35,732,087	44,283,053	25,824,896	13,484,039	1,757,515	121,081,590	23,436,690
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on refunding losses	434	28,660	619	-	-	29,713	-
Deferred charges-pension	287,903	261,061	1,184,707	110,424	59,757	1,903,852	539,856
Deferred charges-OPEB	72,343	65,311	257,621	26,948	5,537	427,760	72,839
Total deferred outflows of resources	360,680	355,032	1,442,947	137,372	65,294	2,361,325	612,695
LIABILITIES							
Current liabilities:							
Accounts payable	1,021,773	812,511	745,805	108,231	2,387	2,690,707	277,469
Accrued liabilities	305,659	531,177	268,716	372,888	45,033	1,523,473	3,019,110
Accrued interest payable	191,292	300,774	356	44,619	-	537,041	-
Customer deposits	196,196	-	698,638	-	-	894,834	-
Due to other funds	2,539,246	-	-	-	-	2,539,246	587,918
Liabilities due in less than one year	1,452,692	1,664,147	190,873	267,790	1,727	3,577,229	7,424
Total current liabilities	5,706,858	3,308,609	1,904,388	793,528	49,147	11,762,530	3,891,921
Noncurrent liabilities:							
Liabilites due in more than one year	16,029,311	23,359,467	89,756	4,130,372	12,666	43,621,572	54,448
Net pension liability	1,342,568	1,214,540	5,409,939	107,296	432,629	8,506,972	2,725,147
Net OPEB liability	571,207	514,588	2,268,967	115,209	165,382	3,635,353	1,408,037
Total noncurrent liabilities	17,943,086	25,088,595	7,768,662	4,352,877	610,677	55,763,897	4,187,632
Total liabilities	23,649,944	28,397,204	9,673,050	5,146,405	659,824	67,526,427	8,079,553
DEFERRED INFLOWS OF RESOURCES							
Deferred charges on refunding gains	96,272	92,228	-	-	-	188,500	-
Deferred charges-pension	81,415	61,191	297,281	(1,444)	22,320	460,763	184,176
Deferred charges-OPEB	133,454	136,199	479,535	18,031	16,112	783,331	178,591
Total deferred inflows of resources	311,141	289,618	776,816	16,587	38,432	1,432,594	362,767
NET POSITION							
Net investment in capital assets	16,072,560	13,362,544	15,231,065	3,476,405	1,751,351	49,893,925	864,585
Unrestricted	(3,940,877)	2,588,719	1,586,913	4,982,013	(626,798)	4,589,970	14,742,483
Total net position	\$ 12,131,683	\$ 15,951,263	\$ 16,817,978	\$ 8,458,418	\$ 1,124,553	\$ 54,483,895	\$ 15,607,068
Total net position						\$ 54,483,895	
Allocated internal services:							
Warehouse assets						652,101	
Warehouse deferred outflows						45,901	
Warehouse liabilities						(225,161)	
Warehouse deferred inflows						(23,699)	
Total allocation of warehouse net position						449,142	
Net position of business-type activities						\$ 54,933,037	

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING REVENUES							
Utility charges	\$ 12,137,394	\$ 15,900,657	\$ 20,949,613	\$ 1,958,400	\$ -	\$ 50,946,064	\$ -
Charges for services	149,041	61,509	191,274	76,247	812,170	1,290,241	24,093,747
Total operating revenues	12,286,435	15,962,166	21,140,887	2,034,647	812,170	52,236,305	24,093,747
OPERATING EXPENSES							
Purchases for resale	5,874,278	9,076,496	8,783,558	-	31,907	23,766,239	1,741,227
Personnel costs	1,284,081	1,246,318	5,361,742	651,844	286,330	8,830,315	1,534,092
Materials and supplies	495,490	95,901	809,137	346,817	35,302	1,782,647	306,551
Contractual services and charges	1,010,578	1,334,239	2,551,599	204,562	617,323	5,718,301	1,838,980
Depreciation	1,294,558	1,072,532	1,341,351	220,383	28,040	3,956,864	49,167
Claims incurred	-	-	-	-	-	-	14,432,370
Insurance premiums	-	-	-	-	-	-	2,986,808
Total operating expenses	9,958,985	12,825,486	18,847,387	1,423,606	998,902	44,054,366	22,889,195
Operating income (loss)	2,327,450	3,136,680	2,293,500	611,041	(186,732)	8,181,939	1,204,552
NONOPERATING REVENUES (EXPENSES)							
Gain/Loss on capital asset disposition	-	46,817	28,100	-	-	74,917	4,900
Interest expense	(240,094)	(400,324)	(16,652)	-	-	(657,070)	-
Interest income	-	32,176	51,508	106,312	-	189,996	87,202
Capacity fees	343,190	605,050	-	-	-	948,240	-
Insurance recovery	3,122	-	33,427	-	-	36,549	74,209
Total nonoperating revenues (expenses), net	106,218	283,719	96,383	106,312	-	592,632	166,311
Income (loss) before contributions and transfers	2,433,668	3,420,399	2,389,883	717,353	(186,732)	8,774,571	1,370,863
Transfers in	-	-	-	-	128,000	128,000	-
Transfers out	(866,528)	(928,278)	(3,981,395)	-	-	(5,776,201)	-
Total transfers, net	(866,528)	(928,278)	(3,981,395)	-	128,000	(5,648,201)	-
Change in net position	1,567,140	2,492,121	(1,591,512)	717,353	(58,732)	3,126,370	1,370,863
Total net position - July 1, 2019	10,564,543	13,459,142	18,409,490	7,741,065	1,183,285	51,357,525	14,236,205
Total net position - June 30, 2020	\$ 12,131,683	\$ 15,951,263	\$ 16,817,978	\$ 8,458,418	\$ 1,124,553	\$ 54,483,895	\$ 15,607,068
Total business-type change in net position						\$ 3,126,370	
Warehouse sales operating revenues						1,014,361	
Expenses associated with warehouse sales						(994,049)	
Net internal service fund allocation						20,312	
Change in net position of business-type activities						\$ 3,146,682	

The accompanying notes are an integral part of the basic financial statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2020**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING ACTIVITIES							
Receipts from customers	\$ 11,940,642	\$ 14,718,750	\$ 21,393,269	\$ 2,012,456	\$ 813,157	\$ 50,878,274	\$ 24,102,406
Payments to suppliers	(5,063,471)	(9,897,069)	(12,220,481)	(35,412)	(686,728)	(27,903,161)	(20,643,482)
Payments to employees	(1,271,878)	(1,192,319)	(5,252,489)	(642,513)	(284,326)	(8,643,525)	(1,370,473)
Net cash provided by (used for) operating activities	5,605,293	3,629,362	3,920,299	1,334,531	(157,897)	14,331,588	2,088,451
NONCAPITAL FINANCING ACTIVITIES							
Insurance recovery	3,122	-	33,427	-	-	36,549	74,209
Transfers in	-	-	-	-	128,000	128,000	-
Transfers out	(866,528)	(928,278)	(3,981,395)	-	-	(5,776,201)	-
Net cash provided by (used for) noncapital financing activities	(863,406)	(928,278)	(3,947,968)	-	128,000	(5,611,652)	74,209
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets	(4,116,039)	(1,226,027)	(235,108)	(2,880,115)	-	(8,457,289)	(764,685)
Proceeds from sale of capital assets	-	46,817	28,100	-	-	74,917	4,900
Capacity fees	343,190	605,050	-	-	-	948,240	-
Bond principal paid	(1,500,561)	(2,117,145)	(120,368)	(255,000)	-	(3,993,074)	-
Interest paid	(656,766)	(880,331)	(19,846)	(164,090)	-	(1,721,033)	-
Net cash provided by (used for) capital and related financing	(5,930,176)	(3,571,636)	(347,222)	(3,299,205)	-	(13,148,239)	(759,785)
INVESTING ACTIVITIES							
Interest on investments	(2,270)	32,176	51,508	42,556	-	123,970	87,202
Net cash provided by investment activities	(2,270)	32,176	51,508	42,556	-	123,970	87,202
Net increase (decrease) in cash and cash equivalents	(1,190,559)	(838,376)	(323,383)	(1,922,118)	(29,897)	(4,304,333)	1,490,077
Balances - July 1, 2019	1,190,559	5,578,293	8,879,686	7,366,645	\$ 41,114	23,056,297	20,214,688
Balances - June 30, 2020	\$ -	\$ 4,739,916	\$ 8,556,303	\$ 5,444,527	\$ 11,217	\$ 18,751,963	\$ 21,704,763
Reconciliation of operating income (loss) to net cash used in operating activities							
Operating Income (Loss)	\$ 2,327,450	\$ 2,727,215	\$ 2,293,500	\$ 1,020,506	\$ (186,732)	\$ 8,181,939	\$ 1,204,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	1,294,558	1,072,532	1,341,351	220,383	28,040	3,956,864	49,167
(Increase) decrease in accounts receivable	(274,373)	(264,519)	120,344	(22,191)	987	(439,752)	8,659
(Increase) decrease in inventories	-	-	-	-	3,918	3,918	(49,643)
(Increase) decrease in prepaid expenses	-	-	405,173	-	-	405,173	-
Increase (decrease) in accounts payable	2,306,695	40,135	(313,958)	138,502	(6,114)	2,165,260	784,814
Increase (decrease) in accrued liabilities	6,857	7,900	48,371	24,815	1,560	89,503	39,999
Increase (decrease) in customer deposits	(61,240)	-	(35,363)	-	-	(96,603)	-
Increase (decrease) in compensated absences	5,275	3,875	35,573	14,941	(1,063)	58,601	(6,713)
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	46,008
Net pension liability change for measurement year	44,893	78,370	182,250	(39,061)	4,588	271,040	54,239
Net OPEB liability change for measurement year	(44,822)	(36,146)	(156,942)	(23,364)	(3,081)	(264,355)	(42,631)
Net cash provided by (used for) operating activities	\$ 5,605,293	\$ 3,629,362	\$ 3,920,299	\$ 1,334,531	\$ (157,897)	\$ 14,331,588	\$ 2,088,451

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents (note 3b)	\$ 216,537
Interest receivable	298,204
Investments (note 3b):	
Common stocks	51,710,463
Corporate fixed income securites	14,759,655
Government and agency fixed income securities	20,830,070
Mutual Funds:	
Domestic	33,405,155
International	21,273,922
Alternative Investments:	
Agriculture	7,420,733
Real Estate	16,880,641
Total investments	<u>166,280,639</u>
Total assets	<u>166,795,380</u>
LIABILITIES	
Accounts payable	56,204
Total liabilities	<u>56,204</u>
NET POSITION	
Net position - restricted	<u><u>\$ 166,739,177</u></u>

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 16,019,172
Plan members	2,428,150
Total contributions	<u>18,447,322</u>
Investment earnings:	
Net increase in fair value of investments	2,995,245
Interest	1,323,539
Dividends	1,445,551
Total investment earnings	<u>5,764,335</u>
Less investment expenses	<u>764,813</u>
Net investment earnings	<u>4,999,522</u>
Total additions	<u>23,446,844</u>
DEDUCTIONS	
Pension benefits	13,237,084
Refund of plan member contributions	175,841
Other post-retirement benefits	5,423,938
Administrative expenses	338,935
Total deductions	<u>19,175,798</u>
Increase in net position	4,271,046
Net Position - July 1, 2019	162,468,131
Net position - June 30, 2020	<u><u>\$ 166,739,177</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, *the primary government* is reported separately from certain legally separated component units for which the primary government is financially accountable.

(b) Reporting entity

The City of Charlottesville, Virginia (the City) is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Council consists of five members elected at large. The mayor is then selected among the Council members. The Council is responsible for appointing the City Manager. The City has taxing powers subject to statewide restrictions and tax limits. The accompanying financial statements include all activities of the City, such as general operations and support services for which the government is considered to be financially accountable. The component units discussed below are included in the City Reporting Entity because the City appoints a majority of the CEDA board members, approves the budgetary request of the School Board and provides a significant amount of funding for each of these entities.

Discretely presented component units. The component unit columns in the government-wide financial statements include the financial data of the City's two component units. Each is presented in a separate column to emphasize that these units are legally separate from the City and each represents a functionally independent operation. These component units are fiscally dependent on the City and provide services primarily to the citizens of Charlottesville. A description of the discretely presented component units follows:

- (i) **School Board:** The City provides education through its own school system administered by the Charlottesville School Board (the School Board). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate but financially dependent. The City Council administers the School Board's appropriation of funds at the category level, approves transfers between categories, and authorizes school debt. School Board members are elected. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.
- (ii) **Economic Development Authority:** The Charlottesville Economic Development Authority (the CEDA) was established to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate or remain in the City. City Council appoints the seven board members of the CEDA. By statute, the CEDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The City is involved in the day-to-day operations of the CEDA the determination of its operating budget and annual service fee rates. Financial statements of the CEDA are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete audited financial statements of the CEDA can be obtained from the Office of Economic Development, City of Charlottesville, PO Box 911, Charlottesville, VA 22902 or Room B230 at City Hall.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

(c) Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are inter-related. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water, wastewater, and gas functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue for the various functions concerned.

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 units. The City reports investment in capital assets net of depreciation, including infrastructure, in the Statement of Net Position. Depreciation expense, the cost of "using up" capital assets, is included in the Statement of Activities. Noncurrent liabilities including bonds, net pension liability, notes and loans payable are included, separated into due within one year and due in more than one year. The net position of the City is reported in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The *Statement of Activities* reports expenses before revenues of the primary government (governmental and business-type activities) and its discretely presented component units. This order emphasizes that governments identify the service needs of citizens and then raise the resources needed to meet those needs. This presentation demonstrates the degree to which direct expenses of a clearly identifiable function or segment are reduced by program revenues associated with that function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a program. All taxes and other items not included among program revenues, are reported instead as general revenues.

(d) Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is used to account for and report all of the financial resources except for those not accounted for and reported in another fund. It is the City's primary operating fund. Revenues are derived primarily from property and other local taxes, state (including pass through of federal funds), federal distributions, licenses, permits, charges for services, fees, Albemarle County Revenue Sharing and other revenue sources. A significant portion of the General Fund's revenue is transferred to other funds and the Charlottesville School Board, (a component unit), to finance operations.

The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Revenues for this fund are obtained from bond issues, a transfer from the General Fund, federal and

state highway funds, PEG fee revenue and contributions from Charlottesville School Board and other local governments for shared facilities.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

The *Debt Service Fund* is used to account for and report all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Payments are made on long-term general obligation debt of governmental funds including bonds, notes and other evidence of indebtedness and the cost of issuance of debt issued by the City.

The *Social Services Fund*, which is a special revenue fund, accounts for the financial resources associated with the Charlottesville Department of Social Services (CDSS). Social Services provides state and federal income support, employment assistance and social work service programs to alleviate poverty and other social problems.

Proprietary funds, all of which are considered major funds, are used to account for and report on their activities using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The purpose of a proprietary fund is to provide a service or product to the public or other governmental entities at a reasonable cost. The City reports the following enterprise funds as proprietary fund types:

The *Water Fund* accounts for the operations of the City's water distribution system.

The *Sewer Fund* accounts for the operations of the City's wastewater collection system.

The *Gas Fund* accounts for the operations of the City's natural gas distribution system.

The *Stormwater Fund* accounts for the operations of the City's waterways.

The *Golf Course Fund* accounts for the operations of the City's 18-hole municipal golf course.

The *Fiduciary Fund* accounts for the activities for the two pension trust funds for retirement and postemployment benefits. The trust funds accumulate resources for pension payments and benefits for qualified city employees. Fiduciary funds cannot be used to finance the City's operating programs and are not included in the government-wide financial statements.

Additionally, the City reports the following fund types:

Special Revenue Funds are nonmajor governmental funds used to account and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The City has established special revenue funds to account for the Community Development Block Grant, Human Services Programs, Children's Services Act (formerly Comprehensive Services Act), Virginia Juvenile Community Crime Control Act, Charlottesville Area Transit operations and various other grants to support projects undertaken. Cemetery perpetual care is included, which is a permanent fund.

Internal Service Funds are used to account for and report the financing of goods and services provided by one department primarily or solely to other departments of the City. Information Technology, Risk Management, Warehouse and Departmental Services are accounted for and reported as Internal Service Funds. In the government-wide Statement of Net Position, the assets and liabilities of these funds are allocated to both governmental and business-type activities, based on the predominate use of the fund's services. Specifically, the assets and liabilities of the Warehouse Internal Service Fund are allocated completely to the City's Enterprise Funds based on predominate usage. The remaining Internal Service Fund balances are allocated to governmental activities. In the government-wide Statement of Activities, certain transactions are assigned directly to governmental activities and the remaining net income or loss is allocated to both governmental and business-type activities, based on actual charges for services.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included in the business-type activities column.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Further, certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(e) Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded as earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In applying the *susceptible to accrual* concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of intergovernmental revenues. In the first type, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon when the expenditures are recorded. In the second type, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

The governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as capital outlay in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position and the government-wide Statement of Activities is presented in a schedule accompanying the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance, respectively. These differences stem from governmental statements using a different measurement focus than government-wide statements.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds, the operation of which are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows, liabilities, deferred inflows, fund balance, revenues and expenditures (or expenses for proprietary funds), as appropriate.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year-end). Expenditure-driven grants are recognized as revenue when the

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension trust funds are reported using *the economic resources measurement focus and the accrual* basis of accounting.

(f) Cash, cash equivalents and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, money market mutual funds and certificates of deposit with original maturities of twelve months or less from date of acquisition. Investments are reported at fair value (generally based on quoted market prices) or the net asset value per share.

(g) Allowance for uncollectible accounts

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2020, the allowances approximated \$1,061,464 in the General Fund, \$1,179,392 in the Proprietary Funds (\$277,939, \$379,787, \$496,856, and \$25,810) for the Water, Sewer, Stormwater and Gas Funds, respectively, and \$3,757,224 in the Capital Projects Fund.

(h) Inventory of supplies and prepaid items

Inventories are valued at cost using the weighted average method. Inventories consist of expendable materials and supplies held for future consumption. They are accounted for by the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

(i) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets and bridges,) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructures has been inventoried, valued and included in the basic financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of at least two 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 cost on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building/building improvements	40-50
Streets and bridges	30-50
Infrastructure (storm structures and storm pipe)	50-75
Utility transmission lines and mains	20-40
Furniture and equipment	5-10
Vehicles	5-7

(j) Deferred outflows/inflow of resources

In addition to assets, the Statement of Net 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/expenditures) until then.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

In addition to liabilities, the Statement of Net Position will 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.

Included as both an outflow and inflow are *deferred charges on refunding* reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

Unavailable tax revenues are included on both the Statement of Net Position and the Balance Sheet as deferred outflow of resources. General property taxes levies assessed each year as of January 1 on the estimated market value of property are due in equal semiannual payments due June 5 and December 5. The deferred tax revenues represent payments due on December 5.

Pension plan changes for measurement date June 30, 2019 are presented on the Statement of Net Position. Actuarially determined *deferred outflows of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion on beginning net pension liability, changes in proportions and difference between employer contribution and proportionate share of contributions, changes in assumptions, and employer contributions subsequent to the measurement date. *Deferred inflows of resources* consists of the current year's amortization, actuarially determined changes in proportion on beginning net pension liability, difference between expected and actual investment earnings, and changes in proportion between employer contribution and proportionate share of contributions.

(k) Compensated absences

City employees are granted vacation and sick leave in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick leave earned. Vacation leave can be accrued up to the amount earned in one year, plus an additional week. Upon retirement, termination or death, employees may be compensated for certain amounts of unused vacation leave earned at their then current rates of pay. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. In addition, unused sick leave becomes credited service for pension benefit calculations, for one-half of the accumulated amount, up to a maximum of two thousand hours.

School Board employees also earn vacation and sick leave as services are provided. At June 30, 2015, the methodology for calculating the unused sick leave payable at retirement changed from the assumption that employees would resign before retirement to the assumption that employees would stay until eligible for retirement.

Sick leave earned but not taken by City and School Board employees at June 30, 2020, approximated \$13,179,398 and \$15,012,398 respectively. Upon retirement, no cash payments are made for sick leave. Therefore, an accrued balance is not recorded in the financial statements.

(l) Risk management

The City is exposed to various risks of loss related to torts; errors and omissions; injuries to and illnesses of employees; theft of, damage to, and destruction of assets; and natural disasters. The City employs a variety of risk management techniques, including the purchase of commercial insurance, participation in insurance pools and self-insurance. All funds of the City participate in the risk program and make payments to the Risk Management Internal Service Fund in a manner that is appropriate in allocating the costs associated with the risk involved. Claims, including incurred but not reported (IBNR) claims, are recognized as expense when incurred. There have been no significant changes in coverage from the prior year, nor have settlements exceeded coverage in the past five fiscal years.

(m) Encumbrances

Encumbrances are used to control expenditure commitments for the year and to enhance cash management. Accounting for encumbrances is employed in all governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end are reported as assigned fund balance and do not constitute expenditures or liabilities, but are obligations that will be paid in a following year.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

(n) Pensions and other post-employment benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about the fiduciary net position of the City of Charlottesville Supplemental Retirement or Pension Plan and Virginia Retirement System (VRS) and additions to/deductions from those fiduciary net positions have been determined on the same basis as they are reported by the City Pension Plan and 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.

2. GOVERNMENT-WIDE AND FUND EQUITY

For government-wide, proprietary funds and fiduciary funds financial statements, equity is described as net position (total assets minus total liabilities) and is broken down into three components: (1) amount invested in capital assets, net of related debt, (2) restricted and (3) unrestricted net position. The City's policy is to consider restricted net position to have been depleted before using any of the components of unrestricted net positions. For governmental funds, equity is described as fund balance (current assets minus current liabilities), which is broken down into nonspendable, restricted, committed, assigned and unassigned fund balance.

- **Net investment in capital assets** consists of capital assets less accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or permanent improvement of those assets. Unspent debt proceeds are excluded.
- **Restricted net position** reflects net position whose use is not subject solely to the government's own discretion.
- **Unrestricted net position** consists of net position that does not meet the definition of the two preceding categories. Unrestricted net assets are often designated to indicate that management does not consider them available for general operations. Unrestricted net assets often have constraints on resources that are imposed by management, but can be modified or removed.

(a) Fund Balances:

City Council is the City's highest level of decision making authority. City Council can modify or rescind a fund balance through adoption of an appropriation. Assigned fund balance contains purchase orders and amounts at year end that City Council intends to use for a specific purpose.

The City maintains a minimum fund balance in the General Fund, classified as unassigned fund balance. The minimum fund balance policy is found in the City's adopted operating budget. Currently, the City is to maintain a minimum of 14% of the operating budget in fund balance plus a downturn reserve of no less than 3% of the General Fund operating budget. City Council may elect to maintain a higher unassigned fund balance to provide the City with sufficient working capital and a margin of safety to address emergencies and unexpected declines in revenue without borrowing.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The City Manager has the authority to deviate from this policy if it is in the best interest of the City.

- **Nonspendable** - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** - Represents amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Represents specific purposes in accordance with internal constraints imposed by formal action of the City's highest level of decision-making, Charlottesville City Council. The formal action is an appropriation,

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

which designates funds for particular usage, to the exclusion of all other uses. Once adopted, the appropriation can only be changed by City Council through similar action.

- **Assigned** – Represents amounts that are constrained by City Council’s intent to use for specific purposes, but meet neither the restricted or committed forms of constraint. Amounts that are assigned are only temporary until City Council takes formal action with an appropriation.
- **Unassigned** – Represents the residual category for the general fund only. It is also where negative fund balance for all other governmental funds would be reported.

Fund balances are composed of the following at June 30, 2020:

	General Fund	CIP Fund	Debt Fund	Social Serv	Other Funds	Total
<u>Nonspendable for:</u>						
General fund prepaid expenses	\$ 25,970	\$ -	\$ -	\$ -	\$ -	\$ 25,970
Cemetery perpetual care	-	-	-	-	162,502	162,502
Total nonspendable	25,970	-	-	-	162,502	188,472
<u>Restricted for:</u>						
Loans receivable	-	-	-	-	10,000	10,000
Fire Programs	67,040	-	-	-	163,266	230,306
Law Enforcement	146,995	-	-	-	45,807	192,802
Court House Maintenance and Construction	153,703	-	-	-	-	153,703
Commonwealth Attorney	58,506	-	-	-	-	58,506
Children Services Act	-	-	-	-	58,962	58,962
Health and Welfare	-	-	-	-	5,758	5,758
Youth Programs	57,804	-	-	-	8,503	66,307
Total restricted	484,048	-	-	-	292,296	776,344
<u>Committed for:</u>						
Nonrecurring vehicle and equipment purchases	1,668,270	-	-	-	-	1,668,270
Repairs and Improvements to Government Buildin	494,373	-	-	-	-	494,373
Parking enterprise fund	2,476,079	-	-	-	-	2,476,079
Parks and Recreation Programs	33,352	-	-	-	-	33,352
Fire Programs	74,186	-	-	-	-	74,186
City Council initiatives	53,814	-	-	-	-	53,814
Council Reserve	582,052	-	-	-	-	582,052
Human Services	21,380	-	-	-	-	21,380
Citywide Reserve	988,730	-	-	-	-	988,730
Historic Resources	42,198	-	-	-	-	42,198
Workforce Development	83,417	-	-	-	-	83,417
Law Enforcement	48,757	-	-	-	-	48,757
Sheriff Programs	214,875	-	-	-	-	214,875
City Manager's Programs	111,159	-	-	-	-	111,159
Corporate Training	88,120	-	-	-	-	88,120
Reserve for landfill remediation	2,420,639	-	-	-	-	2,420,639
Innovation	33,856	-	-	-	-	33,856
Future debt service	-	-	13,410,790	-	-	13,410,790
Total committed	9,435,257	-	13,410,790	-	-	22,846,047
<u>Assigned for:</u>						
Purchases on Order	1,123,601	7,003,673	-	-	-	8,127,274
Health and Welfare	-	-	-	119,697	771,848	891,545
Subsequent year's budget	3,335,075	-	-	-	-	3,335,075
Total assigned	4,458,676	7,003,673	-	119,697	771,848	12,353,894
<u>Unassigned</u>						
Unassigned	32,544,441	-	-	-	-	32,544,441
Total fund balance	46,948,392	7,003,673	13,410,790	119,697	1,226,646	68,709,198

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

(b) Encumbrances

As discussed in the required supplementary information, unexpended general fund appropriations lapse at the end of the fiscal year unless carried over by Council action. Budgets for some special revenue funds and debt service funds are adopted on an annual basis. The capital projects fund and grant fund budgets are adopted on a project life basis. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Vehicle and Equipment purchases	\$ 230,080	\$ -	\$ -	\$ 230,080
Government Building improvements	119,910	1,922,572	-	2,042,482
Parking enterprise fund	-	-	-	-
General Programs	132,632	308,277	-	440,909
Public Safety	239,242	52,165	33,651	325,058
Community Service	128,054	623,522	27,716	779,292
Street Construction and Maintenance	-	8,123,770	-	8,123,770
Health and Welfare	-	-	440,145	440,145
Park and Recreation	115,985	315,031	-	431,016
Education	9,504	644,556	-	654,060
Conservation and Development	148,194	30,498	374,166	552,858
Other Activities	-	10,681	-	10,681
	<u>\$ 1,123,601</u>	<u>\$ 12,031,072</u>	<u>\$ 875,678</u>	<u>\$ 14,030,351</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Primary Government

At June 30, 2020, the carrying value of the City's deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 44,682,975	Various
Cash on hand	6,740	Various
Commonwealth LGIP	1,557,886	AAAm
Money Market Mutual Funds	131,769	AAAm
Commonwealth Non-Arbitrage Program (SNAP)	3,040,050	AAAm
Virginia Investment Pool	16,235,792	AAAm
Total deposits and investments	<u>\$ 65,655,212</u>	

Investments at Fair Value:

Effective July 1, 2015, the City adopted the provisions of GASB Statement 72, *Fair Value Measurement and Application*. This statement establishes standards of accounting and reporting related to fair value measurements. The definition of 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 City categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs, known as the market value approach;
- Level 3 inputs are significant unobservable inputs.

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At June 30, 2020, there was no change in valuation techniques that had a significant impact on the values. The fair value hierarchy of Primary Government Investments was as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Credit Rating
Corporate certificate of deposit	\$ -	\$ 1,783,300	\$ -	\$ 1,783,300	Aa2 to Aa3
Corporate notes	-	4,788,966	-	4,788,966	Aaa to A3
U. S. Treasury notes	6,313,120	-	-	6,313,120	Aaa
Federal agency notes	-	30,743,240	-	30,743,240	Aaa
Total fair value investments	<u>\$ 6,313,120</u>	<u>\$ 37,315,506</u>	<u>\$ -</u>	<u>\$ 43,628,626</u>	

Credit Risk:

The City has a Statement of Investment Policy in accordance with the Commonwealth of Virginia Code section 2.2-400 et. seq., 2.2-4500 et. seq., 58.1-3123 et. seq. and Trust Agreements, where applicable. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as “N/A” in the credit rating column.

All demand deposits of the City are maintained in bank accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia Vol 1, Chapter 44 or covered by federal depository insurance.

Local Government Investment Pool (LGIP) is a specialized money market-like fund created in the 1980 session of the Virginia General Assembly designed to offer a convenient and cost-effective investment vehicle for public entities. The Fund is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAM by Standard & Poors, Inc.

The Virginia Investment Pool (VIP) was established in 2013 by local Treasurers and Investment Officers through sponsorship of the Virginia Association of Counties and the Virginia Municipal League. The impetus behind the creation of VIP was to develop an investment vehicle which local governments could jointly invest to prudently achieve higher earnings on operating and reserve funds. VIP enables local governments to take advantage of the full range of investments authorized in the Code of Virginia with the guidance of a professional fund manager. The stable NAV Liquidity Pool, rated AAAM by S&P, offers stable net asset value, daily liquidity, and a competitive yield.

Money Market Mutual Funds are shares in open-end, no-load investment funds registered under the Federal Investment Company Act of 1940, provided that the fund is rated at least AAAM or the equivalent by NRSRO.

The Commonwealth of Virginia State Non-Arbitrage Program (SNAP) was established pursuant to the Local Government Non-Arbitrage Investment Act to make available to Virginia counties, cities and towns assistance with the investment of and accounting for bond proceeds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The program is managed by PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission. SNAP provides local governments with a convenient method of pooling proceeds of bonds and notes for temporary investment pending their capital project expenditures. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

Corporate notes are held with a rating at least Aa (or its equivalent) by Moody’s Investor’s Service, Inc. and Standard and Poors, Inc. The final maturity shall not exceed a period of five (5) years from the time of purchase.

Federal agency obligations include bonds, notes and other obligations of the United States, and securities issued by any Aaa rated federal government agency, instrumentality or government sponsored enterprise except for

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Collateralized Mortgage Obligations. The final maturity shall not exceed a period of five (5) years from the time of purchase.

Concentration of Credit Risk:

The Policy establishes limitations on portfolio diversification by security type and institution to control concentration of credit risk as follows:

<u>Permitted Investment</u>	<u>Sector Limit</u>	<u>Issue Limit</u>
U. S. Treasury Obligations	100 %	100 %
Federal Agency Obligations	100	100
Municipal Obligations	10	3
Commercial Paper	20	3
Bankers' Acceptances	10	3
Corporate Notes	20	3
Negotiable Certificates of Deposit and Bank Deposit Notes	20	3
Money Market Mutual Funds	100	50
LGIP	50	50
Repurchase Agreements	35	35

At June 30, 2020, the sector and issue limits have not been exceeded.

Interest Rate Risk:

As a means of limiting exposure to fair value arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities. At June 30, 2020, all investments in the City's portfolio had a maturity of five years or less.

Restricted Cash and Investments:

The City had unspent bond proceeds of \$2,066,176. Of this amount, \$1,195,945 was for governmental activities, and \$870,231 was business-type activities.

(b) City of Charlottesville Pension and OPEB Trust Fund

At June 30, 2020, the fair value hierarchy of Primary Government Investments, and the deposits and investments of the Pension Trust Fund, with the respective credit ratings, was as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Credit Rating</u>
Common Stock	\$ 51,710,463	\$ -	\$ -	\$ 51,710,463	Various
Corp Fixed Income Securities	14,759,656	-	-	14,759,656	Aaa-B3
Government and agency fixed income securities					
Explicitly guaranteed by U.S. government	12,723,136	-	-	12,723,136	Various
Implicitly guaranteed by U.S. government	6,675,331	-	-	6,675,331	Aaa-Aa1
Municipal	1,431,604	-	-	1,431,604	Aaa-Aa1
Mutual Funds - domestic	-	33,405,155	-	33,405,155	Various
Mutual Funds - international	-	21,273,923	-	21,273,923	Various
Total investments at fair value	\$ 87,300,190	\$ 54,679,078	\$ -	\$ 141,979,268	
Demand deposits	\$ -	\$ -	\$ -	\$ 216,536	
Total demand deposits and investments at fair value				\$ 142,195,804	

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Alternative Investments:

A provision of GASB Statement 72, *Fair Value Measurement and Application*, is to disclose detail pertaining to City's Alternative Investments. The fair value of these investment types has been determined using the Net Asset Value per Share of the City's ownership interest in partners' capital. The City is invested in four unique alternative investments that make up 14.8% of the Pension Trust Fund total investments. There are no unfunded commitments, nor do any of the funds have a set end date. The valuation method is presented on the following table:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Redemptions Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Alternative investments - UBS AgriVest	\$ 3,661,155	Quarterly	60 days
Alternative investments - Ceres Farms	3,759,577	Annually	150 days
Alternative investments - RE PRISA	8,610,762	Quarterly	90 days
Alternative investments - RE PRISA II	8,269,880	Quarterly	90 days
Total alternative investments at fair value	<u>\$ 24,301,374</u>		

Credit Risk:

Investments in the Pension Trust Fund are managed in accordance with policies adopted by the Retirement Commission. These policies set target allocations of 50% for domestic equities, 20% for fixed income, 10% for international equities, 5% for Emerging Markets, 5% for Farmland, and 10% for real assets and authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. Fixed income investments rated below BBB shall constitute no more than 10% of the total market value of all assets in the account. Credit ratings in the table below are ratings from Moody's Investor's Service. If the investment was rated only by Standard & Poor's Rating Services, the table below has the Moody's equivalent rating. The following table summarizes the Pension Trusts' credit risk for corporate, implicitly guaranteed by U.S. government and municipal fixed income securities at June 30, 2020:

<u>Investment Type</u>	<u>Rating</u>	<u>% of Total Portfolio</u>
Corporate Bonds	No rating	0.5 %
Corporate Bonds	Aa1-Aa3	1.1
Corporate Bonds	A1-A3	2.9
Corporate Bonds	Baa1-B3	3.4
Federal Home Loan Mortgage Corporation	Aaa-Aa1	0.7
Federal National Mortgage Association	Aaa-Aa1	2.7
Implicitly Guaranteed Bonds	Aaa-Aa1	0.6
Municipal Bonds	Aaa-Aa1	0.9

Concentration of Credit Risk:

The policy establishes limitations on corporate securities by issuer in order to control concentration of credit risk as follows:

Company is not to exceed 5% of the total fund

The Plan has no investment that is greater than 5% of the total portfolio, excluding mutual funds and government securities.

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Interest Rate Risk:

The Plan has no specific limits on the maximum maturity for any security held. There is a 5% limit on holding fixed income securities in any issuer, excluding government and government agency securities.

At June 30, 2020, the Trust had the following investments and maturities:

	<u>Fair Value</u>	<u>0-5 Years</u>	<u>6-10 Years</u>	<u>11-50 Years</u>
Corporate fixed income	\$ 14,759,655	\$ 5,212,367	\$ 4,600,907	\$ 4,946,381
Government fixed income	20,830,071	1,214,951	3,039,369	16,575,751
Total	<u>\$ 35,589,726</u>	<u>\$ 6,427,318</u>	<u>\$ 7,640,276</u>	<u>\$ 21,522,132</u>

Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.64% at June 30, 2020 and 8.18% at June 30, 2019. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

(c) School Board Component Unit

At June 30, 2020, the carrying value of the School Board component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 7,671,598	N/A
Commonwealth LGIP	1,703,871	AAAm
Total deposits and investments	<u>\$ 9,375,469</u>	

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2020, excluding the demand deposits and Commonwealth LGIP, there were no investments. Accordingly, there is no credit risk, concentration of credit risk, or interest rate risk.

(d) Charlottesville Economic Development Authority (CEDA)

At June 30, 2020, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 2,354,011	N/A
Total deposits and investments	<u>\$ 2,354,011</u>	

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. At June 30, 2020, excluding the demand deposits and U.S. government agency securities, there were no investments. Accordingly, based on this minimal risk, the CEDA does not have the need for a formal investment policy that addresses credit risk, concentration of credit risk or interest rate risk.

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4. GENERAL PROPERTY TAXES

The two major sources of general property taxes are as follows:

(a) Real Estate

The City levies real estate taxes on all real estate within its boundaries, except that exempted by statute. These levies are assessed each year as of January 1 based on the estimated market value of the property. January 1 is also the date an enforceable, legal claim to the asset applies. The City reassesses all property annually.

Real estate taxes are collected in equal semiannual payments that are due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2019, assessment which is due December 5, 2019. The first half of the January 1, 2020 assessment normally due June 5, 2020, less an allowance for uncollectable and less taxes not considered available for current expenditures plus collections on previously delinquent taxes. Due to the spring onset of the current pandemic, a 10 day extension, until June 15, 202, as granted. This extension is not expected to be made in the future. The tax rate for both 2019 and 2020 was \$.95, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2020, and due December 5, 2020, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, real estate taxes that are not due as of June 30, 2020, are included in deferred revenue, since they are not due for the current fiscal year.

(b) Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and prorated for motor vehicles acquired or sold during the year, with payment in equal semiannual installments due June 5 and December 5. During fiscal year 2019, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2019 assessment due December 5, 2019, and the first half of the January 1, 2020 assessment normally due June 5, 2020, less an allowance for uncollectable and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. This year the due date was pushed back to June 15, 2020, as a one time adaptation to extraordinary measures during the pandemic. The tax rate for both 2019 and 2020 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2020 and due December 5, 2020, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, personal property taxes that are not due as of June 30, 2020, are included in deferred revenue, since they are not due for the current fiscal year.

In April 1998, the Virginia General Assembly passed S.B. 4005, the Personal Property Tax Relief Act of 1998, PPTRA. In its original form, PPTRA, in essence, was a vehicle-based entitlement. Beginning 2006, changes to PPTRA made by S.B. 5005 marked an end to this vehicle-based entitlement. S.B. 5005 establishes what amounts to a fixed, annual block grant to localities, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. Localities determine how relief is to be distributed, within the guidelines established. Vehicles below \$1,000 assessed value are given 100% relief.

5. LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Special Revenue Fund has \$13,916 in outstanding installment loans and \$733,808 in deferred payment loans, which are secured by property liens. Both installment and deferred payment loans have terms from 5 to 30 years, bear an interest rate of three percent, and are payable upon sale, transfer or disposal of the property. These loans represent monies advanced to low-income qualified property owners under federally-funded housing renovation and rehabilitation projects and are fully offset on the balance sheet by an amount due to the federal government.

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The Grants Special Revenue Fund has \$1,131,197 in deferred payment loans, which are secured by property liens. All loans represent federally-funded monies advanced to low-income qualified property owners under the HOME Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- \$850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.
- \$130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.
- \$1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4th Street, NW Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculates at 4.3% per annum. The entire principle balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.
- \$3,757,224 in deferred payment loans advanced to low-income property owners with terms similar to those of the CDBG and HOME grants described above, but funded by the City rather than federal funds. The loans are secured by property liens on the participating homeowners. Depending on the terms of each loan, a ratable portion of the loan balance is forgiven each month in which the participant owns the home. If the participant sells the home before the entire loan is forgiven, they are responsible for repayment of the remaining loan balance. Because this rarely happens, and therefore most loans are forgiven, an allowance for the full amount is recorded to offset the receivable.

The Charlottesville Economic Development Authority (CEDA) entered into a 20 year promissory note with the Charlottesville Pavilion in the amount of \$2.4 million for construction cost of the Amphitheater in 2004, with periodic payments of principle and interest, at 3.70%, of \$85,442. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, an accounts receivable. In 2018, a modification of the promissory note was executed to re-advance \$500,000 for the replacement of the roof of the Amphitheater, and extend the maturity date of the note to 2026. The balance of the note receivable was \$963,809 at June 30, 2020. In 2013, CEDA also executed a \$130,000 promissory note with the Lewis & Clark Exploratory Center for the construction of their learning center at Darden Towe Park. A reimbursement payable to the City is currently recorded and will be forgiven as described above.

6. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2020, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
City Government Activities:				
Major funds:				
General Fund	\$ 9,638	\$ 2,649,254	\$ 32,226	\$ 2,691,118
Capital Projects Fund	-	370,000	89,550	459,550
Social Services Fund	856	793,120	4,083	798,059
Total major funds	<u>10,494</u>	<u>3,812,374</u>	<u>125,859</u>	<u>3,948,727</u>
Non-major funds	2,222,830	2,547,041	665,478	5,435,349
Total Primary Government	<u>\$ 2,233,324</u>	<u>\$ 6,359,415</u>	<u>\$ 791,337</u>	<u>\$ 9,384,076</u>
Component Unit - Schools	<u>\$ 1,098,186</u>	<u>\$ 1,155,394</u>	<u>\$ 237,237</u>	<u>\$ 2,490,817</u>

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7. DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

- (a) Individual fund deficits in consolidated pooled cash are considered short-term receivables of the General Fund. Individual fund interfund receivable and payable balances of the City at June 30, 2020, are presented below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General Fund	\$ 5,500,490	\$ -
Social Services Fund	-	317,834
Fleet	-	587,918
Water	-	2,539,246
Total major funds	<u>5,500,490</u>	<u>3,444,998</u>
Non-major funds:		
Special Revenue Funds:		
Community Development Block Grant	-	1,626
Grants Fund	-	215,235
Comprehensive Services Act Fund	-	916,412
Transit Fund	-	922,219
Total non-major funds	<u>-</u>	<u>2,055,492</u>
Total due to/from other funds	<u>\$ 5,500,490</u>	<u>\$ 5,500,490</u>

- (b) Transfers are primarily used to 1) transfer revenues that have been collected in the required fund per state law to the funds and activities that state law allows for expenditures; 2) transfer of “payment in lieu of taxes” contributions from the utility funds to the General Fund; 3) transfer funding from governmental funds to debt service and capital project funds; and 4) transfer matching funds from the General Fund and Special Revenue Funds for various grant programs.

Interfund transfers for the year ended June 30, 2020, consisted of the following:

		<u>Transfers in:</u>						
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Social Services</u>	<u>Nonmajor Government</u>	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Total</u>
Transfers out:								
General fund	\$ -	\$ 9,793,823	\$ 11,049,588	\$ 3,568,062	\$ 4,677,829	\$ 128,000	\$ 1,800,000	\$ 31,017,302
Capital Projects fund	-	-	-	-	72,007	-	-	72,007
Nonmajor governmental	-	-	-	-	699,433	-	-	699,433
Water fund	866,528	-	-	-	-	-	-	866,528
Sewer fund	928,278	-	-	-	-	-	-	928,278
Gas fund	3,981,395	-	-	-	-	-	-	3,981,395
Total	<u>\$ 5,776,201</u>	<u>\$ 9,793,823</u>	<u>\$ 11,049,588</u>	<u>\$ 3,568,062</u>	<u>\$ 5,449,269</u>	<u>\$ 128,000</u>	<u>\$ 1,800,000</u>	<u>\$ 37,564,943</u>
Reconciliation to exhibits:								
		<u>Transfers in:</u>	<u>Transfers out:</u>					
Governmental Funds	Exhibit D	\$ 35,636,943	\$ 31,788,742					
Proprietary Funds	Exhibit E-3	128,000	5,776,201					
Fiduciary Fund	Exhibit L-2	1,800,000	-					
Total		<u>\$ 37,564,943</u>	<u>\$ 37,564,943</u>					

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. CAPITAL ASSETS

(a) Primary Government

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land and improvements	18,531,875	270,912	-	18,802,787
Infrastructures right of way	3,254,499	-	-	3,254,499
Assets under construction	35,342,073	8,432,838	2,475,107	41,299,804
Total capital assets not being depreciated	57,128,447	8,703,750	2,475,107	63,357,090
Other capital assets:				
Building and improvements	166,376,092	-	-	166,376,092
Vehicles	39,767,257	1,206,031	1,848,104	39,125,184
Furniture and equipment	26,342,115	1,040,507	196,838	27,185,784
Streets	90,311,509	-	-	90,311,509
Bridges	4,744,266	2,415,413	-	7,159,679
Infrastructure	56,446,371	-	-	56,446,371
Total other capital assets at historic cost	383,987,610	4,661,951	2,044,942	386,604,619
Less accumulated depreciation:				
Building and improvements	66,858,359	4,220,734	-	71,079,093
Vehicles	29,641,662	2,809,561	1,807,930	30,643,293
Furniture and equipment	22,404,530	700,910	185,367	22,920,073
Streets	49,929,293	1,846,680	-	51,775,973
Bridges	2,335,896	135,925	-	2,471,821
Infrastructure	29,005,537	1,016,878	-	30,022,415
Total accumulated depreciation	200,175,277	10,730,688	1,993,297	208,912,668
Other capital assets, net	183,812,333	(6,068,737)	51,645	177,691,951
Governmental activities capital assets, net	<u>\$ 240,940,780</u>	<u>\$ 2,635,013</u>	<u>\$ 2,526,752</u>	<u>\$ 241,049,041</u>
Business-Type activities:				
Capital assets not being depreciated:				
Land and improvements	1,921,723	-	-	1,921,723
Easements	142,325	-	-	142,325
Total capital assets not being depreciated	2,064,048	-	-	2,064,048
Other capital assets:				
Building and improvements	1,858,275	-	-	1,858,275
Vehicles	3,415,244	983,566	465,026	3,933,784
Equipment	2,965,019	-	-	2,965,019
Infrastructure	140,259,337	7,777,138	222,746	147,813,729
Total other capital assets at historic cost	148,497,875	8,760,704	687,772	156,570,807
Less accumulated depreciation:				
Building and improvements	1,427,641	26,510	-	1,454,151
Vehicles	2,129,339	413,386	465,026	2,077,699
Equipment	2,604,073	99,223	-	2,703,296
Infrastructure	52,501,868	3,500,421	-	56,002,289
Total accumulated depreciation	58,662,921	4,039,540	465,026	62,237,435
Other capital assets, net	89,834,954	4,721,164	222,746	94,333,372
Business-Type activities capital assets, net	<u>\$ 91,899,002</u>	<u>\$ 4,721,164</u>	<u>\$ 222,746</u>	<u>\$ 96,397,420</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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(b) School Board Component Unit

	Balance July 1, 2019	Increases	Decreases	Balance July 1, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 982,889	\$ -	\$ -	\$ 982,889
Other capital assets:				
Building and improvements	59,473,244	-	-	59,473,244
Vehicles	231,515	-	-	231,515
Furniture and equipment	4,502,519	409,328	-	4,911,847
Total other capital assets at historical cost	64,207,278	409,328	-	64,616,606
Less accumulated depreciation:				
Building and improvements	37,499,869	1,364,588	-	38,864,457
Vehicles	191,907	12,863	-	204,770
Furniture and equipment	4,038,243	203,693	-	4,241,936
Total accumulated depreciation	41,730,019	1,581,144	-	43,311,163
Other capital assets, net	22,477,259	(1,171,816)	-	21,305,443
Governmental activities capital assets, net	\$ 23,460,148	\$ (1,171,816)	\$ -	\$ 22,288,332

(c) Allocation of Depreciation Expense

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:	
General government	1,488,597
Public safety	1,413,891
Community services	3,109,457
Health and welfare	84,042
Parks, recreation and culture	1,205,572
Education	1,044,662
Conservation and development	2,260,128
Total increase in accumulated depreciation - governmental	\$ 10,606,349
Business-Type activities:	
Water	1,294,855
Sewer	1,072,755
Gas	1,342,530
Stormwater	220,587
Golf course	28,144
Total increase in accumulated depreciation - business type	\$ 3,958,871

Depreciation expense was charged to functions/programs of the Schools component unit as follows:

Instruction and instruction-related service	\$ 932,875
Support services - student based	553,400
Administrative support services	94,869
Total accumulated depreciation	\$ 1,581,144

(d) Tenancy in Common – School Board Capital Assets

In fiscal year 2002, the Commonwealth of Virginia General Assembly passed a law to respond to GASB Statement 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to

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record together school assets and related debt liabilities. As a result, certain assets purchased with the City's general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

9. LONG-TERM LIABILITIES

(a) City

At June 30, 2020, the City's long-term liabilities consisted of the following:

	Interest Rates	Original Amount of Debt	Principal Amount Outstanding
Governmental Activities:			
General obligation bonds:			
General Improvement Refunding, Series 2009	2.00-5.00	15,875,700	122,850
General Improvement, Series 2010	2.00-4.38	9,956,200	4,961,350
General Improvement, Series 2011	2.00-5.00	9,425,000	4,180,000
General Improvement Refunding, Series 2012	1.25-4.50	26,870,300	12,736,200
General Improvement, Series 2013	3.00-4.00	5,610,000	3,640,000
General Improvement Refunding, Series 2014	2.125-5.00	7,130,695	4,090,000
General Improvement Refunding, Series 2015	2.00-5.00	23,068,366	18,155,257
General Improvement Refunding, Series 2016	2.00-5.00	11,125,466	9,574,018
General Improvement Series 2017	5.00	11,140,000	9,460,000
General Improvement Series 2018		4,610,000	4,140,000
General Improvement Series 2019		9,520,000	9,045,000
Total bonds			<u>\$ 80,104,675</u>
Insurance claims payable			2,683,212
Compensated absences			3,005,982
Net pension liability			72,571,504
Net OPEB liability			<u>29,411,718</u>
Total			<u>\$ 187,777,091</u> *
Business-Type Activities:			
General obligation bonds:			
General Improvement Refunding, Series 2009	2.00-5.00	6,494,300	332,150
General Improvement, Series 2010	2.00-4.38	4,903,800	2,443,650
General Improvement, Series 2010 (VRA)	2.93	5,030,409	4,860,869
General Improvement, Series 2011	2.00-5.00	8,560,000	2,922,763
General Improvement Refunding, Series 2012	1.25-4.50	7,224,700	2,968,800
General Improvement, Series 2013	3.00-4.00	8,420,000	5,460,000
General Improvement Refunding, Series 2014	2.125-5.00	8,864,305	6,115,593
General Improvement Refunding, Series 2015	2.00-5.00	4,424,331	4,721,425
General Improvement Refunding, Series 2016	2.00-5.00	1,754,534	1,670,982
General Improvement Series 2017	5.00	2,680,000	2,260,000
General Improvement Series 2018	3.00 - 5.00	6,125,000	5,510,000
General Improvement Series 2019		6,310,000	5,975,000
Total bonds			<u>\$ 45,241,232</u>
Compensated absences			365,455
Net pension liability			8,643,315
Net OPEB liability			<u>3,691,942</u>
Total			<u>\$ 57,941,944</u> *

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The Water, Sewer, Gas and Stormwater Funds are responsible for \$16,628,997; \$24,392,042; \$54,600 and \$4,170,000 respectively, of the Business-Type Activities bonds payable.

*Amounts exclude unamortized premium amounts on bonds.

(b) School Board Component Unit

At June 30, 2020, the School Board's long-term liabilities consisted of:

Compensated absences	\$	3,286,160
Capital lease payable		409,819
Net pension liability		62,831,560
Net OPEB liability		13,048,000
Total	\$	<u>79,575,539</u>

(c) Changes in Long-Term Liabilities

The following is a summary of the long-term liabilities transactions for the City and component units for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 87,670,733	\$ -	\$ 7,566,058	\$ 80,104,675	\$ 7,157,428
Unamortized premium	6,419,819	-	1,989,578	4,430,241	-
Total bonds payable	94,090,552	-	9,555,636	84,534,916	7,157,428
Insurance claims payable	2,637,204	104,000	57,992	2,683,212	2,683,212
Compensated absences	2,753,238	3,005,982	2,753,238	3,005,982	360,718
Net pension liability	72,925,795	-	354,291	72,571,504	-
Net OPEB liability	38,001,806	-	8,590,088	29,411,718	-
Total governmental activities	<u>\$ 210,408,595</u>	<u>\$ 3,109,982</u>	<u>\$ 21,311,245</u>	<u>\$ 192,207,332</u>	<u>\$ 10,201,358</u>

Compensated absences are paid by General Fund, Social Services Fund and non-major governmental funds responsible for salary costs. Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities column on Exhibit A.

Net pension liability and net OPEB liability measurement dates are both June 30, 2019.

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 49,234,305	\$ -	\$ 3,993,073	\$ 45,241,232	\$ 3,533,922
Unamortized premium	2,670,478	-	1,073,807	1,596,671	-
Total bonds payable	51,904,783	-	5,066,880	46,837,903	3,533,922
Compensated absences	306,165	365,456	306,165	365,456	43,854
Net pension liability	8,681,297	-	37,982	8,643,315	-
Net OPEB liability	4,612,838	-	920,896	3,691,942	-
Total business-type activities	<u>\$ 65,505,083</u>	<u>\$ 365,456</u>	<u>\$ 6,331,923</u>	<u>\$ 59,538,616</u>	<u>\$ 3,577,776</u>

Compensated absences are paid by business-type activities that are responsible for salary costs.

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Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities column on Exhibit A and E-1.

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
School Board:					
Capital lease payable	\$ 385,239	\$ 24,580	\$ -	\$ 409,819	\$ -
Compensated absences	3,443,215	3,802,641	3,959,697	3,286,159	394,339
Net OPEB Liability	12,917,000	474,000	343,000	13,048,000	-
Net pension liability	55,942,044	6,913,862	24,346	62,831,560	-
Total	\$ 72,687,498	\$ 11,215,083	\$ 4,327,043	\$ 79,575,538	\$ 394,339

Net pension and OEPB liability measurement date is June 30, 2019.

(d) Debt Compliance and Repayment

The governmental activities general obligation and public improvement bonds are secured by the full faith and credit of the City and are payable from taxes levied on all property located within the City.

The gas, water, sewer and stormwater funds general obligation and public improvement refunding bonds are payable from revenues generated by the facilities constructed from the bond proceeds, although they are also backed by the full faith and credit of the City should the facilities not provide sufficient revenues to meet bond obligations. The City has complied with all significant financial bond covenants.

The City has no overlapping debt with other jurisdictions. At June 30, 2020, the City had a debt limit of \$818,713,030 which is 10% of assessed value of real property and a legal debt margin of \$693,367,123.

The annual requirements to amortize to maturity all long-term obligations outstanding of the City, except for compensated absences payable for which the payment dates cannot be estimated are presented on note 9 (g).

(e) General Obligation Public Improvement Bonds

The City did not choose to issue General Obligation Public Improvement Bonds in 2020.

(f) Prior Year Defeasance of Debt

In prior years, the City defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2020, \$5,493,313 of defeased bonds remains outstanding.

(g) Debt Service Requirements to Maturity

General Obligation Bonds:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 7,157,428	\$ 2,936,806	\$ 3,533,922	\$ 1,600,126
2022	7,276,874	2,630,488	3,955,545	1,448,009
2023	7,346,732	2,339,223	3,448,119	1,312,990
2024 - 2028	30,851,456	7,644,607	16,974,216	4,567,216
2029 - 2033	18,227,185	2,804,805	12,349,430	1,720,186
2034 - 2038	8,770,000	649,750	4,705,000	373,725
2039 - 2043	475,000	14,250	275,000	14,250
Total bonds	\$ 80,104,675	\$ 19,019,929	\$ 45,241,232	\$ 11,036,502

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(h) Other Long-Term Obligations

On June 4, 2019 the City entered into a five year operating lease with E-Z Go Division of Textron Inc. for the leasing of 60 electric golf carts and 2 utility golf carts. The terms of the lease call for \$279,568 in total rental payments over the leasing period, including \$15,576 total interest paid. Terms call for 60 monthly payments of \$4,660. Future year payments are shown below:

<u>Fiscal Year</u>	<u>Golf Fund</u>
2021	\$ 55,931
2022	\$ 55,914
2023	\$ 55,914
2024	\$ 55,914
	<u>\$ 223,673</u>

During fiscal year 2020, the School Board did not enter into any leases. A total of \$385,239 was payment for the FY19 capital lease.

(i) Amount of Unused Line of Credit

On February 18, 2020 the City was issued a variable rate nondisclosable draw down line of credit loan for \$600,000 due on demand from Blue Ridge Bank. The initial interest rate is 4.75%, and the purpose of this loan is the pending appeal of a civil case to the Virginia Supreme Court. These funds have not been disbursed as of the date of this report. The note is secured by an assignment of deposit account dated February 18, 2020 made and executed between the City on collateral described as a deposit account.

10. CITY OF CHARLOTTESVILLE - DEFINED BENEFIT PLAN – FIDUCIARY INFORMATION

Because the City does not issue a separate financial report of the Defined Benefit Pension Plan, the City must report certain information for the plan as of, and for the year ended, June 30, 2020 which is the most recent measurement date for this plan. This information is disclosed below and in Exhibits F-1 and F-2. Investment information is disclosed in Note 3b to the financial statements.

The City's Defined Benefit Plan is a cost sharing plan which includes employees of the City of Charlottesville, the Jefferson-Madison Regional Library (JRML) and the Charlottesville-Albemarle Convention and Visitors Bureau (CACVB). The amounts below are for the plan as a whole.

Plan description. The City administers the Pension Plan, a single-employer defined benefit plan for general and public safety employees. The Pension Plan provides retirement and disability benefits to eligible plan members and their beneficiaries. The plan is governed by City Council, as provided in Article II, IV and V of Chapter 19 of the City Code, 1990, as amended, of the City of Charlottesville and is an irrevocable trust fund. City Council may amend benefits and other plan provisions, and is responsible for the management of plan assets. The Plan does not provide automatic annual increases (COLA) in benefits. The Pension Plan is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City Supplementary Retirement or Pension Plan report.

The Pension Plan covers all regular employees that work at least half time for at least 36 weeks per year. Employer contribution is determined annually based on actuarial valuation data. Plan members are entitled to an annual retirement benefit, payable monthly for life. Public safety employees include sworn police and sheriff officers and fire fighters. Employees hired *before* July 1, 2012, employees hired on *or after* July 1, 2012, and employees hired on *or after* July 1, 2017 have different pension provisions and employee contribution rates as follows:

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<u>General Employee Pension Plan – Normal Retirement Benefit</u>			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 65 with 5 years of service	Age 65 with 5 years of service	Age 65 with 5 years of service
Early Retirement Age (1/2% reduction for each month before 30 years as of retirement date)	Age 55 with 5 years of service Age 50 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years

<u>Public Safety Pension Plan – Normal Retirement Benefit</u>			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 60	Age 60	Age 60
Early Retirement Age (1/2% reduction for each month the actual retirement date is less than 30 years)	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years
Social Security Supplement	1% of Average Final Compensation (AFC) x years of creditable service paid until Social Security retirement age with 20 years of service. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.

Membership in the City's Pension Plan consists of the following at June 30, 2020, the date of the most recent actuarial valuation:

	<u>City Members</u>	<u>JMRL Members</u>	<u>CACVB Members</u>
Retirees and beneficiaries currently receiving benefits	650	48	6
Vested terminated employees	399	11	4
Current employees:			
Vested	468	18	-
Nonvested	222	-	-
Total	<u>1,739</u>	<u>77</u>	<u>10</u>

Contributions. The contribution requirements of plan members and the City are established and may be amended by City Council. Plan members hired before July 1, 2012 are required to contribute 1% of base pay, (annual covered salary) members hired on or after July 1, 2012 must contribute 3% of base pay, and members hired on or after July 1, 2017 must contribute 5% of base pay for the Pension. The City's contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2020 are based on the July 1, 2018, actuarial report. The general employee contribution rate for 2020 was 19.91% and the public safety contribution rate was 36.10%.

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Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2020 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.0% - 4.0%
Assumed inflation rate	2.0% per annum, compounded annually
Cost of living adjustment, ad hoc	1% per year

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Basis of accounting and valuation of investments. The Pension Trust financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with provisions of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Pension Trust Statement of Net Position date. Securities without an established market value are reported at estimated fair value. The schedule of Defined Benefit Pension Plan investments and annual rate of return are further described in Note 3b.

Net Pension Liability. Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of June 30, 2020 and June 30, 2019 is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total Pension Liability	\$ 211,072,055	\$ 201,427,626
Fiduciary Net Position	119,920,421	117,476,409
Net Pension Liability	<u>\$ 91,151,634</u>	<u>\$ 83,951,217</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	56.8%	58.3%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	<u>1.00% Lower 6.5%</u>	<u>Current Discount Rate: 7.5%</u>	<u>1.00% Higher 8.5%</u>
Net Pension Liability	\$115,085,818	\$91,151,634	\$71,124,396

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2020 was 3.08%. The investment return on the smoothed value of assets (actuarial value of assets) was 8.64%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity:		
Large Cap	30.0%	5.3%
Mid Cap	12.5%	8.2%
Small Cap	7.5%	7.1%
International equity	10.0%	3.1%
Emerging equity	5.0%	7.9%
Real estate	10.0%	5.8%
Farmland	5.0%	10.2%
Fixed income	20.0%	3.0%
Total	100%	5.5%

11. CITY OF CHARLOTTESVILLE - NET PENSION LIABILITY

As described in Note 10, the City offers a Defined Pension plan to certain employees. As permitted by GASB 68, the pension-related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2019 are based on a pension plan measurement date of June 30, 2018.

Membership in the City's Pension Plan consists of the following at June 30, 2019, the date of the most recent actuarial valuation:

	<u>City Members</u>	<u>JMRL Members</u>	<u>CACVB Members</u>
Retirees and beneficiaries currently receiving benefits	619	43	6
Vested terminated employees	397	11	4
Current employees:			
Vested	456	20	0
Nonvested	283	0	0
Total	1,755	74	10

Contributions. The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2019 are based on the July 1, 2017, actuarial report. The general employee contribution rate for 2019 was 19.97% and the public safety contribution rate was 35.31%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2017 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.0% - 4.0%
Assumed inflation rate	2.0% per annum, compounded annually
Cost of living adjustment, ad hoc	1% per year

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Net pension liability. The City's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The following chart is for the plan as a whole. The City's portion of the plan is 96.74%.

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2018	\$ 195,103,526	\$ 110,307,442	\$ 84,796,084
Changes for the year:			
Service cost	2,718,977	-	2,718,977
Interest	14,162,162	-	14,162,162
Differences between expected and actual experience	2,223,406	-	2,223,406
Changes of assumptions	-	-	-
Contributions - employer	-	10,143,794	(10,143,794)
Contributions - employee	-	1,099,463	(1,099,463)
Net investment income	-	8,946,662	(8,946,662)
Benefit payments, including refunds of employee contributions	(12,780,445)	(12,780,445)	-
Other	-	30	(30)
Administrative expense	-	(240,537)	240,537
Net Changes	6,324,100	7,168,967	(844,867)
Balance at June 30, 2019	\$ 201,427,626	\$ 117,476,409	\$ 83,951,217

Changes in Net Pension Liability per participating entity:

	City Net Pension Liability	JMRL Net Pension Liability	CACVB Net Pension Liability	All Entities - Net Pension Liability
Balance at June 30, 2018	\$ 81,607,092	\$ 2,842,652	\$ 346,340	\$ 84,796,084
Employer contributions	(9,813,156)	(318,807)	(11,831)	(10,143,794)
Expense	13,935,018	275,869	(212,271)	13,998,616
Change in deferred outflows of resources	(5,788,339)	(216,096)	(43,307)	(6,047,742)
Change in deferred inflows of resources	1,274,204	54,865	18,984	1,348,053
Balance at June 30, 2019	\$ 81,214,819	\$ 2,638,483	\$ 97,915	\$ 83,951,217

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	\$106,189,356	\$83,951,217	\$65,181,370

Information on the annual money-weighted rate of return for 2020 is found in Note 3b and Exhibit I-1.

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City Changes in deferred inflows and outflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 7,790,676	\$ -
Prior years changes in proportion and differences between contributions	(1,044,431)	325,305
Prior years impact of change in proportion on beginning NPL	2,121,159	890,317
Prior years difference between expected and actual investment earnings	9,420,772	13,815,146
Prior years changes in assumptions	13,451,486	-
Prior years amortization	(19,783,288)	(9,288,363)
Current year amortization	(7,532,131)	(1,867,297)
Differences between expected and actual experience	1,711,831	-
Impact of change in proportion on beginning NPL	425,083	-
Difference between expected and actual investment earnings	-	569,941
Changes in proportion and difference between employer contribution and proportionate share of contribution	(393,122)	23,152
Employer contributions subsequent to the measurement date	11,039,213	-
	<u>\$ 17,207,248</u>	<u>\$ 4,468,201</u>

Deferred outflows of resources amounting to \$11,039,213 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 Ending June 30:	
2021	\$ (424,958)
2022	(424,958)
2023	(424,959)
2024	(424,959)
Thereafter	-
Total	<u>\$ (1,699,834)</u>

12. CITY OF CHARLOTTESVILLE - DEFINED CONTRIBUTION PENSION PLAN

Effective July 1, 2001, the City established a defined contribution plan (the "DC Plan") for its employees. The DC Plan is administered by ICMA-RC. All eligible employees were given a one-time option to switch from the City of Charlottesville Supplementary Retirement or Pension Plan to the DC Plan. If an employee elected to switch, their benefit was frozen under the Pension Plan. A total of 159 employees elected to participate at the DC Plan's inception. Plan provisions and contribution rates for City and employees are established and may be amended by City Council.

All new hires are given a one-time option to choose either the Pension Plan or the DC Plan when they are hired. Under the DC Plan, the city contribution rate is 8% of the employee's base salary to their individual ICMA-RC account. There is no employee contribution required. Employees determine how their account balance is invested from a range of available options. DC Plan contributions vest ratably over a three year period. If the employee leaves the city before they are fully vested, part of the account balance may be forfeited. Forfeitures by policy are used to pay plan related expenses. There are no forfeitures reflected in pension expenses during the reporting period and no employer liability is outstanding to ICMA-RC at June 30, 2020.

At June 30, 2020, there were 283 active City employees and a total of 435 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$1,102,425 for active employees.

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There is also a separate defined contribution plan for senior management to which the City contributes. For the year ended June 30, 2020, a total of \$664,768 was contributed for 19 active senior management employees. The City contribution rate is 29.83% of eligible compensation.

13. CITY OF CHARLOTTESVILLE - OTHER POST EMPLOYMENT BENEFIT (OPEB) FIDUCIARY INFO

Plan description. The City administers the OPEB plan, a single-employer plan that provides medical, dental and life insurance coverage for eligible Defined Benefit Pension Plan members that elect to participate, whether they worked for the City, the Jefferson Madison Regional Library (JMRL), or the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). Vested employees who separate service with the City before pension benefits are received are not eligible for OPEB benefits. The plan is open to new entrants. City Council may amend benefits for current and future retirees and is responsible for the management of the assets. The OPEB Trust is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City other postemployment benefits report.

<u>OPEB Plan Benefits</u>		
	Before July 1, 2012	On or after July 1, 2012
Medical and Dental coverage	Must have 5 years of creditable service. Under Age 65: Can continue to participate in Health Care Program Over Age 65: Participates in program that provide Medicare Supplementary Insurance and certain wellness benefits	Must have 10 years of creditable service. Under Age 65: Can continue to participate in Health Care Program. Health and dental coverage end at Medicare eligibility age.
Life Insurance	Must have 5 years of creditable service. Two times annual salary reduced 2% per month until benefit reaches the final annual salary.	Must have 10 years of creditable service. Two times annual salary reduced 25% per year unit benefit reaches 50% of final annual salary

Membership in the City's OPEB Plan consists of the following at June 30, 2020, the date of the most recent actuarial valuation:

	<u>City</u>	<u>JMRL</u>	<u>CACVB</u>
Inactive plan members or beneficiaries currently receiving benefit payments	428	48	-
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	908	99	-
Total	1,336	147	-

Funding policy. The contribution requirements for current and future Pension Plan members are established and may be amended by City Council. The city contribution is determined annually by City Council. Pension Plan members hired before December 3, 2002, received 100% of the city contribution towards the cost of medical and dental insurance. For Pension Plan Members hired on or after December 3, 2002, the city contribution toward the cost of medical and dental insurance is pro-rated based on vesting requirements and years of creditable service. Pension Plan members must pay for family members at their own expense. Surviving spouses of Pension Plan members may elect to continue health care benefits at their own expense. Life insurance is provided at no direct cost to the plan members. Defined Contribution Plan senior management is eligible for the same OPEB benefits as Pension Plan members. Defined Contribution Plan members may be eligible for access to continue medical and dental benefits. The City does not pay any of the costs. The DC Plan member is not eligible for life insurance benefits. The contribution rates for 2020 are based on the July 1, 2018, actuarial report. The general employee contribution rate is 11.46% and the public safety contribution rate is 12.68%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The mortality rates used were: Healthy Lives—

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RP-2000 table, fully generational, projected with scale AA; Disabled Lives–RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

The annual required contribution (ARC) was determined as part of the July 1, 2020 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	20 years, closed
Asset valuation method	4 year smoothed market
Investment return including inflation	7.5%
Projected salary increases	Range 2.0% - 5.0%
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0% Dental trend 5.0%

Basis of accounting and valuation of investments. The Pension Trust financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with provisions of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Pension Trust Statement of Net Position date. Securities without an established market value are reported at estimated fair value. The schedule of Defined Benefit OPEB Plan investments and annual rate of return are further described in Note 3b.

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2020 and June 30, 2019 is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB Liability	\$ 74,541,217	\$ 79,509,679
Fiduciary Net Position	46,819,166	44,930,382
Net OPEB Liability	<u>\$ 27,722,051</u>	<u>\$ 34,579,297</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	62.8%	56.5%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 7.5% discount rate. In calculating the Annual Required Contribution, the unfunded liability has been amortized over a period of 25 years (closed) beginning in FY 2016 based on the level percent of payroll method. The table below presents the net OPEB liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$37,285,796	\$27,722,051	\$19,834,147

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 8.0%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	\$20,639,832	\$27,722,051	\$36,261,937

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Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2019 was 10.49%. The investment return on the smoothed value of assets (actuarial value of assets) was 8.07%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity:		
Large Cap	30.0%	5.3%
Mid Cap	12.5%	8.2%
Small Cap	7.5%	7.1%
International equity	10.0%	3.1%
Emerging equity	5.0%	7.9%
Real estate	10.0%	5.8%
Farmland	5.0%	10.2%
Fixed income	20.0%	3.0%
Total	100%	5.0%

14. CITY OF CHARLOTTESVILLE - NET OPEB LIABILITY

As described in Note 13, the City administers the OPEB plan. As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2020 are based on a OPEB plan measurement date of June 30, 2019.

Membership in the City's OPEB Plan consists of the following at June 30, 2019, the date of the most recent actuarial valuation:

	<u>City</u>	<u>JMRL</u>	<u>CACVB</u>
Inactive plan members or beneficiaries currently receiving benefit payments	497	43	6
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	1,008	25	-
Total	1,505	68	6

Contributions. The contribution requirements of plan members and the City are described in Note 13. The contribution rates for 2019 are based on the July 1, 2017, actuarial report. The general employee contribution rate for 2019 was 12.59% and the public safety contribution rate was 12.51%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The mortality rates used were: Healthy Lives–RP-2000 table, fully generational, projected with scale AA; Disabled Lives–RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

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The annual required contribution (ARC) was determined as part of the July 1, 2018 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	24 years, closed
Asset valuation method	Market value of assets
Investment return including inflation	7.5%
Projected salary increases	Varies by age and employer group
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0%; Dental trend 5.0%

Mortality rates. Healthy Lives –RP-2000 table, fully generational, projected with scale AA; Disabled Lives – RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

Net OPEB liability. The City's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2019. The following chart is for the plan as a whole. The City's portion of the plan is 95.74%.

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a-b)</u>
Balance at June 30, 2018	\$ 85,380,320	\$ 40,440,821	\$ 44,939,499
Changes for the year:			
Service cost	1,328,196	-	1,328,196
Interest	6,293,159	-	6,293,159
Differences between expected and actual experience	(7,892,521)	-	(7,892,521)
Contributions - employer	-	5,194,962	(5,194,962)
Contributions - employee	-	1,631,134	(1,631,134)
Net investment income	-	3,353,122	(3,353,122)
Benefit payments, including refunds of employee contributions	(5,599,475)	(5,599,475)	-
Audit Adjustment	-	(31)	31
Administrative expense	-	(90,151)	90,151
Net Changes	(5,870,641)	4,489,561	(10,360,202)
Balance at June 30, 2019	\$ 79,509,679	\$ 44,930,382	\$ 34,579,297

	<u>City Net OPEB Liability</u>	<u>JMRL Net OPEB Liability</u>	<u>CACVB Net OPEB Liability</u>	<u>All Entities - Net OPEB Liability</u>
Balance at June 30, 2018	\$ 42,614,644	\$ 2,094,495	\$ 230,360	\$ 44,939,499
Employer contributions	(5,254,236)	(226,754)	(7,458)	(5,488,448)
Change in expense	1,632,444	(198,850)	(176,802)	1,256,792
Change in deferred outflows of resources	(22,036)	(1,638)	(488)	(24,162)
Change in deferred inflows of resources	(5,867,156)	(238,609)	1,381	(6,104,384)
Balance at June 30, 2019	\$ 33,103,660	\$ 1,428,644	\$ 46,993	\$ 34,579,297

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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 7.5% discount rate. In calculating the Annual Required Contribution, the unfunded liability has been amortized over a period of 25 years (closed) beginning in FY 2016 based on the level percent of payroll method. The table below presents the net OPEB liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$44,983,202	\$34,579,297	\$25,674,618

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 8.0%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	\$26,653,199	\$34,579,297	\$44,206,247

City Changes in deferred inflows and outflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 136,560	\$ 1,306,930
Prior years changes in proportion and differences between contributions	(706,107)	(397,878)
Prior years impact of change in proportion on beginning NOL	706,660	422,663
Prior years difference between expected and actual investment earnings	-	1,467,813
Prior years amortization	(22,554)	(363,621)
Current year amortization	(23,131)	(665,029)
Differences between expected and actual experience	-	6,296,430
Impact of change in proportion on beginning NOL	407,107	-
Difference between expected and actual investment earnings	-	212,484
Changes in proportion and difference between employer contribution and proportionate share of contribution	(406,012)	23,271
Employer contributions subsequent to the measurement date	4,408,561	-
	<u>\$ 4,501,084</u>	<u>\$ 8,303,063</u>

Deferred outflows of resources amounting to \$4,408,561 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 Ending June 30:	
2021	\$ 2,052,635
2022	2,052,635
2023	2,052,635
2024	2,052,635
Thereafter	-
Total	<u>\$ 8,210,540</u>

15. PENSION OBLIGATIONS – SCHOOL BOARD

School Board Component Unit – Virginia Retirement System (VRS)

Plan Description. The School Board contributes to the Virginia Retirement System (VRS), a group of qualified defined benefit retirement plans to provide pension benefits for all permanent full-time employees of the School Board. The VRS Plan for employees who are not teachers is an agent-multiple employer defined benefit plan and the VRS Plan for Teachers is a cost-sharing multiple employer defined benefit plan. Both Plans are administered by the Virginia Retirement System (the “System”). The VRS also provided Death and disability benefits. Title 51.1-145 of the *Code*

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of Virginia, as amended assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. See below for Net Pension Liability totals for each plan type.

	Teachers Cost Sharing Plan	Non-Professional Plan	Total Net Pension Liability
Net Pension Liability	\$63,312,862	\$(481,302)	\$62,831,560

School Board Teachers Cost Sharing Plan

Description. All full-time, salaried permanent teachers are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. Members become vested when they have at least 60 months of creditable service. Basic benefit is calculated based average final compensation, retirement multiplier, and total service credit at retirement.

Plan 1 Description The retirement benefit for teachers who became members before July 1, 2010 and were vested before January 1, 2013 is based on the average of the highest 36 months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted before January 1, 2013 is 1.70%. Members must be 65 and have at least 5 years of creditable service, or age 50 with at least 30 years of creditable service to receive unreduced benefits. Early retirement age for Plan 1 member is 55 with at least 5 years of creditable service, or 50 with at least 10 years of creditable service. The Cost of Living Adjustment (the "COLA") for Plan 1 members matches the first 3% of the Urban Consumers Consumer Price Index plus one half of any excess over 3% up to a maximum COLA of 5%.

Plan 2 Description The retirement benefit for teachers who became members after June 30, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 is based on the average of the highest 60 months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted after December 31, 2012 for Plan 2 members is 1.65%. The normal retirement age is Normal Social Security retirement age. Members must retire at the Normal Social Security Retirement Age with at least 5 years of creditable service or the sum of their age at retirement plus the years of creditable service equals 90 in order to receive an unreduced benefit. Early retirement age for Plan 2 members is 60 with at least 5 years of creditable service. The COLA for Plan 2 members matches the first 2% with a maximum COLA of 3%.

Hybrid Plan Description This plan combines features of a defined benefit plan and a defined contribution plan. The defined benefit is based on age, creditable service, and average final compensation. The defined contribution component depends on member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment from the defined benefit plan, members may receive distributions from the balance in the defined contributions account. Employees are eligible for this plan if either their membership date is on or after January 1, 2014, or they were members of Plan 1 or Plan 2 who elected to opt into the plan during election window from January 1-April 30, 2014. With the defined contribution component, a member is eligible to withdraw employer contributions, 50% after two years, 75% after three years, and 100% after four or more years, at which time they are vested and may withdraw all employer contributions. The retirement multiplier for the defined benefit is 1%.

Contributions. Teachers and employers are required to contribute to the retirement plans as provided by Section 51.1-145 of the *Code of Virginia*, as amended. For Plans 1 and 2, teachers are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% teacher contribution may have been assumed by the employer. Beginning July 1, 2012, new teachers were required to pay the 5.0% member contribution. In addition, for existing teachers, employers were required to begin making the teacher pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the

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increase in the teacher-paid member contribution. The Hybrid Plan contributions are mandatory and voluntary contributions made by the member and employer to both the defined benefit and defined contribution components. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both member and the employer. Members of this plan may choose to make voluntary contributions to the defined contributions component and the employer is required to match those voluntary contributions according to a specified percentage.

The School Board's contractually required rate for the year ended June 30, 2020 was 16.62% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2018. The actuarial rate for the School Board plan was 16.62%. This actuarially determined rate, when combined with teacher contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions may be impacted as a result of funding provided to school divisions by the VA General Assembly. Contributions to the pension plan from the School Board were \$6,381,272 and \$6,158,803 for the years ended June 30, 2020 and 2019, respectively.

Pension Liabilities, Pension expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions
At June 30, 2020, the School Board reported a liability of \$63,312,862 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating teachers. At June 30, 2019 the School Board's proportion was .4832% as compared to .4795% at June 30, 2018.

For the year ended June 30, 2020, the School Board recognized teacher pension expense of \$6,898,837. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to the deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of the employer contributions.

At June 30, 2020 the School Board reported deferred outflows and deferred inflows of resources related to teacher pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,390,200
Changes in proportion and differences between employer contributions and proportionate share of contributions	437,316	166,187
Changes in assumptions	6,269,458	
Net difference between expected and actual experience	-	4,054,190
Employer contributions subsequent to the measurement date	6,381,272	-
Total	<u>\$ 13,088,046</u>	<u>\$ 5,610,577</u>

Deferred outflows of resources amounting to \$6,381,272 related to teachers' pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to teachers' pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ 17,570
2022	1,656,804
2023	(710,311)
2024	(1,389,341)
2025	(670,919)
Total	<u>\$ (1,096,197)</u>

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Actuarial assumptions. The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2018, 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, 2019:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 – 5.35%

- * 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 GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement – RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement – RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement – RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjust rates to better match experience
Salary Scale	No change
Discount Rate	Decrease from 7.00% to 6.75%

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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	36,522,769
Employer's Net Pension Liability (Asset)	<u>\$ 13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

Long-term Expected Rate of Return. The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rated of return (expected

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returns, net of pension System investment expenses 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.61%	1.91%
Fixed Income	15.0%	0.88%	0.13%
Credit Strategies	14.0%	5.13%	0.72%
Real Assets	14.0%	5.27%	0.74%
Private Equity	14.0%	8.77%	1.23%
MAPS Multi-Asset Public Strategy	6.0%	3.52%	0.21%
PIP Private Investment Partnership	3.0%	6.29%	0.19%
Total	100.0%		5.13%
Inflation			2.50%
*Expected arithmetic nominal return			7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of the expected long-term results of the VRS fund asset allocation.

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that member contributions are made per the VRS Statutes and the employer contributions are 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, 2020, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to continue 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 School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The table below presents the proportionate share of the Net Pension Liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Entity's Net Pension Liability	\$95,313,962	\$63,312,862	\$36,854,375

Pension Plan Fiduciary Net Position. Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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School Board Non-Professional Pension Plan

Plan Description. All full-time, salaried permanent employees, who are not teachers, are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

The retirement benefit for employees who became members before July 1, 2010 and were vested before January 1, 2013 (Plan 1 members) is based on the average of the highest 36 consecutive months of compensation as a covered employee. The retirement benefit for employees who became members on or after July 1, 2010, or they were not vested as of January 1, 2013 (Plan 2 members) is based on the average of the highest 60 consecutive months of compensation as a covered employee. The retirement multiplier for the creditable service purchased or granted before January 1, 2013 for Plan 1 members is 1.70%. The retirement multiplier for the creditable service purchased or granted prior to January 1, 2013 for Plan 2 members is 1.65%. The normal retirement age is 65 for Plan 1 members and Normal Social Security Retirement age for Plan 2 members. Plan 1 members must be 65 and have at least 5 years of creditable service, or age 50 with at least 30 years of creditable service to receive unreduced benefits. Plan 2 members must retire at the Normal Social Security Retirement Age with at least 5 years of creditable service or the sum of their age at retirement plus the years of creditable service equals 90 in order to receive an unreduced benefit. Early retirement age for Plan 1 members is 55 with at least 5 years, or age 50 with at least 10 years or creditable service. Early retirement age for Plan 2 members is 60 with at least 5 years of creditable service. The Cost of Living Adjustment (the "COLA") for Plan 1 members matches the first 3% increase in the Urban Consumers Consumer Price Index (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA for Plan 2 members matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Employees covered by benefit terms. The following employees were covered by the benefit terms of the Plan as of the June 30, 2019 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits:	80
Inactive employees entitled to but not yet receiving benefits:	
Vested	9
Non-vested	28
Active elsewhere in VRS	10
Total inactive	47
Active employees:	66
Total covered employees	193

Contributions. The Contribution requirement for active employees is governed by Section 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 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board's contractually required rate for the year ended June 30, 2020 was 3.67% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2018. This rate, when combined with employee contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability.

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Contributions to the pension plan from the school Board were \$79,940 and \$68,013 for the years ended June 30, 2020 and 2019, respectively.

Net pension liability. The School Board's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial assumption. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net if pension plan investment expenses including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 to 5.35%

* 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 GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

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All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

Long-term expected rate of return. The long term expected rate of return on pension plan 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 expenses 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	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.61%	1.91%
Fixed Income	15.0%	0.88%	0.13%
Credit Strategies	14.0%	5.13%	0.72%
Real Assets	14.0%	5.27%	0.74%
Private Equity	14.0%	8.77%	1.23%
MAPS Multi-Asset Public Strategy	6.0%	3.52%	0.21%
PIP Private Investment Partnership	3.0%	6.29%	0.19%
Total	100.0%		5.13%
Inflation			2.50%
*Expected arithmetic nominal return			7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocations.

Discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2020, the rate contributed by the County for its retirement plan and the County Public Schools' for 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, 2019 on, the 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.

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Changes in Net Pension Liability:	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2018	\$ 10,794,780	\$ 11,251,736	\$ (456,956)
Changes for the year:			
Service cost	176,264	-	176,264
Interest	731,101	-	731,101
Changes in assumptions	255,338	-	255,338
Differences between expected and actual experience	(301,523)	-	(301,523)
Contributions - employer	-	67,470	(67,470)
Contributions - employee	-	97,699	(97,699)
Net investment income	-	728,430	(728,430)
Benefit payments, including refunds of employee contribution	(700,964)	(700,964)	-
Administrative expense	-	(7,616)	7,616
Other changes	-	(457)	457
Net Changes	160,216	184,562	(24,346)
Balances at June 30, 2019	\$ 10,954,996	\$ 11,436,298	\$ (481,302)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Net Pension Liability	\$644,896	\$(481,302)	\$(1,389,670)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020 the School Board recognized pension expense of \$(31,994). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 188,439
Changes in assumptions	148,502	-
Net difference between projected and actual earnings on plan investments	-	97,269
Employer contributions subsequent to the measurement date	67,672	-
	<u>\$ 216,174</u>	<u>\$ 285,708</u>

Deferred outflows of resources amounting to \$67,672 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 Ending June 30,	
2021	\$ (28,930)
2022	(114,393)
2023	(1,916)
2024	8,033
2025	-
Total	<u>\$ (137,206)</u>

16. CITY SCHOOL BOARD - OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

School Board Component Unit – Post-Employment Medical Plan Subsidy

Plan Description. The medical plan subsidy covers all full-time employees who have met all requirements of the Virginia Retirement System (VRS) that are eligible for full, unreduced retirement benefit if they have 30 years of service

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credit and have at least 10 consecutive years in a full-time salaried position as of the date of retirement. The retirees are not eligible for Medicare coverage (age 65) at retirement date. Medical benefit subsidies on or before March 15, 2006, is a monthly benefit fixed at \$250 payable to the earlier of: a) is age 65; b) is 60 monthly payments; and c) is the death of the retiree. Employees who retire after June 30, 2010, and have 10 or more consecutive years of service will receive one of the following annual allotments to assist with paying for individual health insurance with Charlottesville City Schools: Category A: \$4,000 for all full-time employees and Category B: \$2,000 for all part-time employees. Employees who are eligible for full retirement and are not eligible for or who do not choose health insurance coverage will receive a one-time payment of \$5,000 (full-time) or \$2,500 (part-time). There are no life insurance benefits.

Membership in the School's Local OPEB Plan consists of the following at July 1, 2019, the date of the most recent actuarial valuation:

	<u>Local Plan</u>
Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	689
Total	<u>711</u>

Funding Policy. The School Board is assumed to make contributions to the medical plan equal to the cost of the benefits (claim payments plus administrative fees not covered by the retiree contribution). The plan is funded on a pay-as-you-go basis. Employees make no contributions.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The mortality rate used was RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

The following assumptions were used in the most recent actuarial report dated July 1, 2019:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Actuarial Cost Method
Salary scale	2.50%
Discount rate	3.13%
Investment return	None
Healthcare cost trend rate	6.00% FYE 2020 decreasing 0.50% per year to ultimate rate of 5.00%

Basis of accounting and valuation of investments. The School's financial statements are prepared on the accrual basis of accounting.

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2020 and June 30, 2019 is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB Liability	\$ 3,192,000	\$ 3,535,000
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%

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At June 30, 2020 the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ (113,000)
Changes in assumptions	-	(413,000)
Employer contributions subsequent to the measurement date	193,000	-
	<u>\$ 193,000</u>	<u>\$ (526,000)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 3.13% discount rate. The table below presents the net OPEB liability for the School calculated using the discount rate of 3.13%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 2.13%	Current Discount Rate: 3.13%	1.00% Higher 4.13%
Net OPEB Liability	\$3,494,000	\$3,192,000	\$2,916,000

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the School calculated using the healthcare cost trend rate of 6.0%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.0%	Current Trend Rate: 6.0%	1.00% Higher 7.0%
Net OPEB Liability	\$2,942,000	\$3,192,000	\$3,494,000

School Board Component Unit – OPEB Liability – Virginia Retirement System Plans

Plan Descriptions.

Group Life Insurance Program All full-time teachers and permanent employees of School division are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

Contributions. Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related

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to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$233,335
June 30, 2019 Contribution	\$223,133

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.23% of covered employee compensation.
June 30, 2020 Contribution	\$508,293
June 30, 2019 Contribution	\$486,028

Actuarial methods and assumptions. 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 rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 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 the percent noted above to simplify preparation of OPEB liabilities. Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 15.

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

<u>Method</u>	<u>Assumption</u>
Inflation	2.5%
Salary Increases – General employees	3.5 – 5.35%
Salary Increases – Teachers	3.5 – 5.95%
Investment rate of return – GLI & HIC	6.75%

Net OPEB Liability. The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<u>GLI</u>	<u>HIC</u>
Total OPEB Liability	\$ 7,364,802	\$ 6,943,956
Fiduciary Net Position	3,829,802	622,956
Net OPEB Liability	<u>\$ 3,535,000</u>	<u>\$ 6,321,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	52.0%	9.0%

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Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.61%	1.91%
Fixed Income	15.0%	0.88%	0.13%
Credit Strategies	14.0%	5.13%	0.72%
Real Assets	14.0%	5.27%	0.74%
Private Equity	14.0%	8.77%	1.23%
MAPS Multi-Asset Public Strategy	6.0%	3.52%	0.21%
PIP Private Investment Partnership	3.0%	6.29%	0.19%
Total	100.0%		5.13%
Inflation			2.50%
*Expected arithmetic nominal return			7.63%

* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund assets allocation.

Net OPEB Obligation As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2020 are based on a measurement date of June 30, 2019.

	Group Life Insurance Program	Insurance Credit Program
June 30, 2019 proportionate share of liability:	\$ 3,535,000	\$ 6,321,000
June 20, 2019 proportion	0.21724%	0.48288%
June 30, 2018 proportion	0.21523%	0.48153%
June 30, 2019 expense	\$ 85,000	\$ 521,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to GLI and HIC OPEB from the following sources:

Group Life Insurance Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 236,000	\$ 46,000
Change in Assumptions	-	73,000
Net difference between projected and actual earnings on OPEB plan investments	223,000	106,000
Changes in proportion	43,000	26,000
Employer contributions subsequent to the measurement date	233,335	-
Total	\$ 735,335	\$ 251,000

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Teacher Health Insurance Credit Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 35,000
Change in Assumptions	147,000	44,000
Changes in proportion	15,000	5,000
Employer contributions subsequent to the measurement date	508,220	-
Total	<u>\$ 670,220</u>	<u>\$ 84,000</u>

The deferred outflows of resources related to GLI and HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Group Life Insurance Program		Teacher Health Insurance Credit Program	
Year ending June 30,	Increase (Reduction) to OPEB Expense	Year ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ 17,577	2021	\$ 7,268
2022	17,579	2022	7,262
2023	46,829	2023	10,032
2024	70,928	2024	9,105
2025	72,293	2025	11,929
Thereafter	20,751	Thereafter	32,189

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	<u>Teacher Employee HIC OPEB Plan</u>
Total Teacher Employee HIC OPEB Liability	\$ 1,438,114
Plan Fiduciary Net Position	129,016
Total Teacher Employee Net HIC OPEB Liability	<u>\$ 1,309,098</u>
Fiduciary Net Position as a Percentage of Total HIC OPEB Liability	8.97%

The total Teacher Employee HIC OPEB Liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the System's notes to financial statements and RSI.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance 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, 2019, the rate contributed by the School Board for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future

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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 OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liabilities of the GLI and Teacher HIC, as well as what the School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75% HIC; GLI) or one percentage point higher (7.75% HIC; GLI) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 4,644,108	\$ 3,535,073	\$ 2,635,677
Teacher HIC Net OPEB liability	1,465,102	1,309,098	1,176,571
Net OPEB liability	<u>\$ 6,109,210</u>	<u>\$ 4,844,171</u>	<u>\$ 3,812,248</u>

Summary of entity wide Net OPEB Liability:

	GLI	HIC	Local	Total OPEB Liability
Net OPEB Liability	<u>\$ 3,535,000</u>	<u>\$ 6,321,000</u>	<u>\$3,192,000</u>	<u>\$ 13,048,000</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

17. REVENUE SHARING AGREEMENT

An Annexation and Revenue Sharing Agreement dated February 17, 1982, between the City of Charlottesville, Virginia and the County of Albemarle, Virginia was approved in a public referendum on May 18, 1982. The agreement requires the City and County 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 City and County 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

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3. The City and County mutually agree to cancel or change the agreement.

During the fiscal year, the County paid \$14,199,607 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

18. JOINT VENTURES

(a) Rivanna Water and Sewer Authority

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. Beginning in November of 2015, RWSA began charging each locality a fixed monthly amount to cover the debt portion owed by each locality. For the year ended June 30, 2020, the City paid a total of \$14,927,774 to RWSA. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(b) Rivanna Solid Waste Authority

The City is a participant with Albemarle County in a joint venture to provide drop off recycling services at the McIntire Recycling Center on McIntire Rd. The City and County also entered into a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs related to the old Ivy Landfill in the event the Rivanna Solid Waste Authority would not have the financial resources to pay such costs. Although the City entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality (DEQ) has no legal recourse against the City under this guarantee. The City's percentage of these shared costs is 35.5% of the total. The City share of the local guarantee for the 2020 calendar year and for fiscal year 2020 is \$1,911,700. Annual certificates must be filed every December 30th to DEQ. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(c) Jefferson-Madison Regional Library

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed \$2,031,260 to JMRL for the year ended June 30, 2020. Complete, audited financial statements for JMRL can be obtained at their administrative offices at 201 East Market Street, Charlottesville, Virginia 22902.

(d) Charlottesville – Albemarle Regional Jail

The City and Albemarle County share the costs of operating a regional jail. The Jail is governed by a seven-member board, three of whom are appointed by the City (with one member being ex-officio), three by the County, and one jointly appointed citizen. Under the terms of the operating agreement, either the City or the County can terminate the contract with sixty days' notice. The City and County share the costs of operating the Jail (net of any reimbursements from the Federal, State and other local governments) on the ratio of City and County prisoner days of utilization for the prior year. Any excesses or deficits are reimbursed after the end of each fiscal year. For the year ended June 30, 2020, the City's share of the costs of the Jail was \$4,940,035. Complete, audited financial statements for the Jail can be obtained at their administrative offices at Avon Street Extended, Charlottesville, Virginia 22902.

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(e) Blue Ridge Juvenile Detention Center

The City, with Albemarle, Culpeper, Fluvanna and Greene Counties, share the cost of operating a regional Juvenile Detention Commission per an adopted agreement dated July 1, 1999, and amended July 2, 2007. Commission members are appointed by each participating locality, with not locality appointing a majority of Board members. Under the terms of the operating agreements, the participating governments share the costs of operations and capital based on their respective aggregate percentages of usage during the preceding three years on an annual basis. For the year ended June 30, 2020, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was \$706,195. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(f) Emergency Communications Center

The City, Albemarle County and the University of Virginia jointly participate in operating a centralized dispatching facility for law enforcement and emergency services. The Emergency Communications Center (the Center) is governed by an eight-member board, three of whom are ex-officio members from the City. The Center operates under the terms of an agreement whereby any participant may discontinue its participation with one year's written notice. The operating costs of the Center are shared by the three participants on the basis of population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2020 the City's share of the costs of the Center was \$1,503,429. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(g) Charlottesville Albemarle Convention & Visitors Bureau

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2020, the City contributed \$1,103,921 to the Bureau.

(h) Darden Towe Park

The City and County jointly own and operate a park, known as Darden Towe Park (the Park). The Park is governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Park are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2020, the City's share of the Park's operating costs was \$128,064. Complete, audited financial statements for the Park can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

19. RELATED ORGANIZATIONS

The City Council is responsible for making appointments for a variety of boards and commissions, some of which are governing boards for agencies that cooperate outside of the authority of city government. These boards include:

Belmont Bridge Steering Committee
Board of Architectural Review
Building Code Board of Appeals
Charlottesville – Albemarle Airport Authority
Charlottesville – Albemarle Airport Commission

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Charlottesville – Albemarle Child Services Act Community Policy and Management Team
Charlottesville Economic Development Authority
Charlottesville Redevelopment and Housing Authority
Charlottesville Youth Council
Citizen’s Advisory Panel
Citizen’s Transportation Advisory Committee
Community Development Block Grant Task Force
Housing Advisory Committee
Human Rights Commission
JAUNT (Jefferson Area United Transportation Board)
Jefferson Area Board of Aging Advisory Council (JABA)
Jefferson Area Board of Aging-Board of Directors (JABA)
Jefferson Area Community Criminal Justice Board
Metropolitan Planning Organization Policy Board
Monticello Area Community Action Agency Board (MACAA)
Parks and Recreation Advisory Committee
Personnel Appeals Board
Piedmont Virginia Community College Board
Planning Commission/Entrance Corridor Review Board
PLACE Design Task Force
Region Ten Community Services Board
Regional Disability Service Board
Retirement Commission
Rivanna Solid Waste Authority
Rivanna Water and Sewer Authority
Sister Cities Commission
Social Services Advisory Board
Streets That Work / Code Audit Steering Committee
Thomas Jefferson Planning District Commission
Towing Advisory Board
Tree Commission
Vendor Appeals Board
Water Resources Protection Program Advisory Committee

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20. RISK MANAGEMENT

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net position balance of \$13,148,363 at June 30, 2020, is a reserve for future extraordinary claims.

Major risks retained by the City include:

- Worker's compensation - \$750,000 per claim for police and fire employees and \$250,000 for all other employees.
- Employee medical care - \$150,000 per participant per year.
- Other insurance policies have deductibles of \$25,000 or less per occurrence.
- The following is a reconciliation between the current and prior years' claims liabilities:

	<u>2019-2020</u>	<u>2018-2019</u>
Accrued claims, July 1	\$ 2,637,204	\$ 2,657,812
Add claims incurred during the current fiscal year including changes in estimated claim payable	15,227,370	13,374,998
Less payments on claims	<u>(15,181,362)</u>	<u>(13,395,606)</u>
Accrued claims, June 30	<u>\$ 2,683,212</u>	<u>\$ 2,637,204</u>
Claims or judgments due within one year	\$ 2,097,930	\$ 1,748,204
Claims or judgments due in more than one year	<u>585,282</u>	<u>889,000</u>
Total	<u>\$ 2,683,212</u>	<u>\$ 2,637,204</u>

Public employee dishonesty insurance is provided by the Virginia Risk Sharing Association for \$1,000,000 per employee. The policy includes coverage for employee theft and/or dishonesty, including but not limited to forgery, and loss of property, money, and securities. Coverage is for all employees of the City of Charlottesville.

The City has comprehensive cyber liability coverage including a number of risks such as security breaches, system failures, data recovery, and cyber extortion.

During the normal course of business, the City and its employees have been named as defendants in claims for personal injuries, property damage and specific performances which are being defended by the City Attorney and associated counsel. It is the opinion of the City Attorney that the resolution of such litigation will not involve a substantial liability to the City, other than what is already accrued in the government-wide financial statements.

21. CONTINGENCIES

The City and School Board have received a number of Federal and State grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City and School Board's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time. In the opinion of management, any further disallowances of current grant program expenditures, if any, would be immaterial.

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22. FUND BALANCE/NET POSITION AT JULY 1, 2019 RESTATED

The governmental activity beginning net position was restated due to an additional fixed asset placed in service in the prior year:

	<u>Governmental Activity</u>
Net Position as previously reported at June 30, 2019:	\$ 144,215,058
Asset added - net of depreciation	45,407
Net Position as restated at July 1, 2019:	<u>\$ 144,260,465</u>

23. NET POSITION DEFICIT

The Charlottesville School Board had a net position deficit of \$43,644,930 at June 30, 2020. This deficit is due to the long-term net pension and OPEB liabilities.

24. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2020 the City had 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>
Hillsdale Drive	5,476,393	5,467,556	8,837
Water Infrastructure	13,008,602	12,439,987	568,615
Sewer Infrastructure	4,332,733	2,880,417	1,452,316
Stormwater Infrastructure	2,600,000	2,052,418	547,582
Utility Locating Services	3,950,000	3,557,955	392,045
West Main Street	4,068,240	2,854,389	1,213,851
Belmont Bridge	2,474,830	2,350,915	123,915
Dairy Road Bridge Project	1,241,734	1,176,705	65,029
Emmet Streetscape	1,675,548	1,197,263	478,285
McIntire Railroad Pedestrian Bridge	987,948	380,637	607,311
Fountain Streetscape	1,868,410	473,745	1,394,665
Circuit Court Renovation	4,033,539	3,400,728	632,811
Barracks/Ennet Intersection	1,065,754	449,866	615,888

25. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2020

The City has one major water and gas customer, the University of Virginia. For the current year, water and gas revenue from this customer was \$2,622,270 and \$3,256,590 respectively, which represents 20.80% of water revenue and 14.76% of gas revenue.

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26. TAX ABATEMENTS

The Charlottesville Economic Development Authority (CEDA), a component unit, entered into the following agreement in which the authority will issue performance grants to the following entities in an effort to generate jobs and increase commercial real estate revenue to the City of Charlottesville, the primary government. Annually, the City will transfer to the CEDA an amount equal to 50% of the incremental increase in real estate revenue generated by the projects referenced in the agreement. These transfers are made only if the performance criteria have been met as determined by the CEDA, and there are no provisions for recapturing these abatements by the City.

These incentives were made with the following entity for the number years and the minimum performance measures indicated:

Agreement Date	Length of Agreement (Years)	Agreement Entity	Minimum Number of Jobs to be Created	Minimum Increase in Real Estate Value
June 2, 2011	10	459 Locust Charlottesville LLC/CFA Institute	400	\$40 Million

In the fiscal year ended below, the City transferred to the CEDA based on this agreement the following amounts:

Fiscal Year	Amount
2015	\$ 267,000
2016	78,800
2017	342,936
2018	220,483
2019	343,422
2020	242,183
	<u>\$ 1,494,824</u>

To date, this agreement has generated nearly 550 jobs and added \$60 million in real estate value within the City.

27. COVID-19 PANDEMIC FUNDING

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The federal government passed legislation to mitigate the economy impact of the pandemic. As a result of this legislation, the City received the following awards, and expended the following funding in FY2020:

Direct Federal Aid:	Amount Awarded	Spent March - June	Available July - December
Health and Human Services - for EMS	\$ 58,201	\$ 58,201	\$ -
Federal Transportation Agency - for Transit	7,143,582	1,088,067	6,055,515
<u>Federal Aid Passed Through the State:</u>			
Rail and Public Transportation - for Transit	221,227	221,227	-
Treasurer of Virginia - to City	4,123,776	51,926	4,071,850
Treasurer of Virginia - to City Schools	1,204,810	344,827	859,983
Total	<u>\$ 12,751,596</u>	<u>\$ 1,764,248</u>	<u>\$ 10,987,348</u>

Subsequently, the City received another \$4,123,776 from the Treasurer of Virginia and a \$243,276 award from the Virginia Department of Housing and Community Development to relieve homelessness.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLOTTESVILLE, VIRGINIA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

1. BUDGETARY ACCOUNTING

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 City and many other governments revise their original budgets over the course of the year for a variety of reasons. Accordingly, GAAP requires that governments include the original budget with the comparison of final budget and actual results.

The City's budget process begins in December with the preparation of estimated revenue forecasts. Departmental budget requests are submitted to the City Manager in early January. By early March the Manager's proposed budget is presented to City Council. A series of City Council work sessions and public hearings are held. The budget is formally adopted by April 15.

An annual operating budget is adopted for the General Fund and the Social Services Fund. Within the General Fund, budgets are legally adopted at the departmental level. The City Manager is authorized to transfer the budget for personnel cost (salaries and fringe benefits) between departments if necessary; however, any other revisions that alter the total expenditures of any department or agency must be approved by City Council. Unexpended appropriations lapse at the end of the fiscal year unless carried over by Council action.

The budgets are integrated into the accounting system and the budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Social Services Funds present actual expenditures in accordance with GAAP on a basis consistent with legally adopted budgets as amended. Original, final budget and actual revenues and expenditures, including encumbrances, for the General Fund and Social Services Fund are presented on Exhibits G -1 and G-2, respectively. Original budget amounts are the budgets originally adopted by City Council, plus any approved amounts carried over from the previous fiscal year. Final budgets are these amounts plus any adjustments, through additional appropriations or reductions.

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

		Budgeted Amounts		Actual-Budget	Variance
		Original	Final	Basis (see Note 1)	Positive (Negative)
REVENUES					
Taxes:					
Real estate	\$	73,337,626	\$ 73,337,626	\$ 74,175,355	\$ 837,729
Personal property		9,300,000	9,300,000	9,669,081	369,081
Public service corporation		1,428,230	1,428,230	1,457,867	29,637
Penalties and interest on delinquent taxes		350,000	350,000	673,726	323,726
Sales and use		12,000,000	12,000,000	11,497,058	(502,942)
Business license		7,700,000	7,700,000	8,169,497	469,497
Utilities		4,926,600	4,926,600	4,491,485	(435,115)
Communications		2,800,000	2,800,000	2,654,196	(145,804)
Meals		14,932,800	14,932,800	12,600,643	(2,332,157)
Lodging		6,535,753	6,535,753	5,049,858	(1,485,895)
Tax on bank stock		1,300,000	1,300,000	1,057,296	(242,704)
Tax on wills and deeds		600,000	600,000	795,323	195,323
Rolling stock		18,380	18,380	18,940	560
Short-term rental		60,000	60,000	53,955	(6,045)
Cigarette		615,000	615,000	641,494	26,494
Recordation		205,223	205,223	157,168	(48,055)
Total Taxes:		136,109,612	136,109,612	133,162,942	(2,946,670)
Licenses and permits:					
Vehicle license fees		915,000	915,000	965,343	50,343
Dog licenses		10,000	10,000	7,164	(2,836)
Electrical, heating and mechanical permits		250,000	250,000	306,818	56,818
Building and plumbing permits		400,000	400,000	598,517	198,517
Erosion control fees		27,000	27,000	27,525	525
Sign permits		8,000	8,000	8,325	325
Other permits		598,500	598,500	978,238	379,738
Total Licenses and permits:		2,208,500	2,208,500	2,891,930	683,430
Intergovernmental:					
Revenue from Federal government		-	58,201	58,201	-
Revenue from State agencies:					
State highway assistance		4,291,324	4,291,324	4,200,152	(91,172)
Reimbursement for constitutional officers		1,698,184	1,698,184	1,760,733	62,549
Police assistance		2,077,468	2,077,468	2,238,352	160,884
Trailer titling tax		1,200	1,200	1,620	420
PPTRA revenue		3,498,256	3,498,256	3,498,256	-
Other State assistance		160,000	166,468	100,095	(66,373)
Revenue from other local governments:					
Revenue sharing - Albemarle County		14,199,607	14,199,607	14,199,607	-
Fire Department operations		195,000	195,000	214,051	19,051
Juvenile and Domestic Relations Court		124,305	124,305	124,305	-
Court revenue		490,000	490,000	314,567	(175,433)
Circuit Court reimbursement		10,000	10,000	14,463	4,463
University of Virginia service charge		46,000	46,000	76,878	30,878
Payment in lieu of taxes - CRHA		6,009,388	6,009,388	-	(6,009,388)
Other local governments		3,382,621	3,389,082	930,255	(2,458,827)
Total Intergovernmental:		36,183,353	36,254,482	27,731,535	(8,522,948)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Recreation income	1,343,394	1,356,115	727,114	(629,001)
Parking meter receipts	53,000	53,000	11,937	(41,063)
Parking garage revenue	2,541,143	2,541,143	584,777	(1,956,366)
Solid waste collection fees	1,100,000	1,100,000	1,227,196	127,196
Emergency Medical Services	1,100,000	1,100,000	1,586,346	486,346
Tax abatement application fees	-	-	900	900
DMV Select Commissions	31,374	31,374	25,199	(6,175)
Other charges for services	3,559,990	3,563,833	4,651,697	1,087,864
Total Charges for services:	9,728,901	9,745,465	8,815,166	(930,299)
Fines:				
Parking fines	420,000	420,000	201,617	(218,383)
Investment earnings:				
	756,000	756,000	1,080,671	324,671
Miscellaneous revenues:				
Rent	469,119	490,275	575,882	85,607
Proceeds from drug seizures	-	5,685	21,685	16,000
Contributions	-	26,480	29,480	3,000
Refund of prior year expenditures	50,000	50,000	165,114	115,114
Indirect cost recovery	125,000	125,000	167,283	42,283
Other miscellaneous revenues	1,159,500	1,159,500	876,649	(282,851)
Total Miscellaneous revenues:	1,803,619	1,856,940	1,836,093	(20,847)
Total Revenues	187,209,985	187,350,999	175,719,954	(11,631,046)

EXPENDITURES-CURRENT

General government:

Legislative:

Mayor and Council	613,593	663,593	462,860	200,734
Reserve for Council	673,613	770,313	188,261	582,052
First Cities	18,000	18,000	17,892	108
Sister Cities	69,012	69,012	22,737	46,275

Judicial:

City Circuit Court	920,751	920,751	900,506	20,244
General District Court	21,143	21,143	18,120	3,023
Court Services Unit	16,280	16,280	10,330	5,950
Juvenile and Domestic Relations Court	398,988	398,988	354,193	44,795
Commonwealth's Attorney	1,177,203	1,189,203	1,118,202	71,001
City Sheriff	1,614,498	1,676,867	1,498,058	178,809

Executive:

City Manager	2,202,246	2,259,547	2,166,234	93,313
Human Rights Commission	251,140	251,140	184,514	66,626
Citywide Reserve	1,727,821	2,245,413	703,211	1,542,202

Legal:

City Attorney	1,030,055	1,030,055	965,283	64,772
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Financial administration:

Commissioner of Revenue	1,354,227	1,378,282	1,378,282	-
Real Estate Assessor	814,938	843,938	832,261	11,677
Treasurer	1,364,997	1,364,997	1,348,081	16,916
Finance - Administration	1,402,972	1,402,972	1,380,860	22,112
Purchasing	357,581	389,043	389,042	-

Personnel administration:

Human Resources Department	1,216,997	1,216,997	979,281	237,716
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Elections:

Office of the Registrar	605,508	605,508	577,014	28,494
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General government buildings and plant:

Public Works - Administration	1,223,068	1,233,049	677,301	555,748
Custodial	571,072	571,072	479,967	91,105

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Maintenance	2,889,237	2,889,237	2,238,530	650,706
Information technology:				
IT Operations	2,937,483	2,937,483	2,666,469	271,014
Total General government:	25,472,422	26,362,882	21,557,489	4,805,392
Public safety:				
Police protection:				
Police Department	18,571,236	18,542,473	17,049,657	1,492,816
Drug investigation	10,823	10,962	2,051	8,911
Fire protection:				
Fire Department	11,890,141	11,897,254	11,897,254	-
Volunteer Fire Company	27,301	27,301	7,991	19,310
Other protection:				
Contribution - Charlottesville-Albemarle Regional Jail	4,879,087	4,940,035	4,940,035	-
Blue Ridge Juvenile Detention Center	763,336	763,336	706,195	57,141
Office of the Magistrate	8,500	8,662	8,662	-
Traffic Engineering	873,389	873,389	767,106	106,283
Contribution - Emergency Communications Center	1,503,429	1,503,429	1,503,429	-
Four for Life	87,069	93,537	19,351	74,186
Emergency medical services	813,205	871,406	954,409	(83,003)
Crisis Intervention Training	130,401	153,757	98,828	54,929
Total Public safety:	39,557,917	39,685,542	37,954,968	1,730,573
Community services				
Highways and streets:				
Public Service - Administration	632,221	632,839	557,802	75,037
Streets and sidewalks	4,447,249	4,447,249	2,932,526	1,514,722
Public Works - Stormwater	32,536	32,536	30,797	1,739
Street lighting	707,424	707,424	619,101	88,323
Sanitation:				
Refuse collection and disposal	2,014,178	2,214,178	2,107,119	107,059
Contribution to Ivy Landfill	212,200	494,200	546,994	(52,794)
Transportation:				
Contribution to JAUNT	1,550,916	1,550,916	1,550,916	-
Total Community services	9,596,724	10,079,342	8,345,255	1,734,086
Health and welfare:				
Health:				
Thomas Jefferson Health Department	578,183	578,183	578,183	-
Region Ten Community Services Board	1,001,865	1,021,865	1,021,865	-
Society for the Prevention of Cruelty to Animals	267,156	276,845	276,845	-
Offender Aid and Restoration	297,403	297,403	297,403	-
Welfare:				
Tax relief for the elderly	130,738	455,272	455,272	-
Rent relief for the elderly	20,099	20,099	13,206	6,893
Tax relief for the disabled	61,542	114,336	121,105	(6,769)
Rent relief for the disabled	219,133	219,133	163,053	56,080
CHAR homeowners tax relief prog	1,532,440	1,155,112	1,129,720	25,392
Stormwater fee assistance program	20,000	20,000	14,404	5,596
Education Extension program	55,226	55,226	44,240	10,986
Contributions to community organizations	2,249,364	2,759,364	2,310,410	448,955
Total Health and welfare:	6,433,149	6,972,838	6,425,706	547,133

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	-	2,031,260	2,031,260	-
Contributions to community organizations	130,799	130,799	130,799	-
Contributions to festivals	45,500	38,000	36,000	2,000
Recreation:				
Administration	1,059,390	1,059,390	905,265	154,125
Athletics	275,498	275,498	254,940	20,558
Aquatics	2,349,473	2,349,473	2,013,789	335,684
Recreation centers	2,244,457	2,244,457	2,007,237	237,220
Special activities	897,460	902,610	782,001	120,608
Therapeutic programs	445,952	458,673	366,279	92,394
Parks:				
Park maintenance	4,457,493	4,425,242	3,727,329	697,913
Contribution to Towe Park operations	87,553	128,064	128,064	-
Total Parks, recreation and culture:	11,993,575	14,043,466	12,382,963	1,660,502
Education:				
Contribution to School Board component unit	57,366,623	57,834,623	50,911,313	6,923,310
School pupil transportation	3,396,415	3,396,415	2,632,400	764,015
School maintenance and energy management	3,813,695	3,813,695	3,656,582	157,113
Piedmont Virginia Community College	11,111	11,111	11,111	-
Lighthouse Studio	38,321	38,321	38,321	-
Schoolyard Garden	19,200	19,200	19,200	-
Contributions to community organizations	73,180	73,180	73,180	-
Total Education:	64,718,545	65,186,545	57,342,107	7,844,438
Conservation and development:				
Economic development:				
Office of Economic Development	1,148,721	1,456,433	1,244,523	211,910
Chamber of Commerce	2,000	2,000	1,700	300
Contribution to Convention and Visitors Bureau	-	1,103,921	1,103,921	-
Urban redevelopment and housing:				
Parking enterprise	2,498,029	2,498,029	2,072,354	425,676
Neighborhood Development Services Department	4,208,759	4,208,759	4,017,252	191,507
Historic Preservation Task Force	47,093	43,593	1,395	42,198
Thomas Jefferson Planning District	93,914	93,914	93,914	-
Albemarle Housing Improvement Program	99,050	99,050	99,050	-
Small Business Development Center	19,200	19,200	19,200	-
Contributions to community organizations	145,794	145,794	145,794	-
Total Conservation and development:	8,262,561	9,670,694	8,799,103	871,591
Other activities:				
Virginia Municipal League	16,820	17,381	17,381	-
Employee benefits	1,651,140	1,592,599	219,184	1,373,415
Corporate training program	164,003	164,003	75,883	88,120
Thomas Jefferson Soil & Water	12,669	12,669	12,669	-
Virginia Institute for Government	2,500	2,500	2,500	-
Alliance for Innovation	2,550	2,550	2,550	-
Rivanna Conservation Alliance	11,000	11,000	11,000	-
National League of Cities	5,000	5,000	-	5,000
Center for Nonprofit Excellence	600	600	-	600
Total Other activities:	1,866,282	1,808,302	341,167	1,467,135
Total Expenditures - Budgetary Basis	167,901,177	173,809,612	153,148,758	20,660,850

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT G-1

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**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
ENCUMBRANCES				
Less open encumbrances - June 30, 2020	-	-	(1,123,601)	1,123,601
Total Expenditures	<u>167,901,177</u>	<u>173,809,612</u>	<u>152,025,157</u>	<u>21,784,451</u>
Revenues Over Expenditures	<u>19,308,809</u>	<u>13,541,388</u>	<u>23,694,797</u>	<u>10,153,405</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfer from Other Funds	3,337,995	7,213,010	6,448,613	(696,975)
Total Transfers in:	<u>3,337,995</u>	<u>7,213,010</u>	<u>6,448,613</u>	<u>(696,975)</u>
Transfers out:				
Transfer to State Grants Fund	(33,000)	(100,422)	(24,414)	76,008
Transfer to Social Services Fund	(3,302,777)	(3,302,777)	(3,568,062)	(265,285)
Transfer to Human Services Fund	(662,030)	(662,030)	(662,030)	-
Transfer to Children's Services Act Fund	(2,004,722)	(2,004,722)	(1,735,655)	269,067
Transfer to Virginia Juvenile Comm Crime Control Act Fund	(108,415)	(108,415)	(108,415)	-
Transfer to Transit Fund	(2,513,651)	(2,513,651)	(2,147,115)	366,536
Transfer to Debt Service Fund	(11,049,588)	(11,049,588)	(11,049,588)	-
Transfer to Capital Projects Fund	(7,184,387)	(9,884,887)	(9,793,823)	91,064
Transfer to Golf Fund	(128,000)	(128,000)	(128,000)	-
Transfer to Information Technology Fund	(59,000)	(59,000)	-	59,000
Transfer to Retirement Fund	-	(1,800,000)	(1,800,000)	-
Total Transfers out:	<u>(27,045,570)</u>	<u>(31,613,492)</u>	<u>(31,017,102)</u>	<u>596,390</u>
Total Other Financing Sources (Uses), Net	<u>(23,707,575)</u>	<u>(24,400,482)</u>	<u>(24,568,489)</u>	<u>(100,585)</u>
Net Change in Fund Balance	<u>\$ (4,398,767)</u>	<u>\$ (10,859,094)</u>	(873,692)	<u>\$ 10,052,820</u>
Fund Balance - July 1, 2019			47,822,084	
Fund Balance - June 30, 2020			<u>\$ 46,948,392</u>	

See Accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOCIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,927,629	\$ 10,602,629	\$ 10,748,730	\$ 146,101
Charges for services	-	-	2,303	2,303
Miscellaneous	-	-	8,554	8,554
Total revenues	9,927,629	10,602,629	10,759,587	156,958
EXPENDITURES				
Current:				
Health and welfare	14,742,778	15,417,778	14,327,649	1,090,128
Capital outlay	50,000	50,000	-	50,000
Total expenditures - budgetary basis	14,792,778	15,467,778	14,327,649	1,140,128
Less open encumbrances at June 30	-	-	-	-
Total expenditures	14,792,778	15,467,778	14,327,649	1,140,128
Revenues over (under) expenditures	(4,865,149)	(4,865,149)	(3,568,062)	1,297,086
OTHER FINANCING SOURCES (USES)				
Transfers in	4,864,929	4,864,929	3,568,062	(1,296,867)
Total other financing sources (uses), net	4,864,929	\$ 4,864,929	3,568,062	(1,296,867)
Net change in fund balance	(220)	(220)	-	219
FUND BALANCE July 1, 2019	119,698	119,698	119,698	-
FUND BALANCE June 30, 2020	\$ 119,478	\$ 119,478	\$ 119,698	\$ 219

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service cost	\$ 2,884,731	\$ 2,718,977	\$ 2,659,173	\$ 2,512,981	\$ 2,500,699	\$ 2,240,673	\$ 2,209,225
Interest	14,613,181	14,162,162	13,594,672	13,196,843	12,850,577	11,096,155	10,715,382
Changes of benefit terms	-	-	-	(961,615)	-	-	-
Differences between expected and actual experience	(638,262)	2,223,406	3,517,133	1,889,654	26,647	2,803,443	1,767,216
Changes of assumptions	6,197,699	-	-	-	-	17,484,857	-
Benefit payments, including refunds of employee contributions	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Net change in total pension liability	9,644,429	6,324,100	8,122,067	5,608,628	4,875,537	23,652,279	5,422,275
Total pension liability - beginning	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015	147,422,740
Total pension liability - ending (a)	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015
Plan fiduciary net position							
Contributions - employer	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872
Contributions - employee	1,098,813	1,099,463	792,561	329,599	342,352	226,903	138,129
Net investment income	3,605,139	8,946,662	10,527,419	12,294,092	(1,546,127)	3,424,127	15,709,061
Benefit payments, including refunds of employee contributions	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Administrative expense	(238,340)	(240,537)	(228,247)	(253,592)	(268,455)	(272,012)	(239,503)
Other	(309)	30	553,281	83,757	-	-	-
Net change in plan fiduciary net position	2,444,012	7,168,967	9,907,003	9,187,705	(4,886,341)	200,941	13,239,011
Plan fiduciary net position - beginning	117,476,409	110,307,442	100,400,439	91,212,734	96,099,075	95,898,134	82,659,123
Plan fiduciary net position - ending	\$ 119,920,421	\$ 117,476,409	\$ 110,307,442	\$ 100,400,439	\$ 91,212,734	\$ 96,099,075	\$ 95,898,134
Total net pension liability - ending	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
City Portion of Total net pension liability - ending	\$ 88,331,731	\$ 81,214,818	\$ 81,607,092	\$ 82,427,752	\$ 86,534,334	\$ 77,045,318	\$ 54,763,111
JMRL (Library) Portion of total net pension liability - ending	2,583,631	2,638,484	2,842,652	3,769,195	3,255,673	2,968,515	1,950,754
CACVB (Visitors Bureau) portion of net pension liability - ending	236,272	97,915	346,340	384,073	370,090	384,386	233,016
	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
Plan fiduciary net position as a percentage of total pension liability	57%	58%	57%	54%	50.29%	54.45%	62.74%
Covered payroll	\$ 37,054,637	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022
Net pension liability as a percentage of covered payroll	246%	212%	224%	235%	258.9%	227.6%	166.3%

Pension liability and related ratios are presented for all pension plan members

Benefit changes: No benefit changes were approved by Charlottesville City Council

Changes of assumptions: In 2017 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.

Rate of Return: The annual money-weighted rate of return on pension plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
8.64%	8.18%	10.49%	13.71%	-1.80%	3.70%	19.40%

The Pension Plan participants include employees of the Jefferson Madison Regional Library (JMRL) and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). This schedule of changes in Net Pension Liability is provided for all participants.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-2

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

CITY PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 9,591,629	\$ 10,053,850	\$ 9,910,900	\$ 7,763,084	\$ 6,388,275	\$ 6,094,772	\$ 6,200,872	\$ 5,701,673	\$ 5,890,831
Actual contributions in relation to actuarially determined contribution	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872	5,701,673	5,890,831
Contribution deficiency (excess)	<u>\$ (1,800,000)</u>	<u>\$ (89,944)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	38,244,136	40,490,737	37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022	\$ 32,488,161	\$ 32,753,040
Actual contributions as a percentage of covered payroll	29.79%	25.05%	26.19%	21.10%	20.36%	19.24%	20.15%	17.55%	17.99%

Schedule is intended to show information for 10 years. Additional years will be included as they become available

The schedule does not include member contributions

Pension liability and related ratios are presented for all pension plan members

Valuation date: Actuarial determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age, normal cost
Amortization period:	20 years
Remaining amortization period:	20 years "fresh start" as of June 30, 2017
Asset valuation method:	Market value with a four-year averaging of the difference between actual and expected investment performance
Inflation:	2.00% per annum, compounded annually
Salary increases:	2% to 4%
Investment rate of return:	7.5%
Retirement age:	In the June 30, 2018 actuarial valuation, expected retirement ages of general and public employees were adjusted to more closely reflect actual experience
Mortality:	In the June 30, 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Lives Mortality Table, fully generational. In prior years, those assumptions were based on the Unisex Pension - 1984 Table (UP84)

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-3

SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 4,627,541	\$ 4,627,541	\$ -	\$ 38,244,140	12.10%
2019	5,194,962	5,488,448	(293,486)	40,490,740	13.55%
2018	4,919,528	5,217,817	(298,289)	37,726,442	13.83%
2017	3,928,227	3,928,227	-	33,346,579	11.78%
2016	5,879,447	5,879,447	-	37,785,649	15.56%
2015	6,065,000	6,065,000	-	34,776,376	17.44%
2014	5,938,060	5,938,060	-	33,970,595	17.48%
2013	5,545,729	5,545,729	-	32,488,161	17.07%
2012	5,048,816	5,048,816	-	32,753,040	15.41%
2011	4,212,393	4,212,393	-	31,268,797	13.47%
2010	3,966,988	3,966,988	-	31,669,127	12.53%
2009	3,806,557	4,477,475	(670,918)	31,968,486	14.01%

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-4

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
CITY OTHER POST EMPLOYMENT BENEFITS PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 1,141,394	\$ 1,328,196	\$ 1,369,561	\$ 1,310,967
Interest	5,845,433	6,293,159	6,176,094	5,972,029
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(4,284,584)	(7,892,521)	(628,815)	169,133
Changes in assumptions	(2,246,767)	-	-	-
Benefit Payments	(5,423,938)	(5,599,475)	(5,029,754)	(4,549,930)
Net change in total OPEB liability	(4,968,462)	(5,870,641)	1,887,086	2,902,199
Total OPEB liability - beginning	79,509,679	85,380,320	83,493,234	80,591,035
Total OPEB liability - ending (a)	74,541,217	79,509,679	85,380,320	83,493,234
Plan fiduciary net position				
Contributions - employer	4,627,541	5,488,448	5,217,817	3,928,227
Contributions - employee	1,329,336	1,337,648	1,192,134	1,068,293
Net investment income	1,394,380	3,353,122	3,777,505	4,301,828
Benefit payments, including refunds of employee contributions	(5,423,938)	(5,599,475)	(5,029,754)	(4,500,181)
Administrative expense	(100,184)	(90,151)	(81,901)	(88,644)
Other	61,649	(31)	(503,185)	(21,208)
Net change in plan fiduciary net position	1,888,784	4,489,561	4,572,616	4,688,315
Plan fiduciary net position - beginning	44,930,382	40,440,821	35,868,205	31,179,890
Plan fiduciary net position - ending	\$ 46,819,166	\$ 44,930,382	\$ 40,440,821	\$ 35,868,205
Total net OPEB liability - ending	\$ 27,722,051	\$ 34,579,297	\$ 44,939,499	\$ 47,625,029
City Portion of Total net OPEB liability - ending	26,410,216	33,103,660	42,614,612	\$ 43,033,976
JMRL (Library) Portion of total net OPEB liability - ending	1,210,012	1,428,644	2,094,514	4,114,803
CACVB (Visitors Bureau) portion of net OPEB liability - ending	101,823	46,933	230,373	476,250
	\$ 27,722,051	\$ 34,579,237	\$ 44,939,499	\$ 47,625,029
Plan fiduciary net position as a percentage of total OPEB liability	62.81%	56.51%	47.37%	42.96%
Covered payroll	\$ 38,244,140	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404
Net OPEB liability as a percentage of covered payroll	72.49%	87.38%	118.74%	129.41%
<i>OPEB liability and related ratios are presented for all pension plan members</i>				
<i>Benefit changes:</i>	No benefit changes were approved by Charlottesville City Council			
<i>Changes of assumptions:</i>	In 2018 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.			
<i>Rate of Return:</i>	The annual money-weighted rate of return on OPEB plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	8.64%	8.18%	10.49%	13.71%

The OPEB Plan participants include employees of the Jefferson Madison Regional Library (JMRL) and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). This schedule of changes in Net Pension Liability is provided for all participants.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
VIRGINIA RETIREMENT SYSTEM (VRS)
SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 176,264	\$ 187,291	\$ 198,247	\$ 195,809	\$ 196,210	\$ 213,920
Interest	731,101	722,190	717,771	718,672	713,114	700,933
Differences between expected and actual experience	(301,523)	-	(51,816)	(226,626)	-	-
Changes of assumptions	255,338	(55,260)	(66,534)	-	(853,779)	(748,708)
Benefit payments, including refunds of employee contributions	(700,964)	(752,873)	(716,215)	(685,251)	-	-
Net change in total pension liability	160,216	101,348	81,453	2,604	55,545	166,145
Total pension liability - beginning	10,794,780	10,693,432	10,611,979	10,609,375	10,553,830	10,387,685
Total pension liability - ending	<u>\$ 10,954,996</u>	<u>\$ 10,794,780</u>	<u>\$ 10,693,432</u>	<u>\$ 10,611,979</u>	<u>\$ 10,609,375</u>	<u>\$ 10,553,830</u>
Plan fiduciary net position						
Contributions - employer	67,470	84,487	87,234	171,836	164,445	172,171
Contributions - employee	97,699	94,766	97,046	100,765	96,590	95,584
Net investment income	728,430	801,592	1,229,764	174,795	472,412	1,476,650
Benefit payments, including refunds of employee contributions	(700,964)	(752,873)	(716,215)	(685,251)	(732,971)	(748,708)
Administrative expense	(7,616)	(7,250)	(7,477)	(6,745)	(6,848)	(8,295)
Other	(457)	(698)	(1,078)	(76)	(98)	78
Net change in plan fiduciary net position	184,562	220,024	689,274	(244,676)	(6,470)	987,480
Plan fiduciary net position - beginning	11,251,736	11,031,712	10,342,438	10,587,114	10,593,584	9,606,104
Plan fiduciary net position - ending	<u>\$ 11,436,298</u>	<u>\$ 11,251,736</u>	<u>\$ 11,031,712</u>	<u>\$ 10,342,438</u>	<u>\$ 10,587,114</u>	<u>\$ 10,593,584</u>
Total net pension liability - beginning	<u>\$ (456,956)</u>	<u>\$ (338,280)</u>	<u>\$ 269,541</u>	<u>\$ 22,261</u>	<u>\$ (39,754)</u>	<u>\$ 781,581</u>
Total net pension liability - ending	<u>\$ (481,302)</u>	<u>\$ (456,956)</u>	<u>\$ (338,280)</u>	<u>\$ 269,541</u>	<u>\$ 22,261</u>	<u>\$ (39,754)</u>
Plan fiduciary net position as a percentage of total pension liability	-4.39%	-4.23%	-3.16%	2.54%	0.21%	-0.38%
Covered payroll	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Net pension liability as a percentage of covered employee payroll	-23.06%	-23.04%	-16.93%	13.09%	1.13%	-1.99%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-6

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 79,940	\$ 68,013	\$ 89,157	\$ 191,048	\$ 277,344	\$ 265,639	\$ 169,072
Contributions in relation to actuarially determined contribution	79,940	68,013	89,157	184,280	272,601	261,035	267,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 6,768	\$ 4,743	\$ 4,604	\$ (98,683)
Covered payroll	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Contributions as a percentage of covered-employee payroll	3.67%	3.26%	4.49%	9.22%	13.24%	13.24%	13.41%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

See Note 15 for detailed information on changes to mortality rates for School's pension.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-7

SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD TEACHERS COST SHARING PLAN

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Board's proportion of the Virginia Retirement System net pension liability (asset) (%)	0.4832%	0.4796%	0.4804%	0.4819%	0.4783%	0.4655%
School Board's proportion of the net pension liability (asset) (\$)	63,312,862	56,399,000	\$ 59,082,000	\$ 67,535,000	\$ 60,198,000	\$ 56,251,000
School Board's covered payroll	\$ 40,460,883	38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ 24,299,798
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	156.4792%	144.8301%	155.2459%	183.7724%	169.3962%	231.4875%
Plan fiduciary net position as a percentage of the total pension liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-8

SCHEDULE OF PENSION PLAN CONTRIBUTIONS VIRGINIA RETIREMENT SYSTEM (VRS) SCHOOL BOARD TEACHERS COST SHARING PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 6,641,698	\$ 6,158,803	\$ 6,355,218	\$ 5,579,163	\$ 5,166,947	\$ 6,467,698	\$ -
Contributions in relation to actuarially determined contribution	6,641,698	6,158,803	6,355,218	5,579,163	5,166,168	5,156,160	3,969,047
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 779	\$ 1,311,538	\$ (3,969,047)
Covered payroll	\$ 42,357,768	\$ 40,460,883	\$ 38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ -
Contributions as a percentage of covered payroll	15.7%	15.2%	16.3%	14.7%	14.1%	14.5%	

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because of this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

- 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
- No salary changes

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-9

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS FOR THE YEAR ENDED JUNE 30, 2020

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Teachers					
2020	\$ 508,293	\$ 508,293	\$ -	\$ 42,357,767	1.20%
2019	\$ 486,028	\$ 486,028	\$ -	\$ 40,502,306	1.20%
2018	\$ 479,003	\$ 479,003	\$ -	\$ 38,943,365	1.23%
Virginia Retirement System - Group Life Insurance - General Employees					
2020	\$ 233,335	\$ 233,335	\$ -	\$ 42,357,767	0.55%
2019	\$ 223,133	\$ 223,133	\$ -	\$ 40,502,306	0.55%
2018	\$ 157,801	\$ 157,801	\$ -	\$ 38,943,365	0.41%
Local Plan - Group Life Insurance-Schools					
2020	\$ 193,000	\$ 193,000	\$ -	\$ 38,356,000	0.50%
2019	\$ 128,000	\$ 128,000	\$ -	\$ 36,995,000	0.35%
2018	\$ 226,000	\$ 226,000	\$ -	\$ 36,995,000	0.61%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
SCHOOL BOARD LOCAL OPEB PLAN**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 148,000	\$ 122,000	\$ 144,000
Interest	130,000	129,000	125,000
Differences between expected and actual experience	(5,000)	(127,000)	-
Changes of assumptions	(423,000)	-	-
Benefit payments, including refunds of employee contributions	(193,000)	(128,000)	(226,000)
Net change in total OPEB liability	(343,000)	(4,000)	43,000
Total OPEB liability - beginning	3,535,000	3,539,000	3,496,000
Total OPEB liability - ending	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Plan fiduciary net position			
Contributions - employer	193,000	128,000	226,000
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(193,000)	(128,000)	(226,000)
Administrative expense	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net OPEB liability - beginning	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>	<u>\$ 3,539,000</u>
Total net OPEB liability - ending	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	100.00%	100.00%	100.00%
Covered payroll	\$ 38,536,000	\$ 36,995,000	\$ 36,995,000
Net OPEB liability as a percentage of covered payroll	8.28%	9.56%	9.57%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-11

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS SCHEDULE OF EMPLOYER PROPORTIONATE SHARE FOR OPEB PLANS FOR THE YEAR ENDED JUNE 30, 2020

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers					
2020	0.48316%	\$ 6,321,000	\$ 42,357,767	14.92%	8.97%
2019	0.48105%	\$ 6,113,000	\$ 40,502,306	15.09%	9.51%
2018	0.48208%	\$ 6,116,000	\$ 38,943,365	15.70%	7.04%
Virginia Retirement System - Group Life Insurance - General Employees					
2020	0.48172%	\$ 3,535,000	\$ 42,357,767	8.35%	52.00%
2019	0.20480%	\$ 3,269,000	\$ 40,502,306	8.07%	51.22%
2018	0.20628%	\$ 3,268,000	\$ 38,943,365	8.39%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.



SUPPLEMENTARY SECTION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amount		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fees and permits	\$ -	\$ -	\$ 53,256	\$ 53,256
Intergovernmental	50,151,544	60,094,830	5,947,739	(54,147,091)
Charges for services	-	-	1,169	1,169
Miscellaneous	-	690,149	827,951	137,802
Total revenues	50,151,544	60,784,979	6,830,115	(53,954,864)
EXPENDITURES				
Current:				
General government	33,753,742	30,297,900	5,015,608	25,282,292
Public safety	1,883,647	2,176,309	355,460	1,820,849
Community services	5,835,776	5,845,191	2,119,251	3,725,940
Parks, recreation and culture	9,819,253	9,889,365	1,636,363	8,253,002
Education	6,559,433	6,559,433	2,787,704	3,771,728
Conservation and development	107,558,611	115,350,393	14,601,180	100,749,213
Gas	412,839	412,839	-	412,839
Information technology	250,020	250,020	2,457	247,563
Departmental services	593,799	593,799	8,224	585,574
Capital outlay	-	-	9,071,601	(9,071,601)
Total expenditures - budgetary basis	166,667,120	171,375,249	35,597,848	135,777,399
Less open encumbrances at June 30	-	-	(12,031,071)	12,031,071
Total expenditures	166,667,120	171,375,249	23,566,777	147,808,470
Revenues over (under) expenditures	(116,515,576)	(110,590,270)	(16,736,662)	(93,853,608)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,367,238	15,204,854	9,794,539	(5,410,314)
Transfers out	-	-	(72,723)	(72,723)
Issuance of debt	22,735,413	22,735,413	-	(22,735,413)
Total other financing sources (uses), net	35,102,651	37,940,267	9,721,816	(28,218,450)
Net change in fund balance	(81,412,925)	(72,650,003)	(7,014,846)	(65,635,157)
FUND BALANCE July 1, 2019	14,018,519	14,018,519	14,018,519	-
FUND BALANCE June 30, 2020	<u>\$ (67,394,406)</u>	<u>\$ (58,631,484)</u>	<u>\$ 7,003,673</u>	<u>\$ (65,635,157)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 147,677	\$ 138,733	\$ 138,733	\$ -
Investment earnings	-	136,285	136,285	-
Total revenues	147,677	275,018	275,018	-
EXPENDITURES				
General government	50,000	(393,724)	21,954	(415,678)
Retirement of principle	7,091,057	7,801,057	7,566,058	234,999
Interest	2,846,734	3,336,558	3,155,879	180,679
Total expenditures - budgetary basis	9,987,791	10,743,891	10,743,891	-
Less open encumbrances at June 30	-	-	-	-
Total expenditures	9,987,791	10,743,891	10,743,891	-
Revenue over (under) expenditures	(9,840,114)	(10,468,873)	(10,468,873)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	11,049,588	11,049,588	11,049,588	-
Total other financing sources (uses), net	11,049,588	11,049,588	11,049,588	-
Net change in fund balance	1,209,474	580,715	580,715	-
FUND BALANCE July 1, 2019	12,830,074	12,830,074	12,830,074	-
FUND BALANCE June 30, 2020	<u>\$ 14,039,548</u>	<u>\$ 13,410,789</u>	<u>\$ 13,410,789</u>	<u>\$ -</u>

PENSION TRUST FUNDS

Pension trust funds are used to account for services provided to the retirees of the City of Charlottesville and its participating agencies. These funds account for retirement benefits of the defined benefit and defined contribution plans. Additionally, these funds account for other post-employment benefits for retirees.

Retirement Fund – to account for the costs of pensions paid to retirees, who meet eligibility requirements to receive such funds.

Post-Retirement Benefits Fund – to account for the costs of health care, dental and life insurance paid to eligible retirees.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Retirement Fund	Post Employment Benefits Fund	Total Pension Trust
	<hr/>	<hr/>	<hr/>
ASSETS			
Cash and cash equivalents (note 3b)	\$ 155,620	\$ 60,917	\$ 216,537
Interest receivable	214,471	83,733	298,204
Investments (note 3b):			
Common stocks	37,190,569	14,519,894	51,710,463
Corporate fixed income securities	10,615,260	4,144,395	14,759,655
Government and agency fixed income securities	14,981,150	5,848,920	20,830,070
Mutual funds:			
Domestic	24,025,250	9,379,905	33,405,155
International	15,300,373	5,973,549	21,273,922
Alternative investments:			
Agriculture	5,337,049	2,083,684	7,420,733
Real Estate	12,140,691	4,739,950	16,880,641
Total investments	<hr/> 119,590,342	<hr/> 46,690,297	<hr/> 166,280,639
Total assets	<hr/> 119,960,433	<hr/> 46,834,947	<hr/> 166,795,380
LIABILITIES			
Accounts payable	40,422	15,782	56,204
NET POSITION			
Restricted for pension benefits	119,920,011	-	119,920,011
Restricted for other post employment benefits	-	46,819,166	46,819,166
Total net position	<hr/> \$ 119,920,011	<hr/> \$ 46,819,166	<hr/> \$ 166,739,177
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Retirement Fund	Post Employment Benefits Fund	Total Pension Trust
ADDITIONS			
Contributions:			
Employer	\$ 11,391,630	\$ 4,627,542	\$ 16,019,172
Plan members	1,098,814	1,329,336	2,428,150
Total contributions	<u>12,490,444</u>	<u>5,956,878</u>	<u>18,447,322</u>
Investment earnings:			
Net increase in fair value of investments	2,159,863	835,382	2,995,245
Interest	954,400	369,139	1,323,539
Dividends	1,042,383	403,168	1,445,551
Total investment earnings	<u>4,156,646</u>	<u>1,607,689</u>	<u>5,764,335</u>
Less investment expenses:			
Investment expenses	551,504	213,309	764,813
Net investment earnings	<u>3,605,142</u>	<u>1,394,380</u>	<u>4,999,522</u>
Total additions	<u>16,095,586</u>	<u>7,777,876</u>	<u>23,873,462</u>
DEDUCTIONS			
Pension benefits	13,237,084	-	13,237,084
Refund of plan member contributions	175,841	-	175,841
Other post-retirement benefits	-	5,423,938	5,423,938
Administrative expenses	238,751	100,184	338,935
Total deductions	<u>13,651,676</u>	<u>5,524,122</u>	<u>19,175,798</u>
Increase in net position	2,443,910	1,827,136	4,271,046
Net position - July 1, 2019	<u>117,476,100</u>	<u>44,992,031</u>	<u>162,468,131</u>
Net position- June 30, 2020	<u><u>\$ 119,920,010</u></u>	<u><u>\$ 46,819,167</u></u>	<u><u>\$ 166,739,177</u></u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report specific revenues that are legally restricted, committed, or assigned to expenditure for particular purposes other than debt service or capital projects. The City has established the following nonmajor special revenue funds:

Community Development Block Grant (CDBG) Fund – to account for funds provided by U. S. Housing and Urban Development (HUD) for low-income housing and assistance projects. Included are repayments of CDBG program loans that are re-programmed for the same purpose.

Grants Fund – to account for revenues and expenditures restricted for specific grants awarded to the City by federal and state government, or local public or private agencies that are not accounted for or reported in another fund. This includes a new fund to account for federal CARES Act funds received from the state.

Human Services Fund – to account for services which promote the healthy development and stability of at-risk youth and families, in addition to residential and community-based services which advocate for the needs of youth and their families, assist the local community in preventing juvenile delinquency and family disintegration, and promote the rehabilitation of youth. This fund was previously called Community Attention.

Virginia Juvenile Community Crime Control Act (VJCCCA) Fund – to account for grant funds provided by the Virginia Department of Juvenile Justice aimed to deter crime by providing immediate, effective punishment that emphasizes accountability of the juvenile offender for his/her actions as well as reduce the pattern of repeat offending. Albemarle County also participates in this grant.

Children's Services Act (CSA) Fund – to account for the City's portion of the activities of the multi-jurisdictional CSA Team, which provides high quality, child centered, family focused, services to high-risk youth and their families. This program was previously call Comprehensive Services Act.

Transit Fund – to account for the operations and capital purchases of Charlottesville Area Transit (CAT), which provides fixed-route public bus service to the City and urban portions of Albemarle County. The City contracts with JAUNT to provide required Americans with Disabilities Act (ADA) paratransit service that fixed-route buses are unable to accommodate. Federal pass-thru revenues and expenses of JAUNT are separately accounted for within the Transit Fund.

PERMANENT FUND

Permanent funds are restricted to the extent that only earnings, and not principal, may be used for the benefit of the government and its citizenry.

Cemetery Perpetual Care Permanent Fund – This fund is used to account for principal trust amounts received, and related interest income. The interest portion of the trust may be used to maintain the two (2) City owned cemeteries within City limits.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT J

COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AS OF JUNE 30, 2020

	Special Revenue Funds						Permanent Fund	
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual Care	Totals
ASSETS								
Cash, cash equivalents and investments \$	-	\$ 4,101,112	\$ 584,923	\$ 86,898	\$ -	\$ -	\$ 162,382	\$ 4,935,315
Accounts receivable, net	-	-	-	-	-	7,571	120	7,691
Due from other governments	27,292	629,150	509,154	-	2,164,019	2,105,733	-	5,435,348
Loans receivable	747,724	1,131,197	-	-	-	-	-	1,878,921
Prepaid items	-	-	-	-	-	1,290	-	1,290
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 775,016	\$ 5,861,459	\$ 1,094,077	\$ 86,898	\$ 2,164,019	\$ 2,114,594	\$ 162,502	\$ 12,258,565
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ 4,687	\$ 107,210	\$ 169,736	\$ -	\$ -	\$ 41,195	\$ -	\$ 322,828
Accrued liabilities	20,979	76,165	152,493	2,601	1,188,646	1,021,197	-	2,462,081
Due to other governments	747,724	1,131,197	-	84,297	-	119,701	-	2,082,919
Due to other funds	1,626	215,235	-	-	916,411	922,219	-	2,055,491
Unearned revenue-other	-	4,098,318	-	-	-	10,282	-	4,108,600
Total liabilities	775,016	5,628,125	322,229	86,898	2,105,057	2,114,594	-	11,031,919
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	162,502	162,502
Restricted	-	233,334	-	-	58,962	-	-	292,296
Assigned	-	-	771,848	-	-	-	-	771,848
Total fund balance	-	233,334	771,848	-	58,962	-	162,502	1,226,646
Total liabilities and fund balance	\$ 775,016	\$ 5,861,459	\$ 1,094,077	\$ 86,898	\$ 2,164,019	\$ 2,114,594	\$ 162,502	\$ 12,258,565

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds						Permanent Fund	
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual	Total
REVENUES								
Intergovernmental	\$ 259,602	\$ 2,567,889	\$ -	\$ 259,992	\$ 6,212,287	\$ 7,115,146	\$ -	\$ 16,414,916
Charges for services	-	22,497	4,746,761	-	-	364,751	-	5,134,009
Investment earnings	-	3,782	-	-	-	-	2,325	6,107
Miscellaneous	3,841	11,336	2,206	-	-	47,691	-	65,074
Total revenues	<u>263,443</u>	<u>2,605,504</u>	<u>4,748,967</u>	<u>259,992</u>	<u>6,212,287</u>	<u>7,527,588</u>	<u>2,325</u>	<u>21,620,106</u>
EXPENDITURES								
General government	-	802,040	-	-	-	-	-	802,040
Public safety	-	194,091	-	-	-	-	-	194,091
Community services	-	-	-	-	-	9,669,933	-	9,669,933
Health and welfare	45,648	1,024,860	6,423,932	368,407	7,906,052	-	-	15,768,899
Parks, recreation and culture	-	89,657	-	-	-	-	2,325	91,982
Conservation and development	217,795	539,133	-	-	-	-	-	756,928
Capital outlay	-	-	-	-	-	9,870	-	9,870
Total expenditures	<u>263,443</u>	<u>2,649,781</u>	<u>6,423,932</u>	<u>368,407</u>	<u>7,906,052</u>	<u>9,679,803</u>	<u>2,325</u>	<u>27,293,743</u>
Revenues over (under) expenditures	-	(44,277)	(1,674,965)	(108,415)	(1,693,765)	(2,152,215)	-	(5,673,637)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	118,341	662,030	108,415	1,735,655	2,152,215	-	4,776,656
Transfers out	-	-	(699,432)	-	-	-	-	(699,432)
Total other financing sources, net	<u>-</u>	<u>118,341</u>	<u>(37,402)</u>	<u>108,415</u>	<u>1,735,655</u>	<u>2,152,215</u>	<u>-</u>	<u>4,077,224</u>
Net change in fund balance	-	74,064	(1,712,367)	-	41,890	-	-	(1,596,413)
FUND BALANCE - JULY 1, 2019	<u>-</u>	<u>159,270</u>	<u>2,484,216</u>	<u>-</u>	<u>17,071</u>	<u>-</u>	<u>162,502</u>	<u>2,922,252</u>
FUND BALANCE - JUNE 30, 2020	<u>\$ -</u>	<u>\$ 233,334</u>	<u>\$ 771,849</u>	<u>\$ -</u>	<u>\$ 58,961</u>	<u>\$ -</u>	<u>\$ 162,502</u>	<u>\$ 1,226,646</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,042,220	\$ 1,042,220	\$ 259,602	\$ (782,618)
Miscellaneous	-	-	3,841	3,841
Total revenues	1,042,220	1,042,220	263,443	(778,777)
EXPENDITURES				
Current:				
Health and welfare	58,972	58,972	45,648	13,324
Conservation and development	967,899	969,774	527,471	442,303
Total expenditures - budgetary basis	1,026,871	1,028,746	573,119	455,627
Less open encumbrances at June 30	-	-	(309,676)	(309,676)
Total expenditures	1,026,871	1,028,746	263,443	765,303
Revenues over (under) expenditures	15,349	13,474	-	13,474
Net change in fund balance	15,349	13,474	-	13,474
FUND BALANCE - JULY 1, 2019	-	-	-	-
FUND BALANCE - JUNE 30, 2020	\$ 15,349	\$ 13,474	\$ -	\$ 13,474

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUND**

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 546,886	\$ 7,711,181	\$ 2,567,888	\$ (5,143,293)
Charges for services	35,000	35,000	22,498	(12,503)
Investment earnings	-	-	3,782	3,782
Miscellaneous	45,177	73,556	11,336	(62,220)
Total revenues	627,063	7,819,737	2,605,504	(5,214,234)
EXPENDITURES				
Current:				
General government	213,900	3,122,284	802,040	2,565,672
Public safety	194,669	516,791	227,741	289,050
Health and welfare	124,042	2,012,913	1,452,404	560,509
Parks, recreation and culture	25,624	118,920	89,657	29,263
Conservation and development	264,708	791,725	603,624	188,101
Information technology	-	636,300	-	636,300
Economic Development Authority	-	750,000	-	750,000
Total expenditures - - budgetary basis	822,943	7,948,933	3,175,466	5,018,895
Less open encumbrances at June 30	-	-	(525,685)	(525,685)
Total expenditures	822,943	7,948,933	2,649,781	5,299,152
Revenues over (under) expenditures	(195,880)	(129,196)	(44,277)	84,919
OTHER FINANCING SOURCES (USES)				
Transfers in	46,610	225,354	118,341	(107,013)
Total other financing sources (uses), net	46,610	225,354	118,341	(107,013)
Net change in fund balance	(149,270)	96,158	74,064	(22,094)
FUND BALANCE - JULY 1, 2019	159,270	\$ 159,270	159,270	-
FUND BALANCE - JUNE 30, 2020	\$ 10,000	\$ 255,428	\$ 233,334	\$ (22,094)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,000	\$ 8,000	\$ -	\$ (8,000)
Charges for services	5,725,200	5,725,200	4,746,761	(978,439)
Miscellaneous	10,384	10,384	2,206	(8,178)
Total revenues	<u>5,743,584</u>	<u>5,743,584</u>	<u>4,748,967</u>	<u>(994,617)</u>
EXPENDITURES				
Current:				
	483,421	483,421	-	483,421
Health and welfare	6,512,658	6,988,058	6,436,532	551,526
Total expenditures - budgetary basis	<u>6,996,079</u>	<u>7,471,479</u>	<u>6,436,532</u>	<u>1,034,947</u>
Less open encumbrances at June 30	-	-	(12,600)	(12,600)
Total expenditures	<u>6,996,079</u>	<u>7,471,479</u>	<u>6,423,932</u>	<u>1,047,547</u>
Revenues over (under) expenditures	<u>(1,252,495)</u>	<u>(1,727,895)</u>	<u>(1,674,965)</u>	<u>52,930</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	829,194	1,249,194	662,030	(587,164)
Transfers out	-	(400,000)	(699,432)	(299,432)
Total other financing sources (uses), net	<u>829,194</u>	<u>849,194</u>	<u>(37,402)</u>	<u>(886,596)</u>
Net change in fund balance	<u>(423,301)</u>	<u>(878,701)</u>	<u>(1,712,367)</u>	<u>(833,666)</u>
FUND BALANCE - JULY 1, 2019	<u>2,484,216</u>	<u>2,484,216</u>	<u>2,484,216</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2020	<u>\$ 2,060,915</u>	<u>\$ 1,605,515</u>	<u>\$ 771,849</u>	<u>\$ 833,666</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VJCCCA GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 344,289	\$ 259,992	\$ (84,297)
Total revenues	-	344,289	259,992	(84,297)
EXPENDITURES				
Current:				
Health and welfare	-	452,704	368,407	84,297
Total expenditures - budgetary basis	\$ -	452,704	368,407	84,297
Less open encumbrances at June 30	-	-	-	-
Total expenditures	-	452,704	368,407	84,297
Revenues over (under) expenditures	-	(108,415)	(108,415)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	108,415	108,415	-
Total other financing sources (uses), net	-	108,415	108,415	-
Net change in fund balance	-	-	-	-
FUND BALANCE - JULY 1, 2019	-	-	-	-
FUND BALANCE - JUNE 30, 2020	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILDREN'S SERVICES ACT FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,440,142	\$ 7,320,665	\$ 6,212,287	\$ (1,108,378)
Total revenues	6,440,142	7,320,665	6,212,287	(1,108,378)
EXPENDITURES				
Current:				
Health and welfare	8,444,864	9,325,387	7,906,052	1,419,335
Total expenditures - budgetary basis	8,444,864	9,325,387	7,906,052	1,419,335
Less open encumbrances at June 30	-	-	-	-
Total expenditures	8,444,864	9,325,387	7,906,052	1,419,335
Revenues over (under) expenditures	(2,004,722)	(2,004,722)	(1,693,765)	310,957
OTHER FINANCING SOURCES (USES)				
Transfers in	2,004,722	2,004,722	1,735,655	(269,067)
Total other financing sources (uses), net	2,004,722	2,004,722	1,735,655	(269,067)
Net change in fund balance	-	-	41,890	41,890
FUND BALANCE - JULY 1, 2019	17,071	17,071	17,071	-
FUND BALANCE - JUNE 30, 2020	<u>\$ 17,071</u>	<u>\$ 17,071</u>	<u>\$ 58,961</u>	<u>\$ 41,890</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSIT FUND**

FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,910,461	\$ 13,996,549	\$ 7,115,146	\$ (6,881,403)
Charges for services	702,124	702,124	364,751	(337,373)
Miscellaneous	39,882	39,882	47,691	7,809
Total revenues	<u>5,652,467</u>	<u>14,738,555</u>	<u>7,527,588</u>	<u>(7,210,967)</u>
EXPENDITURES				
Current:				
Community services	8,819,950	18,127,265	9,697,649	8,429,617
Capital outlay	21,000	-	9,870	(9,870)
Total expenditures - budgetary basis	<u>8,840,950</u>	<u>18,127,265</u>	<u>9,707,519</u>	<u>8,419,747</u>
Less open encumbrances at June 30	<u>-</u>	<u>-</u>	<u>(27,716)</u>	<u>(27,716)</u>
Total expenditures	<u>8,840,950</u>	<u>18,127,265</u>	<u>9,679,803</u>	<u>8,392,031</u>
Revenues over (under) expenditures	<u>(3,188,483)</u>	<u>(3,388,710)</u>	<u>(2,152,215)</u>	<u>(1,236,495)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,146,678	3,125,678	2,152,215	(973,463)
Total other financing sources (uses), net	<u>3,146,678</u>	<u>3,125,678</u>	<u>2,152,215</u>	<u>(973,463)</u>
Net change in fund balance	(41,805)	(263,032)	-	(263,032)
FUND BALANCE - JULY 1, 2019	-	-	-	-
FUND BALANCE - JUNE 30, 2020	<u>\$ (41,805)</u>	<u>\$ (263,032)</u>	<u>\$ -</u>	<u>\$ (263,032)</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Information Technology Fund – to account for the costs of operations of the City's information technology department.

Departmental Services Fund – to account for the costs of operations of the City's vehicle repair shop, fuel system, telephone system, and heating and air conditioning services.

Warehouse Fund – to account for the costs of operations of the City's central warehouse.

Risk Management Fund – to account for the administration of the City's programs for general liability, property and line of duty insurance coverage. To account for the administration of the City's self-insurance programs for health care, worker's compensation.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**
JUNE 30, 2020

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,372,320	\$ 184,345	\$ 16,900	\$ 16,131,198	\$ 21,704,763
Accounts receivable, net	-	-	19,185	-	19,185
Inventories	-	123,549	613,674	-	737,223
Prepaid expenses	-	-	-	110,936	110,936
Total current assets	<u>5,372,320</u>	<u>307,894</u>	<u>649,759</u>	<u>16,242,134</u>	<u>22,572,107</u>
Noncurrent assets:					
Buildings and improvements	-	48,364	-	-	48,364
Vehicles	-	25,200	-	-	25,200
Equipment	9,825,853	313,721	20,067	-	10,159,641
Accumulated depreciation	(9,010,470)	(340,426)	(17,726)	-	(9,368,622)
Total noncurrent assets	<u>815,383</u>	<u>46,859</u>	<u>2,341</u>	<u>-</u>	<u>864,583</u>
Total assets	<u>6,187,703</u>	<u>354,753</u>	<u>652,100</u>	<u>16,242,134</u>	<u>23,436,690</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges-pension	251,335	224,202	35,792	28,527	539,856
Deferred charges-OPEB	2,242	53,783	10,109	6,705	72,839
Total deferred outflows of resources	<u>253,577</u>	<u>277,985</u>	<u>45,901</u>	<u>35,232</u>	<u>612,695</u>
LIABILITIES					
Current liabilities:					
Accounts payable	132,162	57,025	20,529	67,753	277,469
Accrued liabilities	5,440	57,469	7,144	2,949,057	3,019,110
Due to other funds	-	587,918	-	-	587,918
Liabilities due in less than one year	935	5,666	547	276	7,424
Total current liabilities	<u>138,537</u>	<u>708,078</u>	<u>28,220</u>	<u>3,017,086</u>	<u>3,891,921</u>
Noncurrent liabilities:					
Liabilities due in more than one year	6,859	41,552	4,011	2,026	54,448
Net pension liability	1,530,122	1,019,647	136,343	39,035	2,725,147
Net OPEB liability	893,157	405,881	56,589	52,410	1,408,037
Total noncurrent liabilities	<u>2,430,138</u>	<u>1,467,080</u>	<u>196,943</u>	<u>93,471</u>	<u>4,187,632</u>
Total liabilities	<u>2,568,675</u>	<u>2,175,158</u>	<u>225,163</u>	<u>3,110,557</u>	<u>8,079,553</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charges-pension	119,384	52,660	7,590	4,542	184,176
Deferred charges-OPEB	54,834	93,743	16,109	13,905	178,591
Total deferred inflows of resources	<u>174,218</u>	<u>146,403</u>	<u>23,699</u>	<u>18,447</u>	<u>362,767</u>
NET POSITION					
Net investment in capital assets	815,384	46,860	2,341	-	864,585
Unrestricted	2,883,004	(1,735,682)	446,799	13,148,362	14,742,483
Total net position	<u>\$ 3,698,388</u>	<u>\$ (1,688,822)</u>	<u>\$ 449,140</u>	<u>\$ 13,148,362</u>	<u>\$ 15,607,068</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2020

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
OPERATING REVENUES					
Charges for services	\$ 1,389,173	\$ 1,834,613	\$ 1,014,360	\$ 19,855,601	\$ 24,093,747
Total operating revenues	<u>1,389,173</u>	<u>1,834,613</u>	<u>1,014,360</u>	<u>19,855,601</u>	<u>24,093,747</u>
OPERATING EXPENSES					
Purchases for resale	-	896,121	845,106	-	1,741,227
Personnel costs	134,650	972,625	111,970	314,847	1,534,092
Materials and supplies	186,308	70,708	1,212	48,323	306,551
Contractual services and charges	770,917	259,170	33,755	775,138	1,838,980
Depreciation	45,506	1,654	2,007	-	49,167
Claims incurred	-	-	-	14,432,370	14,432,370
Insurance premiums	-	-	-	2,986,808	2,986,808
Total operating expenses	<u>1,137,381</u>	<u>2,200,278</u>	<u>994,050</u>	<u>18,557,486</u>	<u>22,889,195</u>
Operating income (loss)	<u>251,792</u>	<u>(365,665)</u>	<u>20,310</u>	<u>1,298,115</u>	<u>1,204,552</u>
NONOPERATING REVENUES					
Gain/Loss on capital asset disposition	-	4,900	-	-	4,900
Interest income	-	-	-	87,202	87,202
Insurance recovery	-	-	-	74,209	74,209
Total nonoperating revenues	<u>-</u>	<u>4,900</u>	<u>-</u>	<u>161,411</u>	<u>166,311</u>
Profit/(Loss) before transfers	<u>251,792</u>	<u>(360,765)</u>	<u>20,310</u>	<u>1,459,526</u>	<u>1,370,863</u>
Change in net position	<u>251,792</u>	<u>(360,765)</u>	<u>20,310</u>	<u>1,459,526</u>	<u>1,370,863</u>
Total net position - July 1, 2019	<u>3,446,596</u>	<u>(1,328,057)</u>	<u>428,830</u>	<u>11,688,836</u>	<u>14,236,205</u>
Total net position - June 30, 2020	<u>\$ 3,698,388</u>	<u>\$ (1,688,822)</u>	<u>\$ 449,140</u>	<u>\$ 13,148,362</u>	<u>\$ 15,607,068</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**
JUNE 30, 2020

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
OPERATING ACTIVITIES					
Receipts from customers	\$ 1,389,173	\$ 1,834,613	\$ 1,023,019	\$ 19,855,601	\$ 24,102,406
Payments to suppliers	(828,227)	(630,005)	(932,959)	(18,252,290)	(20,643,481)
Payments to employees	(117,719)	(959,682)	(112,481)	(180,592)	(1,370,474)
Net cash provided by (used in) operating activities	443,227	244,926	(22,421)	1,422,719	2,088,451
NONCAPITAL FINANCING ACTIVITIES					
Insurance recovery	-	-	-	74,209	74,209
Net cash provided by (used in) noncapital financing activities	-	-	-	74,209	74,209
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(717,485)	(47,200)	-	-	(764,685)
Proceeds from sale of capital assets	-	4,900	-	-	4,900
Net cash provided by (used in) capital and related financing activities	(717,485)	(42,300)	-	-	(759,785)
INVESTING ACTIVITIES					
Interest on investments	-	-	-	87,202	87,202
Net cash provided by investing activities	-	-	-	87,202	87,202
Net increase (decrease) in cash and cash equivalents	(274,258)	202,626	(22,421)	1,584,130	1,490,077
Balances - July 1, 2019	5,646,579	(18,280)	39,321	14,547,068	20,214,688
Balances - June 30, 2020	\$ 5,372,320	\$ 184,345	\$ 16,900	\$ 16,131,198	\$ 21,704,763
Reconciliation of operating income (loss) to net cash used in operating activities					
Operating Income (Loss)	251,792	(365,664)	20,309	1,298,115	1,204,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	45,506	1,654	2,007	-	49,167
(Increase) decrease in accounts receivable	-	-	8,659	-	8,659
(Increase) decrease in inventories	-	4,419	(54,062)	-	(49,643)
Increase (decrease) in accounts payable	128,999	591,574	1,175	63,066	784,814
Increase (decrease) in accrued liabilities	1,087	13,020	1,371	24,521	39,999
Increase (decrease) in compensated absences	312	5,230	690	(12,945)	(6,713)
Increase (decrease) in insurance claims payable	-	-	-	46,008	46,008
Net pension liability change for measurement year	13,903	28,647	4,004	7,685	54,239
Net OPEB liability change for measurement year	1,628	(33,954)	(6,574)	(3,731)	(42,631)
Net cash provided by (used in) operating activities	\$ 443,227	\$ 244,926	\$ (22,421)	\$ 1,422,719	\$ 2,088,451



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Financial Statements

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT M-1

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,375,469
Accounts receivable, net	256,814
Due from other governments	2,490,817
Inventories	18,775
Capital assets:	
Land	982,889
Depreciable assets, net	21,305,443
Total assets	<u>34,430,207</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges - pension	13,304,220
Deferred charges - OPEB	1,598,556
Total deferred outflows of resources	<u>14,902,776</u>
LIABILITIES	
Accounts payable	638,834
Accrued liabilities	5,978,302
Unearned revenue	27,952
Long-term liabilities:	
Amounts due within one year	394,340
Amounts due in more than one year	3,301,640
Net pension liability	62,831,560
Net OPEB liability	13,048,000
Total liabilities	<u>86,220,628</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred credits - pension	5,896,285
Deferred credits - OPEB	861,000
Total deferred inflows of resources	<u>6,757,285</u>
NET POSITION	
Net investment in capital assets	22,288,332
Restricted	2,222,150
Unrestricted	<u>(68,155,411)</u>
Total net position	<u><u>\$ (43,644,930)</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction and instruction related services	\$ 63,136,700	\$ 1,981,504	\$ 8,344,496	\$ -	\$ (52,810,700)
Support services - student based	10,068,990	363,794	-	-	(9,705,196)
Administrative support services	5,223,526	222,865	-	-	(5,000,661)
Total School Board	<u>\$ 78,429,215</u>	<u>\$ 2,568,163</u>	<u>\$ 8,344,496</u>	<u>\$ -</u>	<u>(67,516,556)</u>
General Revenues:					
State aid - formula grants					16,422,119
Payment from City					<u>50,911,314</u>
Total general revenues					<u>67,333,433</u>
Change in net position					(183,123)
Total Net Position - July 1, 2019					<u>(43,461,807)</u>
Net position - June 30, 2020					<u>\$ (43,644,930)</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Grant and Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 5,518,708	\$ 801,236	\$ 6,319,945
Accounts receivable, net	(15,581)	271,702	256,121
Due from other governments	656,233	1,834,584	2,490,817
Inventory of supplies	-	18,775	18,775
Total assets	<u>\$ 6,159,360</u>	<u>\$ 2,926,298</u>	<u>\$ 9,085,658</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 593,216	\$ 45,618	\$ 638,834
Accrued liabilities	4,789,757	635,201	5,424,959
Unearned revenue	4,624	23,328	27,952
Total liabilities	<u>5,387,598</u>	<u>704,148</u>	<u>6,091,746</u>
Fund Balance			
Nonspendable	-	18,775	18,775
Restricted	-	2,203,374	2,203,374
Unassigned	771,764	-	771,764
Total fund balances	<u>771,764</u>	<u>2,222,150</u>	<u>2,993,913</u>
Total liabilities and fund balances	<u>\$ 6,159,362</u>	<u>\$ 2,926,298</u>	<u>\$ 9,085,659</u>
Total fund balances per Balance Sheet for Governmental Funds			\$ 2,993,913
Amounts reported for governmental activities in the Statement of Net Position (Exhibit M-1) are different because:			
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The Statement of Net Position, however, includes these assets, net of accumulated depreciation.			22,288,332
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the governmental funds are not included in the fund balance.			
Net deferred inflow and outflows of resources for pension changes			7,407,935
Net deferred inflow and outflows of resources for OPEB changes			737,556
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of the Healthcare Fund are included in governmental activities in the Statement of Net Position.			
Internal Service Fund net position			2,502,874
Some liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position			
Capital lease			(409,819)
Compensated absences			(3,286,162)
Net pension liability			(62,831,560)
Net OPEB liability			(13,048,000)
Net position of governmental activities			<u>\$ (43,644,930)</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Grant and Other Governmental Funds	Totals
REVENUES			
City contribution (net of contractual services)	\$ 48,313,888	\$ 2,597,426	\$ 50,911,314
Intergovernmental	16,422,119	8,344,496	24,766,615
Charges for services	808,117	323,419	1,131,536
Miscellaneous	222,865	1,213,761	1,436,626
Total revenues	<u>65,766,989</u>	<u>12,479,103</u>	<u>78,246,092</u>
EXPENDITURES			
Current:			
Instruction and instruction related services	54,307,092	8,402,667	62,709,758
Support services - student based	6,690,729	3,441,153	10,131,882
Administrative support services	4,718,054	-	4,718,054
Debt Service:			
Principal	-	398,459	398,459
Interest	-	23,044	23,044
Total expenditures	<u>65,715,875</u>	<u>12,265,322</u>	<u>77,981,197</u>
REVENUES OVER EXPENDITURES	<u>51,114</u>	<u>213,781</u>	<u>264,894</u>
Net change in fund balance	51,114	213,781	264,894
FUND BALANCE - JULY 1, 2018	<u>720,650</u>	<u>2,008,369</u>	<u>2,729,019</u>
FUND BALANCE - JUNE 30, 2019	<u>\$ 771,764</u>	<u>\$ 2,222,150</u>	<u>\$ 2,993,913</u>
Net change in fund balances - total governmental funds			\$ 264,894

Amounts reported for governmental activities in the Statement of Activities (M-2) are different because:

Governmental funds report the cost of equipment and facilities acquired as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets.

Cost of equipment and facilities capitalized for the year (net of disposals)	409,328
Depreciation expense	(1,581,144)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Change in compensated absences	157,055
Change in pension outflows and inflows	6,409,455
Change in OPEB outflows and inflows	289,397
Change in net pension liability	(6,889,516)
Change in net OPEB liability	(131,000)

Governmental funds report the proceeds from the issuance of capital leases as revenue, while the government-wide statements report this as a liability. In addition, the principal payments in the lease are not reflected as an expense on the statement of activities.

(24,580)

The net income of internal service funds is combined with governmental activities on the Statement of Activities

912,987

Change in net position of governmental activities

\$ (183,123)

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2020

	<u>Healthcare</u>
ASSETS	
Cash and cash equivalents	\$ 3,055,524
Accounts receivable, net	<u>693</u>
Total assets	<u>3,056,217</u>
 ACCRUED LIABILITIES	
Insurance claims payable	552,688
Accrued liabilities	<u>655</u>
Total liabilities	<u>553,343</u>
 NET POSITION	
Unrestricted	<u>2,502,874</u>
Total net position	<u><u>\$ 2,502,874</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Healthcare</u>
OPERATING REVENUES	
Charges for services	\$ 8,618,350
Total operating revenues	<u>8,618,350</u>
OPERATING EXPENSES	
Claims incurred and related charges	<u>7,705,363</u>
Total operating expenses	<u>7,705,363</u>
Operating income	<u>912,987</u>
Change in net position	912,987
Total net position - July 1, 2019	<u>1,589,887</u>
Total net position - June 30, 2020	<u>\$ 2,502,874</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Healthcare</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 8,618,923
Payments to suppliers	<u>(8,048,530)</u>
Net cash provided by operating activities	<u>570,394</u>
Net increase in cash and cash equivalents	570,394
Cash and cash equivalents, July 1, 2019	<u>2,485,130</u>
Cash and cash equivalents, June 30, 2020	<u><u>\$ 3,055,524</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 912,987
Adjustments to reconcile operating income to net	
Increase in accounts receivables	575
Increase in insurance claims payable	552,686
Decrease in accrued liabilities	<u>(895,855)</u>
Net cash provided by operating activities	<u><u>\$ 570,394</u></u>



STATISTICAL SECTION

STATISTICAL SECTION

This section of the City of Charlottesville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Charlottesville's overall financial health.

Contents

Financial Trends

Tables 1 - 4

These schedules show comparative information about how the City's financial performance has changed over time.

Revenue Capacity

Tables 5 - 10

These schedules show the City's significant local revenue sources and how they have changed over time.

Debt Capacity

Tables 11 - 14

These schedules demonstrate the affordability of the City's outstanding debt along with the City's ability to issue additional debt in the future.

Economic and Demographic Information

Tables 15 - 17

These schedules show the some of the economic and demographic trends that affect the financial health of the City.

Operating Information

Tables 18 - 20

These schedules contain service and infrastructure data to show some of the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in this section is derived from the City's Comprehensive Annual Financial Reports for the relevant year.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Net investment in capital assets	\$ 156,302,696	\$ 150,327,831	\$ 147,349,262	\$ 129,422,307	\$ 138,310,542	\$ 132,554,513	\$ 139,313,423	\$ 105,462,444	\$ 122,164,890	\$ 116,844,116
Restricted For:										
Expendable	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164	10,000
Nonexpendable	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501	162,501	162,501
Unrestricted	(11,771,787)	(6,781,306)	(10,616,958)	34,145,789	11,167,288	23,465,667	67,085,400	85,110,590	60,401,741	72,528,272
Total governmental activities net position	<u>\$ 145,492,723</u>	<u>\$ 144,215,058</u>	<u>\$ 137,256,907</u>	<u>\$ 169,609,689</u>	<u>\$ 155,466,381</u>	<u>\$ 158,382,992</u>	<u>\$ 209,002,760</u>	<u>\$ 192,927,182</u>	<u>\$ 189,131,296</u>	<u>\$ 189,544,889</u>
Business-type activities:										
Net investment in capital assets	\$ 48,896,266	\$ 43,208,912	\$ 41,719,356	\$ 33,246,970	\$ 28,416,350	\$ 26,407,757	\$ 25,036,215	\$ 37,760,064	\$ 21,862,917	\$ 21,900,131
Restricted-expendable	-	-	-	-	-	-	-	-	-	27,817
Unrestricted	5,036,771	8,577,443	5,800,462	19,663,499	24,816,588	21,070,253	25,377,815	11,374,395	24,882,257	24,327,004
Total business-type activities net position	<u>\$ 53,933,037</u>	<u>\$ 51,786,355</u>	<u>\$ 47,519,818</u>	<u>\$ 52,910,469</u>	<u>\$ 53,232,938</u>	<u>\$ 47,478,010</u>	<u>\$ 50,414,030</u>	<u>\$ 49,134,459</u>	<u>\$ 46,745,174</u>	<u>\$ 46,254,952</u>
Primary Government:										
Net investment in capital assets	\$ 205,198,962	\$ 193,536,743	\$ 189,068,618	\$ 162,669,277	\$ 166,726,892	\$ 158,962,270	\$ 164,349,638	\$ 143,222,508	\$ 144,027,807	\$ 138,744,247
Restricted For:										
Expendable	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164	37,817
Nonexpendable	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501	162,501	162,501
Unrestricted	(6,735,016)	1,796,137	(4,816,496)	53,809,288	35,983,876	44,535,920	92,463,215	96,484,985	85,283,998	96,855,276
Total primary government net position	<u>\$ 199,425,760</u>	<u>\$ 196,001,413</u>	<u>\$ 184,776,725</u>	<u>\$ 222,520,158</u>	<u>\$ 208,699,319</u>	<u>\$ 205,861,002</u>	<u>\$ 259,416,790</u>	<u>\$ 242,061,641</u>	<u>\$ 235,876,470</u>	<u>\$ 235,799,841</u>

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit A

Schedule prepared using the accrual basis of accounting

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 28,371,946	\$ 28,445,537	\$ 21,921,172	\$ 25,116,791	\$ 27,127,026	\$ 26,796,174	\$ 24,270,356	\$ 23,535,445	\$ 22,483,608	\$ 23,634,491
Public safety	39,716,740	39,513,247	39,334,221	45,118,838	38,827,913	33,615,196	33,358,970	32,597,684	32,258,520	30,545,681
Community services	22,139,189	22,110,867	19,938,224	25,259,071	23,003,605	22,323,559	20,704,251	20,052,677	23,670,432	22,348,563
Health and welfare	35,800,041	35,670,836	34,893,670	37,155,165	31,493,206	31,115,213	29,785,968	30,274,966	30,034,547	30,820,530
Parks, recreation and culture	14,638,408	14,061,131	13,476,760	17,120,453	13,868,610	12,782,459	12,666,217	12,368,616	11,256,003	10,053,398
Education	59,941,139	55,709,768	52,237,967	52,714,685	50,053,416	52,968,559	45,368,328	51,677,155	42,460,291	57,974,958
Conservation and development	18,093,478	15,426,140	15,142,115	12,626,012	10,244,623	9,501,823	8,870,158	10,373,102	14,171,433	7,743,918
Interest on long-term debt	919,779	860,768	3,705,543	1,746,162	2,465,754	3,604,179	2,241,591	2,359,980	5,100,955	2,733,665
Total governmental activities	219,620,720	211,798,294	200,649,672	216,857,177	197,084,153	192,707,162	177,265,839	183,239,625	181,435,789	185,855,204
Business-type activities:										
Water	10,183,626	10,037,485	9,056,356	8,971,472	8,332,731	8,988,566	8,834,334	8,162,082	8,417,556	8,321,515
Sewer	12,244,661	13,623,419	10,762,194	10,301,902	10,583,241	10,770,341	11,503,795	9,858,802	9,829,643	8,416,888
Gas	19,019,501	22,276,461	23,467,175	23,698,603	18,420,330	26,493,000	28,239,126	23,788,374	22,288,691	24,869,854
Other enterprise funds	2,355,636	1,616,129	1,459,846	1,534,483	1,393,942	1,341,548	1,038,023	871,628	912,244	617,357
Total business-type activities	43,803,424	47,553,494	44,745,571	44,506,460	38,730,244	47,593,455	49,615,278	42,680,886	41,448,134	42,225,614
Total Primary Government Expenses	\$ 263,424,144	\$ 259,351,788	\$ 245,395,243	\$ 261,363,637	\$ 235,814,397	\$ 240,300,617	\$ 226,881,117	\$ 225,920,511	\$ 222,883,923	\$ 228,080,818
Program Revenues										
Governmental activities:										
Charges for Services										
General government	\$ 2,059,764	\$ 2,171,318	\$ 900,906	\$ 7,808,336	\$ 13,289,075	\$ 13,365,582	\$ 14,156,093	\$ 14,000,028	\$ 12,718,913	\$ 11,509,211
Public safety	167,254	56,035	165,172	7,130,597	12,349	16,206	10,969	29,778	29,919	31,416
Community services	1,186,067	1,305,654	1,336,122	5,112,907	1,968,282	1,808,948	1,820,062	1,843,964	1,840,737	1,786,899
Health and welfare	4,746,752	5,235,853	5,594,608	8,753,432	4,653,306	4,588,956	4,203,244	3,923,086	3,950,369	4,305,042
Parks, recreation and culture	974,336	1,588,889	1,117,006	5,350,770	1,630,679	1,744,910	1,785,912	1,610,587	1,372,958	1,214,220
Education	163,775	210,003	209,591	1,288,687	214,120	243,413	273,615	208,988	229,949	203,713
Conservation and development	4,143,519	4,803,067	2,787,740	3,922,782	40,047	34,496	27,506	21,321	28,322	23,487
Operating Grants and Contributions										
General government	3,099,467	3,065,503	2,503,684	29,242,564	151,621	2,212,016	2,275,679	1,762,119	1,643,234	2,022,303
Public safety	4,980,799	4,686,110	997,666	1,636,764	718,675	889,252	2,647,082	1,675,385	1,906,155	1,632,513
Community services	9,203,947	7,623,041	8,204,371	5,441,190	5,028,690	11,009,042	8,184,560	8,107,968	9,074,860	8,839,499
Health and welfare	1,728,546	1,838,249	18,423,390	17,076,168	16,730,096	17,046,746	15,664,102	16,278,179	16,481,533	17,810,096
Parks, recreation and culture	235,102	621,157	644,671	467,158	218,771	142,942	265,890	904,083	76,725	45,382
Education	200,000	-	228,081	347,685	217,188	269,716	232,043	562,087	566,776	566,566
Conservation and development	529,701	3,502,830	3,292,265	4,506,454	185,529	133,588	63,905	238,338	344,349	459,922
Capital Grants and Contributions										
General government	-	-	-	-	-	-	-	-	350,876	11,728
Public safety	-	154,845	(34,568,687)	(34,568,687)	-	-	-	12,825	383,584	-
Community services	-	661,930	411,471	592,408	3,039,031	6,948,100	13,486,069	6,776,156	5,070,874	1,990,553
Parks, recreation and culture	1,131,851	1,131,851	1,131,851	1,131,851	-	-	-	-	-	-
Education	-	-	-	-	119,915	144,700	-	-	456,441	113,912
Conservation and development	4,626,998	60,800	3,323,240	5,977,748	-	33,162	16,839	59,500	115,398	-
Total governmental activities	39,177,878	38,717,135	16,703,148	71,218,814	48,217,374	60,631,775	65,113,570	58,014,392	56,641,972	52,566,462
Business-type activities:										
Charges for Services										
Water	12,578,445	11,815,767	11,049,045	11,189,236	10,311,760	9,868,917	9,163,447	9,064,161	8,923,040	9,244,578
Sewer	15,531,423	15,201,858	14,562,317	14,704,642	13,254,116	11,970,322	11,338,460	10,554,384	9,121,471	9,066,402
Gas	21,209,685	27,104,835	22,419,210	20,544,734	22,813,188	30,826,233	33,856,411	29,779,891	27,619,960	30,360,501
Other enterprise funds	2,844,140	2,720,462	2,780,797	2,810,284	2,719,146	2,818,345	1,780,508	842,787	939,797	949,264
Operating Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	-	-	-	17,105
Capital Grants and Contributions										
Other enterprise funds	-	-	-	-	-	68,552	-	-	18,800	-
Total business-type activities	52,163,693	56,842,922	50,811,369	49,248,896	49,098,210	55,552,369	56,138,826	50,241,223	46,623,068	49,637,850
Total Primary Government Revenues	\$ 91,341,571	\$ 95,560,057	\$ 67,514,517	\$ 120,467,710	\$ 97,315,584	\$ 116,184,144	\$ 121,252,396	\$ 108,255,615	\$ 103,265,040	\$ 102,204,312

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Net (Expense) Revenue</u>										
Governmental activities:										
General government	\$ (23,212,715)	\$ (23,208,716)	\$ (18,516,582)	\$ 11,934,109	\$ (13,686,330)	\$ (11,218,576)	\$ (7,838,584)	\$ (7,773,298)	\$ (7,770,585)	\$ (10,091,249)
Public safety	(34,568,687)	(34,616,257)	(72,740,070)	(70,920,164)	(38,096,889)	(32,709,738)	(30,700,919)	(30,879,696)	(29,938,862)	(28,881,752)
Community services	(11,749,175)	(12,520,242)	(9,986,260)	(14,112,566)	(12,967,602)	(2,557,469)	2,786,440	(3,324,589)	(7,683,961)	(9,731,612)
Health and welfare	(29,324,743)	(28,596,734)	(9,743,821)	(10,193,714)	(10,109,804)	(9,479,511)	(9,918,622)	(10,073,701)	(9,602,645)	(8,705,392)
Parks, recreation and culture	(12,297,119)	(11,851,085)	(10,583,232)	(10,170,674)	(12,019,160)	(10,894,607)	(10,614,415)	(9,853,946)	(9,806,320)	(8,793,796)
Education	(59,577,364)	(55,499,765)	(51,800,295)	(51,078,313)	(49,502,193)	(52,310,730)	(44,862,670)	(50,906,080)	(41,207,125)	(57,090,767)
Conservation and development	(8,793,260)	(7,059,443)	(5,738,870)	1,780,972	(10,019,047)	(9,300,577)	(8,761,908)	(10,053,943)	(13,683,364)	(7,260,509)
Interest on long-term debt	(919,779)	(860,768)	(3,705,543)	(1,746,162)	(2,465,754)	(3,604,179)	(2,241,591)	(2,359,980)	(5,100,955)	(2,733,665)
Total governmental activities	<u>(180,442,842)</u>	<u>(174,213,010)</u>	<u>(182,814,673)</u>	<u>(144,506,512)</u>	<u>(148,866,779)</u>	<u>(132,075,387)</u>	<u>(112,152,269)</u>	<u>(125,225,233)</u>	<u>(124,793,817)</u>	<u>(133,288,742)</u>
Business-type activities:										
Water	2,394,819	1,778,282	1,992,689	2,217,764	1,979,029	880,351	329,113	902,079	505,484	923,063
Sewer	3,286,762	1,578,439	3,800,123	4,402,740	2,670,875	1,199,981	(165,335)	695,582	(708,172)	649,514
Gas	2,190,184	4,828,374	(1,047,965)	(3,153,869)	4,392,858	4,333,233	5,617,285	5,991,517	5,331,269	5,490,647
Other enterprise funds	488,504	1,104,333	1,320,951	1,275,801	1,325,204	1,545,349	742,485	(28,841)	46,353	349,012
Total business-type activities	<u>8,360,269</u>	<u>9,289,428</u>	<u>6,065,798</u>	<u>4,742,436</u>	<u>10,367,966</u>	<u>7,958,914</u>	<u>6,523,548</u>	<u>7,560,337</u>	<u>5,174,934</u>	<u>7,412,236</u>
Total Primary Government Net Expense	<u>\$ (172,082,573)</u>	<u>\$ (164,923,582)</u>	<u>\$ (176,748,875)</u>	<u>\$ (139,764,076)</u>	<u>\$ (138,498,813)</u>	<u>\$ (124,116,473)</u>	<u>\$ (105,628,721)</u>	<u>\$ (117,664,896)</u>	<u>\$ (119,618,883)</u>	<u>\$ (125,876,506)</u>
<u>General Revenues and Other Changes in Net Position</u>										
Governmental activities:										
General Revenues										
General property taxes	\$ 84,518,162	\$ 80,460,113	\$ 75,042,232	\$ 68,384,143	\$ 62,940,310	\$ 59,566,818	\$ 58,158,711	\$ 56,060,959	\$ 55,819,958	\$ 55,401,204
Sales tax	11,497,058	11,876,599	11,619,460	11,670,485	11,466,250	10,767,263	10,747,757	9,901,299	9,995,523	8,956,683
Utility tax	4,491,483	4,764,420	4,616,495	4,540,179	4,478,748	4,614,299	4,539,149	4,422,168	4,252,785	4,491,361
Communications tax	2,654,196	2,716,128	2,927,794	3,022,277	3,098,436	3,192,960	3,221,105	3,276,861	3,268,192	3,335,988
Meals tax	12,600,643	12,212,802	11,781,447	11,746,648	11,320,042	8,703,398	8,156,709	8,103,257	7,378,230	6,861,066
Lodging tax	5,049,858	5,659,226	5,151,629	4,846,549	3,664,156	3,166,309	2,933,227	2,932,367	2,807,326	2,460,055
Other taxes	11,587,139	12,261,038	4,256,433	4,593,226	4,511,753	4,319,279	4,139,312	4,022,679	4,059,205	4,317,180
Business license tax	1,457,867	1,447,032	8,767,125	7,918,093	6,925,402	6,788,971	6,442,386	6,880,942	6,491,428	6,061,192
Grants and contributions not restricted	37,969,151	39,975,597	27,056,841	-	30,117,894	23,502,728	24,353,298	27,910,750	24,887,083	25,229,997
Unrestricted revenue from use of money and property	1,658,588	1,893,575	1,297,431	-	-	-	-	-	-	-
Interest and investment earnings	1,223,063	1,033,337	-	406,625	341,347	365,070	259,548	276,657	373,961	538,029
Miscellaneous	1,319,692	896,195	980,353	-	-	-	-	-	-	-
Transfers, net	5,648,201	5,567,298	5,264,759	-	-	-	-	-	-	-
Gain from sale of assets	-	-	-	-	-	-	-	-	252,742	-
Total governmental activities	<u>181,675,101</u>	<u>180,763,360</u>	<u>158,761,999</u>	<u>117,128,225</u>	<u>138,864,338</u>	<u>124,987,095</u>	<u>122,951,202</u>	<u>123,787,939</u>	<u>119,586,433</u>	<u>117,652,755</u>
Business-type activities:										
Interest and investment earnings	123,969	206,128	-	101,036	141,362	113,151	32,668	62,128	109,079	204,224
Total business-type activities	<u>123,969</u>	<u>206,128</u>	<u>-</u>	<u>101,036</u>	<u>141,362</u>	<u>113,151</u>	<u>32,668</u>	<u>62,128</u>	<u>109,079</u>	<u>204,224</u>
Total Primary Government Revenues	<u>\$ 181,799,070</u>	<u>\$ 180,969,488</u>	<u>\$ 158,761,999</u>	<u>\$ 117,229,261</u>	<u>\$ 139,005,700</u>	<u>\$ 125,100,246</u>	<u>\$ 122,983,870</u>	<u>\$ 123,850,067</u>	<u>\$ 119,695,512</u>	<u>\$ 117,856,979</u>
Change in net position										
Governmental Activities	\$ 1,232,259	\$ 6,550,350	\$ 8,252,311	\$ 10,372,952	\$ (4,803,942)	\$ (1,773,911)	\$ 16,075,578	\$ 3,795,886	\$ (413,593)	\$ (10,330,130)
Business-type Activities	\$ 3,146,682	\$ 4,266,537	\$ 1,099,874	\$ (322,469)	\$ 5,310,729	\$ 2,757,684	\$ 1,279,571	\$ 2,389,285	\$ 490,222	\$ 2,310,603
Total change in net position	<u>\$ 4,378,941</u>	<u>\$ 10,816,887</u>	<u>\$ 9,352,185</u>	<u>\$ 10,050,483</u>	<u>\$ 506,787</u>	<u>\$ 983,773</u>	<u>\$ 17,355,149</u>	<u>\$ 6,185,171</u>	<u>\$ 76,629</u>	<u>\$ (8,019,527)</u>

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit B

Schedule prepared using the accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 25,970	\$ 1,920	\$ 22,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	484,048	327,770	637,910	-	656,777	728,278	725,441	545,723	472,056	462,244
Committed	9,435,257	7,990,059	8,779,538	4,931,956	6,732,612	6,363,639	7,004,685	6,737,955	8,206,185	7,880,345
Assigned	4,458,676	6,229,997	5,818,834	1,102,935	7,804,945	5,130,563	3,786,220	3,633,160	4,542,491	5,945,930
Unassigned	32,544,441	33,272,338	30,502,351	41,933,825	29,054,913	28,251,814	27,291,468	26,989,410	26,861,656	25,855,782
Total General Fund	<u>\$ 46,948,392</u>	<u>\$ 47,822,084</u>	<u>\$ 45,760,635</u>	<u>\$ 47,968,716</u>	<u>\$ 44,249,247</u>	<u>\$ 40,474,294</u>	<u>\$ 38,807,814</u>	<u>\$ 37,906,248</u>	<u>\$ 40,082,388</u>	<u>\$ 40,144,301</u>
All Other Governmental Funds										
Nonspendable	\$ 162,502	\$ 162,502	\$ 162,502	\$ 5,663,250	\$ 4,891,126	\$ 1,260,860	\$ 1,542,501	\$ 1,272,501	\$ 3,316,211	\$ 3,380,174
Restricted	292,296	176,341	2,951,459	8,300,066	440,648	6,159,927	4,216,750	9,486,035	15,949,126	20,687,703
Committed	13,410,790	12,830,074	11,905,368	15,541,112	12,082,178	11,745,744	15,202,070	14,768,068	11,252,983	9,508,177
Assigned	7,895,219	16,622,433	18,153,704	1,977,246	7,770,919	5,928,263	1,364,421	1,303,256	1,906,602	1,681,261
Unassigned	-	-	(5,117,190)	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 21,760,807</u>	<u>\$ 29,791,350</u>	<u>\$ 28,055,843</u>	<u>\$ 31,481,674</u>	<u>\$ 25,184,871</u>	<u>\$ 25,094,794</u>	<u>\$ 22,325,742</u>	<u>\$ 26,829,860</u>	<u>\$ 32,424,922</u>	<u>\$ 35,257,315</u>

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit C

Note: Fiscal years prior to 2018 have not been restated for GASB 75.

Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
General property taxes	\$ 133,162,943	\$ 130,457,652	\$ 122,940,708	\$ 116,721,600	\$ 108,365,439	\$ 101,869,696	\$ 98,699,930	\$ 95,714,241	\$ 94,311,894	\$ 92,111,297
Fee and permits	2,945,186	2,852,058	2,719,933	2,575,469	2,169,777	2,283,546	1,966,895	2,464,889	2,042,063	1,825,729
Intergovernmental	60,981,652	60,040,284	61,458,198	61,924,408	55,268,548	60,955,964	66,426,300	60,215,042	61,026,601	58,235,118
Charges for services	13,952,648	15,313,883	11,917,913	12,117,670	11,701,232	11,685,158	10,920,381	10,607,302	10,065,910	10,201,768
Fines and forfeitures	201,617	362,381	419,344	481,032	481,630	476,632	393,398	392,763	552,075	567,027
Miscellaneous	3,960,736	3,394,302	3,381,950	2,789,931	2,386,349	2,296,159	2,226,308	5,056,883	2,036,426	2,011,104
Total governmental revenues	<u>215,204,782</u>	<u>212,420,560</u>	<u>202,838,046</u>	<u>196,610,110</u>	<u>180,372,975</u>	<u>179,567,155</u>	<u>180,633,212</u>	<u>174,451,120</u>	<u>170,034,969</u>	<u>164,952,043</u>
Expenditures										
General government	25,161,292	26,980,864	20,817,229	18,107,974	17,206,445	18,446,310	14,825,220	15,352,223	15,117,332	14,653,299
Public safety	38,727,179	38,240,448	39,397,475	35,081,163	36,357,223	33,290,687	32,609,199	31,987,432	32,231,433	30,460,236
Community services	19,100,385	19,006,475	16,980,656	17,257,531	18,470,598	20,824,429	21,796,529	18,524,126	23,573,132	21,264,573
Health and welfare	35,848,437	35,736,307	35,175,725	32,346,926	30,975,824	31,318,573	29,948,939	31,196,387	30,211,972	30,929,233
Parks, recreation and culture	13,700,003	13,326,020	12,709,049	11,912,756	13,023,170	12,152,256	11,739,822	12,229,739	10,586,859	9,870,613
Education	58,902,075	54,798,480	51,757,047	50,385,279	49,397,353	46,999,266	44,279,012	45,526,167	41,983,543	41,068,749
Conservation and development	15,854,748	13,244,853	13,070,791	9,620,535	10,710,688	8,928,892	7,469,535	8,764,632	13,711,905	7,109,914
Debt service										
Principal	7,566,058	7,140,323	7,417,376	7,146,882	6,379,799	6,084,318	6,685,521	6,430,175	6,611,249	6,236,895
Interest	3,155,879	3,041,563	3,099,780	2,832,293	2,591,814	2,660,459	2,725,366	2,452,754	2,855,961	2,550,831
Miscellaneous	-	-	-	123,892	172,063	384,966	100,571	87,599	196,062	94,848
Other activities	-	-	-	289,665	1,055,402	1,052,619	975,456	266,562	255,994	298,737
Capital outlay	9,941,161	13,331,752	16,960,272	19,795,285	5,613,733	11,713,606	23,165,369	21,380,655	11,213,317	9,882,212
Total governmental expenditures	<u>227,957,217</u>	<u>224,847,085</u>	<u>217,385,401</u>	<u>204,900,181</u>	<u>191,954,112</u>	<u>193,856,381</u>	<u>196,320,539</u>	<u>194,198,451</u>	<u>188,548,759</u>	<u>174,420,140</u>
Revenues over (under) expenditures	(12,752,435)	(12,426,525)	(14,547,355)	(8,290,071)	(11,581,137)	(14,289,226)	(15,687,327)	(19,747,331)	(18,513,790)	(9,468,097)
Other financing sources (uses)										
Transfers in	28,416,690	36,720,138	38,479,757	32,386,616	30,657,532	29,059,645	29,291,985	31,047,043	31,879,012	27,888,963
Transfers out	(24,568,490)	(31,551,066)	(31,547,212)	(27,166,718)	(25,140,392)	(22,880,748)	(23,356,855)	(25,108,773)	(26,698,163)	(22,054,595)
Issuance of debt	-	9,520,000	4,610,000	11,140,000	7,250,000	11,405,000	5,740,000	5,610,000	9,133,200	9,650,400
Refunding bonds issued	-	-	-	-	3,875,466	11,663,366	1,390,695	-	17,737,100	-
Premium on issuance of debt	-	1,126,606	420,561	1,076,892	1,282,326	2,261,124	417,486	427,859	3,411,666	616,989
Payment to refunded bond escrow agent	-	-	-	-	(4,365,996)	(13,096,411)	(1,506,186)	-	(20,195,331)	-
Sale of capital assets	-	-	-	-	-	312,782	107,650	-	352,000	9,000
Total other financing sources (uses)	<u>3,848,200</u>	<u>15,815,678</u>	<u>11,963,106</u>	<u>17,436,790</u>	<u>13,558,936</u>	<u>18,724,758</u>	<u>12,084,775</u>	<u>11,976,129</u>	<u>15,619,484</u>	<u>16,110,757</u>
Net change in fund balances	<u>\$ (8,904,235)</u>	<u>\$ 3,389,153</u>	<u>\$ (2,584,249)</u>	<u>\$ 9,146,719</u>	<u>\$ 1,977,799</u>	<u>\$ 4,435,532</u>	<u>\$ (3,602,552)</u>	<u>\$ (7,771,202)</u>	<u>\$ (2,894,306)</u>	<u>\$ 6,642,660</u>
Debt service as a percentage of noncapital expenditures										
Total debt service expenditures	\$ 10,721,937	\$ 10,181,886	\$ 10,517,156	\$ 10,103,067	\$ 8,971,613	\$ 8,744,777	\$ 9,410,887	\$ 8,882,929	\$ 9,467,210	\$ 8,787,726
Total governmental expenditures	227,957,217	224,847,085	217,385,401	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451	188,548,759	174,420,140
Change in capital assets	(10,720,847)	(13,346,753)	(16,960,272)	(21,634,978)	(9,215,151)	(16,487,414)	(27,697,576)	(22,573,753)	(15,554,651)	(14,212,438)
Noncapital expenditures	<u>\$ 217,236,370</u>	<u>\$ 211,500,332</u>	<u>\$ 200,425,129</u>	<u>\$ 183,265,203</u>	<u>\$ 182,738,961</u>	<u>\$ 177,368,967</u>	<u>\$ 168,622,963</u>	<u>\$ 171,624,698</u>	<u>\$ 172,994,108</u>	<u>\$ 160,207,702</u>
Debt service as a percentage of noncapital expenditures	4.94%	4.81%	5.25%	5.45%	4.91%	4.93%	5.58%	5.18%	5.47%	5.49%

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit D

Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 5

TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Total Taxes	Property Taxes (1)	Sales and Use Taxes	Utility and Communications Taxes (2)	Meals Tax	Lodging Tax	Business License Tax	Franchise Taxes (2)	Tax on Bank Stock	Tax on Wills and Deeds	Other Taxes
2020	\$ 133,162,912	\$ 85,976,029	\$ 11,497,058	\$ 7,145,681	\$ 12,600,643	\$ 5,049,858	\$ 8,169,497	\$ -	\$ 1,057,296	\$ 795,323	\$ 871,527
2019	130,457,651	81,561,358	11,876,599	7,480,548	12,212,802	5,659,226	8,540,881	3,500	1,369,883	751,569	1,001,285
2018	122,940,708	75,616,895	11,619,460	7,658,576	11,781,447	5,151,629	8,230,107	3,500	1,348,260	581,600	949,234
2017	116,724,600	69,739,801	11,670,485	7,562,456	11,746,648	4,846,549	7,918,093	3,500	1,226,609	904,353	1,106,106
2016	108,365,439	64,620,157	11,466,250	7,577,184	11,320,042	3,664,156	6,925,402	3,500	1,138,188	585,246	1,065,314
2015	101,869,696	62,020,045	10,767,263	7,807,259	8,703,398	3,166,309	6,788,971	3,500	982,185	554,805	1,075,961
2014	98,699,930	60,203,592	10,747,757	7,760,254	8,156,709	2,933,227	6,442,386	7,000	923,869	565,320	959,816
2013	95,714,241	57,894,427	9,901,299	7,699,029	8,103,257	2,932,367	6,880,942	13,880	851,638	604,597	832,805
2012	94,311,894	57,774,887	9,995,523	7,520,977	7,378,230	2,807,326	6,491,428	10,440	1,051,723	493,248	788,112
2011	92,111,297	57,336,116	8,956,683	7,827,349	6,861,066	2,460,055	6,061,192	26,402	1,358,812	436,709	786,913

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit G

- (1) Beginning in 1998, the Commonwealth of Virginia pays a portion of the personal property tax formerly paid by the property owner; the Commonwealth's share is reported as intergovernmental revenue.
- (2) Beginning in January 1, 2007, the Commonwealth of Virginia enacted the Virginia Communication Tax. This new tax replaces most of the current Virginia state and local communications taxes and fees with a central administered Communications Sales and Use Tax, a uniform statewide E-911 tax on landline telephone service and a cable television provider's public right-of-way use fee.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 6

ASSESSED AND ESTIMATED MARKET VALUE OF REAL PROPERTY (1) LAST TEN CALENDAR YEARS

Taxable Year	Real Estate	Public Service Real Estate	Total Taxable Real Property Assessed Value	Real Property Direct Tax Rate	Tax-Exempt Real Property	Total Value Real Property
2020	\$ 8,187,130,300	\$ 161,534,532	\$ 8,348,664,832	0.95	\$ 2,260,050,500	\$ 10,608,715,332
2019	7,647,893,000	152,574,032	7,800,467,032	0.95	2,046,675,800	9,847,142,832
2018	7,060,139,700	151,135,069	7,211,274,769	0.95	1,917,683,250	9,128,958,019
2017	6,740,234,600	143,303,198	6,883,537,798	0.95	1,746,952,600	8,630,490,398
2016	5,953,910,000	140,924,014	6,094,834,014	0.95	1,135,055,400	7,229,889,414
2015	5,704,217,700	142,650,296	5,846,867,996	0.95	1,027,382,800	6,874,250,796
2014	5,503,669,500	137,745,380	5,641,414,880	0.95	1,017,616,600	6,659,031,480
2013	5,281,021,000	138,256,036	5,419,277,036	0.95	1,012,716,900	6,431,993,936
2012	5,222,661,300	138,241,036	5,360,902,336	0.95	1,016,573,300	6,377,475,636
2011	5,282,859,100	135,463,526	5,418,322,626	0.95	1,016,346,400	6,434,669,026

Source: Records of the City Assessor and State Corporation Commission

Note: The City has no overlapping property taxes.

(1) Assessed values of all classes of property are the approximate market value.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 7

DIRECT PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE) LAST TEN CALENDAR YEARS

Year	Real Property (1)	Personal Property (2)	Machinery & Tools (2)	Total Direct Tax Rate of City Assessed Property	Public Service		Total Direct Tax Rate of State Assessed Property
					Real Property (3)	Personal Property (3)	
2020	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2019	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2018	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2017	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2016	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2015	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2014	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2013	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2012	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2011	0.95	4.20	4.20	9.35	0.95	4.20	5.15

Source: City of Charlottesville Director of Finance

- (1) Assessed by the City of Charlottesville Real Estate Assessor
- (2) Assessed by the City of Charlottesville Commissioner of Revenue
- (3) Assessed by the State Corporation Commission

Note: The City has no overlapping property taxes.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 8

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2020**

Taxpayer	Type of Business	2020 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)	2011 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)
Federal Realty Investment Trust	Shopping Center	\$ 188,067,100	\$ 1,786,637	1	2.66 %	\$ 87,565,600	\$ 831,873	1	1.66 %
Woodard United, LLC	Apartments	125,016,100	1,187,653	2	1.77	25,471,500	\$ 241,979	10	0.48
Neighborhood Development, Inc.	Apartments	92,491,700	878,671	3	1.31	-	-	-	-
750 Harris Street, LLC	Apartments	85,409,600	811,391	4	1.21	-	-	-	-
Pavilion UVA, LLC & Pavilion UVA II, LLC	Apartments	84,071,400	798,678	5	1.19	-	-	-	-
Pavilion, LLC	Apartments	72,865,000	692,218	6	1.03	34,605,700	328,754	7	0.66
Baron, LLC	Apartments	72,562,200	689,341	7	1.03	-	-	-	-
Madison Loft, LLC	Apartments	71,495,900	679,211	8	1.01	-	-	-	-
Giant Sequel Investors, LLC	Real Estate	64,923,200	616,770	9	0.92	-	-	-	-
Cambridge Square Apartments LP	Apartments	63,627,100	604,457	10	0.90	-	-	-	-
Caton, Douglas E.	Real Estate	-	-	-	-	57,258,400	543,955	2	1.08
Dominion Virginia Power Company	Public Utility	-	-	-	-	54,636,985	519,051	3	1.03
Wade Apartments	Apartments	-	-	-	-	42,719,600	405,836	4	0.81
CenturyLink	Public Utility	-	-	-	-	39,019,254	370,683	5	0.74
Payton Associates Partnership	Real Estate	-	-	-	-	36,989,000	351,396	6	0.70
Towers Limited Partnership, ETAL	Real Estate	-	-	-	-	33,763,900	320,757	8	0.64
University of Virginia Foundation	Real Estate	-	-	-	-	30,568,800	290,404	9	0.58
		<u>\$ 920,529,300</u>	<u>\$ 8,745,028</u>		<u>13.04 %</u>	<u>\$ 412,029,939</u>	<u>\$ 3,914,284</u>		<u>7.80 %</u>

Source: City Assessor and Commissioner of Revenue, City of Charlottesville, Virginia

(1) Represents percentage of total City valuation of taxable property, real estate only.

(2) Tax rate of \$0.95 in 2020; Tax rate of \$0.95 in 2011

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 9

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2020	\$ 88,263,566	\$ 86,287,564	97.76 %	\$ -	\$ 86,287,564	97.76 %
2019	83,339,710	82,035,675	98.44	942,404	82,978,079	99.57
2018	77,696,498	76,521,606	98.49	1,031,018	77,552,624	99.81
2017	71,965,946	71,139,950	98.85	729,463	71,869,413	99.87
2016	65,952,891	65,027,636	98.60	846,734	65,874,370	99.88
2015	63,892,891	62,863,991	98.39	961,222	63,825,213	99.89
2014	62,251,968	61,010,246	98.01	1,178,588	62,188,834	99.90
2013	60,538,454	59,304,770	97.96	1,205,633	60,510,403	99.95
2012	60,132,379	58,573,010	97.41	1,517,424	60,090,434	99.93
2011	60,231,991	58,308,249	96.81	1,306,712	60,179,770	99.91 %

Source: Treasurer of the City of Charlottesville

(1) Beginning with Fiscal year 2015, supplements are reported in the year in which they were billed and due. Fiscal years 2009-2014 report supplemental tax levies back to the year they for which they are assessed, instead of reporting them in the fiscal year they were billed, causing the current year collection rate to decline in subsequent years.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 10

**ESTIMATED VALUE OF TAX-EXEMPT REAL PROPERTY
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Federal	\$ 38,480,800	\$ 36,863,200	\$ 32,717,600	\$ 31,919,100	\$ 23,817,800	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500
State and regional	513,759,400	463,218,100	455,398,000	450,963,700	306,883,300	279,103,600	278,984,600	288,908,100	278,983,600	324,752,400
Local	497,777,300	446,420,700	417,963,500	362,990,800	214,399,600	194,685,500	192,076,800	191,927,100	181,085,000	192,885,400
Religious, charitable, educational and other	1,195,913,200	1,088,276,900	1,011,604,150	901,079,000	589,954,700	531,941,200	524,902,700	510,229,200	534,852,200	477,056,100
Total	<u>2,245,930,700</u>	<u>2,034,778,900</u>	<u>\$ 1,917,683,250</u>	<u>\$ 1,746,952,600</u>	<u>\$ 1,135,055,400</u>	<u>\$ 1,027,382,800</u>	<u>\$ 1,017,616,600</u>	<u>\$ 1,012,716,900</u>	<u>\$ 1,016,573,300</u>	<u>\$ 1,016,346,400</u>

Source: Office of the Real Estate Assessor, City of Charlottesville, Virginia. Reported to the State in April annually by the Assessor's Office.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 11

**RATIO OF NET BONDED GOVERNMENTAL DEBT TO ASSESSED VALUE AND NET BONDED GOVERNMENTAL DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Real Estate Assessed Value	Total Bonded Debt	Total Bonded Business Type Debt	Governmental Bonded Debt Service Due (2)	General Fund Expenditures and Net Other Financing Sources	Ratio of Net Bonded Debt to Assessed Value	Total Bonded Debt per Capita	Ratio of Debt Service to Total General Fund Expenditures and Transfers
2020	49,181	\$ 8,187,130,300	\$ 125,345,907	\$ 45,241,232	\$ 7,157,428	\$ 176,636,788	1.53 %	\$ 2,549	4.05 %
2019	49,281	7,647,893,000	136,905,038	49,234,305	7,443,208	173,674,353	1.79	\$ 2,778	4.29
2018	49,132	7,060,139,700	131,846,865	46,555,810	7,137,004	165,389,458	1.87	2,684	4.32
2017	49,071	6,740,234,600	132,121,039	44,022,607	7,417,376	152,655,215	1.96	2,692	4.86
2016	48,210	5,953,910,000	128,929,869	44,824,556	9,489,053	139,577,852	2.17	2,674	6.80
2015	47,783	5,704,217,700	130,376,506	48,052,860	9,121,289	139,577,852	2.29	2,729	6.53
2014	46,623	5,503,669,500	126,266,932	48,149,184	8,682,449	138,100,498	2.29	2,708	6.29
2013	45,073	5,281,021,000	122,474,814	43,325,574	6,938,939	137,559,888	2.32	2,717	5.04
2012	44,471	5,222,661,300	117,731,642	37,762,227	6,681,506	134,117,472	2.25	2,647	4.98
2011	43,475	5,282,859,100	114,532,934	36,693,311	6,847,707	127,413,032	2.17	2,634	5.37

Note: The City has no overlapping debt.

(1) Weldon Cooper Center for Public Service, Demographics & Workforce Group
<http://www.coopercenter.org/demographics/virginia-population-estimates>

(2) Governmental debt due within next fiscal year.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 12

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO GENERAL GOVERNMENTAL
EXPENDITURES AND TRANSFERS
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	General Governmental Expenditures and Transfers	Ratio of Debt Service to General Governmental Expenditures
2020	\$ 7,566,058	\$ 3,155,879	\$ 10,721,937	\$ 176,636,788	6.07 %
2019	7,140,323	3,041,563	10,181,885	173,673,353	5.86
2018	7,417,377	3,099,780	10,517,157	224,199,432	4.69
2017	7,146,882	2,832,293	9,979,175	205,739,944	4.85
2016	6,379,799	2,591,814	8,971,613	195,491,554	4.59
2015	6,084,318	2,660,459	8,744,777	191,875,061	4.56
2014	6,685,521	2,725,366	9,410,887	190,189,617	4.95
2013	6,430,175	2,452,754	8,882,929	188,150,305	4.72
2012	6,611,249	2,855,961	9,467,210	188,952,877	5.01
2011	6,236,895	2,550,831	8,787,726	178,268,372	4.93

Note: Excludes Capital Projects Fund expenditures and transfers.
The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 13

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities				Percent of Personal Income	Per Capita Debt
	General Obligation Bonds (1)	Literary Loans	Notes Payable	Total Governmental Debt	General Obligation Notes	Notes Payable	Total Primary Government			
2020	\$80,104,675	\$ -	\$ -	\$ 80,104,675	\$45,241,232	\$ -	\$125,345,907	* %		2,549
2019	87,670,733	-	-	87,670,733	49,234,305	-	136,905,038	*		2,778
2018	85,291,055	-	-	85,291,055	46,555,810	-	131,846,865	*		2,684
2017	88,098,432	-	-	88,098,432	44,022,607	-	132,121,039	4.34		2,692
2016	84,094,947	10,366	-	84,105,313	44,824,556	-	128,929,869	4.48		2,674
2015	82,293,261	30,385	-	82,323,646	48,052,860	-	130,376,506	4.53		2,729
2014	78,067,345	50,403	-	78,117,748	48,149,184	-	126,266,932	4.55		2,708
2013	78,676,333	70,421	402,486	79,149,240	43,325,574	-	122,474,814	5.00		2,717
2012	78,918,183	90,439	960,793	79,969,415	37,762,227	-	117,731,642	5.11		2,647
2011	76,002,100	118,343	1,641,771	77,762,214	36,693,311	77,409	114,532,934	5.50		2,630

* Information not available at this time.

(1) Presented net of original issuance discounts and premiums, revised

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 14

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed value of real property	<u>\$ 8,187,130,300</u>	<u>\$ 7,647,893,000</u>	<u>\$ 7,060,139,700</u>	<u>\$ 6,740,234,600</u>	<u>\$ 5,953,910,000</u>	<u>\$ 5,704,217,700</u>	<u>\$ 5,503,669,500</u>	<u>\$ 5,281,021,000</u>	<u>\$ 5,222,661,300</u>	<u>\$ 5,282,859,100</u>
Debt limit - 10% of assessed value	\$ 818,713,030	\$ 764,789,300	\$ 706,013,970	\$ 674,023,460	\$ 595,391,000	\$ 570,421,770	\$ 550,366,950	\$ 528,102,100	\$ 522,266,130	\$ 528,285,910
Amount of debt applicable to debt limit	<u>125,345,907</u>	<u>136,905,038</u>	<u>131,846,865</u>	<u>132,121,039</u>	<u>128,929,869</u>	<u>119,460,105</u>	<u>114,398,907</u>	<u>110,304,028</u>	<u>106,478,659</u>	<u>104,947,348</u>
Legal debt margin	<u>\$ 693,367,123</u>	<u>\$ 627,884,262</u>	<u>\$ 574,167,105</u>	<u>\$ 541,902,421</u>	<u>\$ 466,461,131</u>	<u>\$ 450,961,665</u>	<u>\$ 435,968,043</u>	<u>\$ 417,798,072</u>	<u>\$ 415,787,471</u>	<u>\$ 423,338,562</u>
Total net debt applicable to the limit as a percentage of debt limit	15.31%	17.90%	18.67%	19.60%	21.65%	20.94%	20.79%	20.89%	20.39%	19.87%

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 15

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Institutional and other Construction (1)		Commercial Construction (1)		Residential Construction (1)		Bank deposits (2) (in thousands)	Calendar Year	Property Values (3)	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value			Taxable	Nontaxable
2020	3	\$ 220,039	402	\$ 46,511,751	1,517	\$ 143,325,608	\$ 2,999,524	2020	\$ 8,187,130,300	\$ 2,245,930,700
2019	30	1,015,033	468	150,662,370	1,546	218,624,551	2,486,055	2019	7,647,893,000	2,034,778,900
2018	44	3,404,801	566	45,291,407	1,556	107,599,017	2,499,593	2018	7,060,139,700	1,917,683,250
2017	17	1,204,091	467	128,400,704	1,653	63,999,554	2,476,231	2017	6,740,234,600	1,746,952,600
2016	19	2,300,978	582	88,939,069	1,383	48,684,124	2,366,694 (4)	2016	5,953,910,000	1,135,055,400
2015	22	8,635,285	469	63,025,855	1,420	51,009,735	2,328,209 (4)	2015	5,704,217,700	1,027,382,800
2014	49	5,519,838	514	49,726,636	1,261	50,124,989	2,158,543	2014	5,503,669,500	1,017,616,600
2013	41	17,037,847	545	73,204,061	1,510	117,781,757	2,042,744	2013	5,281,021,000	1,012,716,900
2012	39	53,543,285	494	42,252,061	1,171	53,442,553	2,038,433	2012	5,222,661,300	1,016,573,300
2011	26	14,429,867	428	27,563,274	1,025	34,580,411	2,070,183	2011	5,282,859,100	1,016,346,400

(1) Department of Neighborhood Planning, City of Charlottesville

(2) FDIC Summary of deposits

(3) Real property values only

(4) FDIC Summary of deposits was corrected to reflect the actual value

**DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population (1)	School Membership (2)	Unemployment Rate (3)	Total Personal Income (4) (thousands)	Per Capita Income (4)	Taxable Sales (5) (thousands)	Sales per Capita
2020	49,181	*	5.7	*	*	*	*
2019	49,281	4,337	2.5	*	*	\$ 989,912	\$ 20,087
2018	49,132	4,313	3.1	*	\$ 66,577	972,265	19,789
2017	49,071	4,210	3.6	\$ 10,531,351	63,300	971,359	19,795
2016	48,210	4,134	3.4	9,375,633	60,964	1,006,304	20,873
2015	47,783	4,101	3.7	9,182,721	60,294	959,435	20,079
2014	46,623	4,022	4.3	8,795,194	58,603	942,421	20,214
2013	45,073	3,945	4.9	7,764,329	52,693	864,748	19,186
2012	44,471	3,914	5.9	7,493,869	51,255	819,390	18,425
2011	43,552	3,874	7.1	6,778,562	47,052	822,681	18,890

* Information not available at this time.

Source:

- (1) Weldon Cooper Center for Public Service, Demographics & Workforce Group
<http://www.coopercenter.org/demographics/virginia-population-estimates>
- (2) Fall Membership Charlottesville Public Schools
- (3) Bureau of Labor Statistics Local Area Unemployment Statistics and represents unemployment for the calendar year
- (4) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce: Albemarle County and City of Charlottesville
- (5) Annual Report, Taxable Sales in Virginia Counties and Cities, Commonwealth of Virginia, Department of Taxation

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 17

**PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2020**

Employer	2020		2011	
	Rank	Number of Employee	Rank	Number of Employees
University of Virginia Medical Center	1	1000+	1	1000+
City of Charlottesville	2	1000+	3	1000+
UVA Health Services Foundation	3	1000+		
Charlottesville City School Board	4	500 to 999	4	500 to 999
Servicelink Management Com Inc.	5	500 to 999		
Lakeland Tours	6	500 to 999		
Capital IQ Inc	7	500 to 999		
Association for Investment Management	8	250 to 499		
County of Albemarle	9	250 to 499		
RMC Events	10	250 to 499	10	250 to 499
Martha Jefferson Hospital			2	1000+
Aramark Campus			5	500 to 999
SNL Security LP			6	250 to 499
Design Electric			7	250 to 499
Pharmaceutical Research Association			8	250 to 499
Kroger			9	250 to 499

Source: Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2019

Note: 2011 employer rank/number of employees received from 4th quarter 2010 Virginia Employment Commission Labor Market Information

**GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Management										
Council/Clerk of Council	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office/Administration and Communications	13.00	12.00	11.00	11.00	9.00	9.00	9.00	8.00	8.00	8.00
Office of Economic Development	11.50	7.50	6.50	6.00	6.00	5.50	4.00	5.00	5.00	4.00
Office of the City Manager/Parking Enterprise Fund	1.00	1.00	1.00	1.00	-	-	-	-	-	-
City Attorney	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Voting Registrar	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50
Total	39.50	34.50	28.50	28.00	25.00	24.50	23.00	23.00	23.00	21.50
Internal Services										
Finance Department: Purchasing/Risk Management/Warehouse	9.00	8.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Technology	20.00	20.00	20.00	19.00	19.00	19.00	19.00	19.00	19.00	18.00
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total	37.00	36.00	35.00	33.00	33.00	33.00	33.00	33.00	33.00	32.00
Financial Services										
Commissioner of Revenue	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Finance Department: Management/Real Estate Assessment/Utility Billing Office	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00
Treasurer	14.00	13.50	13.50	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Total	62.00	61.50	60.50	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Healthy Families & Community										
Charlottesville/Albemarle Visitors Bureau ⁽¹⁾	0.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Depart of Human Services	37.50	36.50	35.50	35.50	35.50	34.25	34.25	35.25	34.25	34.25
Children & Youth Commission/CCF	-	-	-	-	-	-	-	-	-	-
Department of Social Services	106.50	104.50	102.50	102.50	102.25	99.98	99.85	100.85	100.85	99.85
Neighborhood Development Services	40.00	39.00	39.00	37.50	37.50	36.00	33.00	32.00	32.00	32.00
Office of Human Rights/Human Rights Commission	2.00	2.00	1.50	1.50	2.00	2.00	2.00	-	-	-
Parks and Recreation/Parks Maintenance	40.00	40.00	40.00	39.00	39.00	37.00	37.00	37.00	37.00	37.00
Parks & Rec/Recreation and Programs	29.50	29.50	27.50	27.50	27.50	28.50	28.75	29.75	28.75	26.75
Parks & Rec/Golf Fund	2.00	4.00	4.00	4.00	4.00	4.00	4.75	7.00	7.00	8.00
CDBG/HOME Grant Coordinator (Grant Funded)	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	257.50	266.50	261.00	258.50	258.75	252.73	250.60	252.85	250.85	248.85
Infrastructure/Transportation										
Public Works: Administration, Facilities Development	26.86	26.86	21.86	21.86	21.86	16.73	15.73	16.73	15.69	16.00
Public Works: School Building Maintenance	19.28	19.28	19.28	19.28	19.28	18.28	18.28	18.28	18.28	16.00
Public Works: Fleet Management	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00
Public Works: Public Service	47.00	49.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00
Charlottesville Area Transit (CAT)	80.00	72.00	72.00	69.00	68.00	68.00	68.00	77.50	77.50	78.00
Public Works: Pupil Transportation	29.00	29.00	29.00	28.50	28.50	28.50	28.00	27.50	27.50	28.50
Public Utilities: Gas, Water, Wastewater	90.00	89.00	92.00	92.00	92.00	92.00	92.00	93.00	93.00	93.00
Public Utilities: Stormwater Utility	10.00	4.00	4.00	4.00	4.00	4.00	4.00	-	-	-
Total	313.14	300.14	300.14	296.64	295.64	289.51	288.01	296.01	294.97	294.50
Public Safety & Justice										
City Sheriff	13.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Commonwealth's Attorney	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Courts and Other Support Service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Department	95.00	95.00	91.00	91.00	91.00	91.00	89.00	89.00	89.00	89.00
Police Department	159.00	157.00	157.00	156.00	154.00	154.00	146.00	146.00	146.00	146.00
Total	291.50	288.50	283.50	282.50	280.50	280.50	270.50	270.50	270.50	270.50
City-Wide Total	1,000.64	987.14	968.64	958.64	952.89	940.24	925.11	935.36	932.32	927.35

Source: Adopted Operating and Capital Improvement Budget

Note: FTE positions

⁽¹⁾ These positions are funded cooperatively with Albemarle County.

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Date of incorporation	1888	1888	1888	1888	1888	1888	1888	1888	1888	1888
Form of government	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr
Area	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles
Bond rating:										
Moody's Investor Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Standard & Poor's Corporation	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Number of employees:										
City (full-time)	1000.6	987.1	968.6	958.6	952.9	940	925	935	932	927
School Board		840	835	767	797	772	767	765	783	784
Elections:										
Number of registered voters:										
Last general election - November, 2019	32,853	32,854	31,876	35,725	31,039	32,273	32,290	33,150	28,670	28,126
Last municipal election - November, 2019	32,853	32,290	31,876	31,039	31,039	32,291	32,290	28,670	28,670	N/A
Number of votes cast in:										
Last general election	11,095	14,039	16,548	22,652	6,077	10,816	12,494	21,797	7,522	13,862
Last municipal election	11,095	6,237	16,548	6,077	6,077	12,560	11,045	6,624	6,627	N/A
Percentage of registered voters voting in:										
Last general election	33.8%	42.7%	51.9%	63.4%	19.2%	33.5%	38.7%	65.8%	26.2%	49.3%
Last municipal election	33.8%	19.3%	51.9%	19.6%	19.2%	38.9%	34.2%	23.1%	23.1%	N/A
Public Safety										
Fire protection:										
Number of firefighters and officers (exclusive of volunteer firefighters)	90	90	90	88	88	88	86	86	86	86
Police protection:										
Number of police officers	*	125	127	129	127	127	119	119	117	117
Number of arrests	*	1,676	3,216	2,763	2,639	2,741	3,018	4,417	5,043	4,700
Traffic Citations Issued	*	3,142	4,737	5,912	4,978	5,740	5,459	4,299	4,429	6,793
911 calls received	*	37,121	39,692	44,481	40,504	43,512	45,581	43,111	46,059	48,008
Cases investigated	*	5,502	4,442	5,287	4,962	5,198	5,443	2,846	1,110	1,076
Parking Violations										
Violations written	*	17,141	17,653	16,637	18,734	17,647	12,633	15,813	20,657	21,898
Building permits issued	1,922	2,033	2,166	2,137	1,984	1,911	1,824	2,096	1,704	1,479
Education										
Schools:										
Number of teachers	*	478	456	440	429	421	415	424	434	423
Number of students	*	4,337	4,313	4,210	4,134	4,101	4,022	3,945	3,914	3,874
Pupil: teacher ratio	*	9.07:1	9.46:1	9.56:1	9.64:1	10.26:1	9.69:1	9.31:1	9.02:1	9.16:1
Public Utilities										
Municipal utilities:										
Gas:										
Number of customers	20,871	20,994	20,665	20,467	20,043	19,849	19,454	19,077	18,655	18,699
Average daily consumption	7,712 DTH	8,051 DTH	7,570 DTH	7,562 DTH	6,802 DTH	8,487 DTH	8,688 DTH	6,601 DTH	6,492 DTH	6,894 DTH
Water:										
Number of customers	15,307	14,661	14,639	14,756	14,692	14,652	14,554	14,446	14,377	14,395
Average daily consumption	531 MCF	551 MCF	569.4 MCF	579.2 MCF	569.4 MCF	569.3 MCF	569.1 MCF	577.8 MCF	587.9 MCF	604 MCF
Sewer:										
Number of customers	14,956	14,564	14,528	14,626	14,558	14,511	14,406	14,294	14,251	14,243
Average daily treatment	465 MCF	483 MCF	502.8 MCF	564.6 MCF	502.8 MCF	505.6 MCF	520.7 MCF	524.2 MCF	537.6 MCF	556 MCF
Public Works										
Refuse disposed at Zion's Transfer Station (City totals):										
Number of customers	13,500	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Tons of domestic refuse	6,955	6,681	6,577	6,532	6,435	6,281	6,694	6,528	6,996	6,706
Tons of curbside recycling	3,738	4,429	3,865	3,666	3,647	3,557	3,254	3,342	2,471	3,331
Tons of stumps, demolition material & street sweeping ⁽¹⁾	1,584	1,300	866	1,160	2,117	1,048	2,063	1,654	1,532	1,505

Source: Departmental operational reports for the period ending June 30th.

⁽¹⁾ In FY2015, accounts for brush, street sweeping, and leaves

In FY2017, the total accounts for street sweeping.

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Miles of streets	159.91	159.91	158.76	158.45	158	157	156	156	156	156
Number of streetlights	6,070	6,070	6,070	6,070	6,040	6,025	6,016	6,016	6,010	5,985
Public Safety										
Fire protection:										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	*	7	10	8	4	4	4	5	6	6
Number of vehicular patrol units	*	58	50	64	68	67	63	55	64	64
Total vehicles	*	119	129	128	122	123	123	134	126	126
Motor Cycles	*	7	6	8	8	6	8	8	6	6
Unmarked cars	*	54	59	53	46	50	52	52	52	42
Bicycle patrol	*	14	14	14	24	17	17	18	15	15
Education										
Number of schools	9	9	9	9	9	9	9	9	9	9
Parks, Recreation, & Culture										
Number of parks ⁽¹⁾	36	36	36	36	36	31	31	30	31	26
Acres of park land ⁽²⁾	1,050	904	900	900	902	872	822	785	1,979	987
Number of golf courses	1	1	1	1	1	1	2	2	2	2
Number of swimming pools	4	4	4	4	4	4	6	5	5	5
Number of recreation centers	5	5	5	5	5	5	5	5	5	6
Number of libraries	3	3	3	3	3	3	3	3	3	3
Public Utilities										
Gas:										
Miles of gas main lines	340	333	331	330	329	328	319	318	317	316
Miles of gas service lines	296	292	288	282	274	272	226	223	221	219
Water:										
Water treatment plant capacity (millions of gallons per day)	19	19	19	19	19	19	19	19	19	19
Miles of water lines	184	183	183	180	180.0	181	180	180.0	180.0	178.3
Number of fire hydrants	1117	1088	1,088	1,050	1,047	1,031	1,026	1,007	1,005	991
Sewer:										
Sewer treatment plant capacity (millions of gallons per day)	15	15	15	15	15	15	15	15	15	15
Miles of sanitary sewers	172	171	171	170	166	170	166	165	167	167

Source: Departmental operational reports for the period ending June 30th

Note:

- (1) Includes 3 jointly funded parks with Albemarle County beginning fiscal year 2012.
 (2) Includes City Parks and natural areas in FY2012



City of Charlottesville, Virginia

605 East Market Street

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SINGLE AUDIT REPORT

For the Year Ended June 30, 2020

CITY OF CHARLOTTESVILLE, VIRGINIA

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**INDEPENDENT AUDITOR'S 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 City Council
City of Charlottesville, 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; the *Specifications for Audits of Counties, Cities, and Towns*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements, the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia (the "City"), as of and for the year ended June 30, 2020 and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated, November 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 entity'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 may exist that were not identified. **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 City'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 financial statements. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the in the accompanying schedule of findings and questioned costs as Items 2020-005, 2020-006, 2020-007, and 2020-008.**

City of Charlottesville's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
February 9, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of
the City Council
Charlottesville, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Charlottesville, Virginia's (the "City'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 the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 the City'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 the City's compliance.

Report on Compliance for Each Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the City 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, and 2020-004. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion the response.

Report on Internal Control over Compliance

Management of the City 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 City's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the 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 the City'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.**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 25, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
February 9, 2021

CITY OF CHARLOTTESVILLE, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal granting agency/recipient state agency/grant program/grant number	CFDA number	Pass-Through Entity DUNS	Amount Passed- Through to Subrecipient	FY2020 Federal Expenditures
<u>DEPARTMENT OF AGRICULTURE</u>				
Direct payments:				
Community Forest and Open Space Conservation Program	10.689			568,961
Pass-through payments:				
Virginia Department of Education				
School Breakfast Program (457-07-05)	10.553			363,379
COVID-19 - School Breakfast Program (457-07-05)	10.553			43,529
Virginia Department of Education				
National School Lunch Program (457-07-05)	10.555			914,328
COVID-19 - National School Lunch Program (457-07-05)	10.555			144,303
Summer Food Service Program for Children (10013)	10.559			77,055
COVID-19 - Summer Food Service Program for Children (10013)	10.559			156,995
Virginia Department of Agriculture & Consumer Services				
Food Distribution - USDA Commodities	10.555			18,775
Total Child Nutrition Cluster				1,718,364
Virginia Department of Social Services				
State administrative matching grant for SNAP	10.561			1,400,818
Virginia Department of Education				
Child & Adult Care Food Program (60090)	10.558			10,828
Child Nutrition Discretionary Grant - School Meals Equipment	10.579			9,642
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct payments:				
Community Development Block Grant	14.218	078675710	11,895	259,602
(B16MC10022; B17MC10022; B18MC10022; B19MC10022)	14.218	832619907	29,237	
	14.218	607425837	9,237	
Pass-through payments:			50,369	
Virginia Department of Housing & Community Development				
Virginia Homeless Solutions Program (18-VHSP-008)	14.231	832619907	98,240	98,240
Housing Opportunities for Persons with Aids (18-HW-303)	14.241	832619907	191,416	191,416
Foster Care to Adult	14.239	832619907	8,449	8,449
Thomas Jefferson Planning District Commission				
Housing Opportunities Made Equal (HOME)	14.239	128721896	45,073	156,324
	14.239	189610384	35,851	
	14.239	938706827	75,400	
			156,324	
<u>DEPARTMENT OF THE INTERIOR</u>				
Pass-through payments:				
Virginia Department of Historic Resources				
Historic Preservation Fund (CLG)	15.904			27,963
<u>DEPARTMENT OF JUSTICE</u>				
Direct payments:				
State Criminal Alien Assistance Program (2015-AP-BX-0450)	16.606	105255769	18,708	18,708
Edward Byrne Memorial Justice Assistance Grant Program	16.738			3,243
(2017-H2204-VA-DJ/2019-DJ-BX-0775)				
Pass-through payments:				
Virginia Department of Criminal Justice Services:				
Crime Victim Assistance (19-Y8566VW17/20-A4736SB18)	16.575			266,552
Violence Against Women Formula Grant (20-W9413VA19)	16.588			26,553
Byrne Formula Grant (19-D3192AD15)	16.738			1,642
Supreme Court of Virginia				
Byrne Formula Drug Treatment Court (20-C3684AD19)	16.579	198093189	240,000	240,000
<u>DEPARTMENT OF LABOR</u>				
Pass-through payments:				
Virginia Community College System				
WIOA - Adult Services	17.258	957031974	324,262	324,262
WIOA - Youth Services	17.259	957031974	178,980	178,980
WIOA - Dislocated Worker Services	17.278	957031974	151,030	151,030
Total Workforce Innovation and Opportunity Act Cluster				654,272
Workforce Innovation Fund	17.283	957031974	20,599	20,599
<u>DEPARTMENT OF TRANSPORTATION</u>				
Direct payments:				
Federal Transportation Agency				
Federal Transportation Formula Grants	20.507	099592768	669,030	2,687,692
COVID-19 - Federal Transportation Formula Grants	20.507	099592768	731,765	1,088,067
			1,400,795	
Pass-through payments:				
Virginia Department of Rail and Public Transportation				
COVID-19 - Federal Transportation Formula Grants	20.507			221,227
Total Federal Transit Cluster				3,996,986
Virginia Department of Transportation				
Highway Planning and Construction	20.205			3,076,198
Safe Routes to School Projects	20.205			68,115
Total Highway Planning and Construction Cluster				3,144,313
Virginia Department of Conservation and Recreation				
Recreation Trails Program	20.219			800

(Continued)

CITY OF CHARLOTTESVILLE, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal granting agency/recipient state agency/grant program/grant number	Project Area	CFDA number	Pass-Through Entity DUNS	Amount Passed- Through to Subrecipient	FY2020 Federal Expenditures
DEPARTMENT OF THE TREASURY					
<u>Pass-through payments:</u>					
<u>Virginia Department of Accounts</u>					
Coronavirus Relief Fund		21.019			51,926
DEPARTMENT OF EDUCATION					
<u>Direct payments:</u>					
Elementary and Secondary Education Act:					
Title VIII, Impact Aid (SO41B-2005-5233)		84.041			9,572
Title X, Part C, Education for Homeless Children & Youth (G10403)		84.196			26,525
Gear Up - Council of Higher Education		84.334			32,492
<u>Pass-through payments:</u>					
<u>Department of Education</u>					
NCLB - Title I Part A Chapter I: LEA (171-01-05)		84.010			1,273,311
NCLB - Title I, Part D, Subpart 2 - Neglected & Delinquent (171-01-05)		84.013			36,877
IDEA - Part B Section 611 - Sp. Ed. Flow Th. (171-02-50)		84.027			1,139,821
IDEA - Part B Section 619 Sp. Ed. Preschool (171-02-50)		84.173			45,719
Total IDEA Part B Cluster					1,185,540
Career & Technical Education Basic Grants to States (171-03-50)		84.048			101,747
Title IV Part B - Twenty First Century		84.287			577
School Improvement Grant		84.337			39,260
NCLB - Title III Part A - English Language Acquisition (171-06-05)		84.365			45,970
Title II, Part A, ESEA Improving Teacher Quality (560-45-45)		84.367			175,228
Title IV Part A LEA Student Support & Academic Enrichment		84.424			122,453
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<u>Direct payments:</u>					
Substance Abuse and Mental Health Services Grant		93.243	198093189	214,144	214,144
Administration for Children & Families - Basic Center Grant		93.623	084136464	120,209	195,311
<u>Pass-through payments:</u>					
<u>Department of Social Services</u>					
Temporary Assistance for Needy Families		93.558			624,574
TANF Workforce Development (BEN-17-056/BEN-19-024/BEN-19-113)		93.558			190,984
Total TANF Cluster					815,558
Promoting Safe & Stable Families		93.556			49,160
Refugee & Entrant Assistance - State Administered Programs		93.566			18,291
Low-Income Home Energy Assistance		93.568			119,460
Child Care Mandatory & Matching Funds of CCDF		93.596			112,324
Chafee Education & Training Vouchers Programs		93.599			7,333
Adoption Incentive payments		93.603			3,539
Child Welfare Services - State Grants		93.645			1,240
Foster Care - Title IV-E		93.658			1,294,877
Adoption Assistance		93.659			1,420,359
Social Services Block Grant		93.667			792,804
Chafee Foster Care Independence Program		93.674			11,674
State Children's Insurance Program		93.767			23,952
Medical Assistance Program (Medicaid; Title XIX)		93.778			1,462,839
<u>Department of Education</u>					
Every Student Succeeds Act		93.434			2,500
DEPARTMENT OF HOMELAND SECURITY					
<u>Pass-through payments:</u>					
<u>Virginia Department of Emergency Management</u>					
Local Emergency Management Performance Grant (7522)		97.042	066022047	7,500	7,500
Total				<u>3,181,024</u>	<u>22,478,618</u>

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Note 1 – General

The Uniform Guidance requires a schedule of expenditures of federal awards showing total federal expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). The accompanying schedule of federal awards presents the activity of all federal financial assistance programs of the City of Charlottesville, Virginia, and its component units. The City of Charlottesville reporting entity is defined in Note 1 of the City's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

Note 2 – Basis of Accounting

The schedule of federal awards is presented using the modified accrual basis of accounting, which is more fully described in Note 1 (c) to the City's financial statements. The City of Charlottesville participated in federal programs below in which non-cash benefits are provided through the state to eligible program participants:

Food Distribution Programs (CFDA Numbers 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

Food Stamps (CFDA Number 10.561) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for food stamp benefit distribution statewide.

Note 3 – Relationship to Basic Financial Statements

Federal financial assistance revenues are reported in the City's basic financial statements as follows:

	General	Capital	Social	Debt	Other		Component Unit	
	Government	Projects	Services	Service	Governmental	Total	Schools	CVPED*
Intergovernmental revenue per financial statements	\$ 27,731,534	\$ 5,947,739	\$ 10,748,730	\$ 138,733	\$ 16,414,916	\$ 60,981,652	\$ 24,766,615	\$ 674,871
Less: amounts not related to federal financial assistance	27,731,534	1,417,519	3,405,486	138,733	6,224,278	38,917,550	20,063,612	-
Less: federal revenue received for prior year expenditures	-	884,261	-	-	-	884,261	-	-
Less: unearned federal revenue	-	-	-	-	4,080,353	4,080,353	-	-
Add: prior year unearned federal revenue expended in the current year	-	-	-	-	1,256	1,256	-	-
Total schedule of expenditures of federal awards	\$ -	\$ 3,645,959	\$ 7,343,944	\$ -	\$ 6,111,541	\$ 17,100,744	\$ 4,703,003	\$ 674,871

* The City of Charlottesville and Central Virginia Partnership for Economic Development are parties to a Workforce Act Fiscal and Administrative Agent Agreement. As a fiscal agent, Central Virginia Partnership for Economic Development (CVPED) directly manages Workforce Innovation and Opportunity Act funds. The City monitors CVPED financials.

(Continued)

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Note 4 – Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

Program Title	DUNS	CFDA	Amount	Subrecipients
Community Development Block Grant	078675710	14.218	\$ 11,895	Community Investment Collaborative
Community Development Block Grant	832619907	14.218	29,237	Thomas Jefferson Area Coalition for the Homeless
Community Development Block Grant	607425837	14.218	9,237	Literacy Volunteers of Charlottesville-Albemarle
Virginia Homeless Solutions Program	832619907	14.231	98,240	Thomas Jefferson Area Coalition for the Homeless
Housing Opportunities Made Equal	128721896	14.239	45,073	Albemarle Housing Improvement Program
Housing Opportunities Made Equal	189610384	14.239	35,851	Habitat for Humanity
Housing Opportunities Made Equal	938706827	14.239	75,400	Piedmont Housing Alliance
Foster Care to Adult	832619907	14.239	8,449	Thomas Jefferson Area Coalition for the Homeless
Housing Opportunities for Persons with Aids	832619907	14.241	191,416	Thomas Jefferson Area Coalition for the Homeless
Drug Control System Improvement - Byrne Memorial Formula Grant	198093189	16.579	240,000	Offender Aid and Restoration
State Criminal Alien Assistance Program	105255769	16.606	18,708	Charlottesville-Albemarle Regional Jail
Byrne Formula Grant	198093189	16.738	-	Offender Aid and Restoration
Workforce Investment Act - Adult Services	957031974	17.258	324,262	Central VA Partnership for Economic Development
Workforce Investment Act - Youth Services	957031974	17.259	178,980	Central VA Partnership for Economic Development
Workforce Investment Act- Dislocated Worker Services	957031974	17.278	151,030	Central VA Partnership for Economic Development
Workforce Investment Act - WIF	957031974	17.283	20,599	Central VA Partnership for Economic Development
Federal Highway Administration	099592768	20.507	1,400,795	JAUNT
H&HS - Substance Abuse & Mental Health Services	198093189	93.243	214,144	Offender Aid and Restoration
H&HS - Substance Abuse & Mental Health Services	084136464	93.623	120,209	Ready Kids
Local Emergency Management Performance Grant	066022047	97.042	7,500	C/A Emergency Communications Center
			<u>\$ 3,181,024</u>	

Note 5 – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports, except that certain federal financial reports are prepared on the cash basis of accounting and the schedule of federal awards is prepared on the modified accrual basis of accounting (see Note 2 above).

(Continued)

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Note 6 – De Minimus Indirect Cost Rate

The City did not elect to use the 10% de minimus cost rate.

Note 7 – Outstanding Loan Balances

At June 30, 2020, the City had no outstanding loan balances requiring disclosure.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
JUNE 30, 2020**

As more fully described in the Independent Auditor's 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*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Children's Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Stormwater Utility Program
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services
Urban Highway Maintenance

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion** on all programs.
6. The audit disclosed **four audit findings** listed at 2020-001, 2020-002, 2020-003, and 2020-004 relating to the major programs.
7. The programs tested as major were:

<u>Name of Program</u>	<u>CFDA #</u>
Child Nutrition Cluster:	
School Breakfast Program	10.553
School Lunch Program	10.555
Summer Food Service Program	10.559
Highway Planning and Construction	20.205
Federal Transportation Formula Grants	20.507
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Workforce Innovation and Opportunity Act – Adult Program	17.258
Workforce Innovation and Opportunity Act – Youth Activities	17.259
Workforce Innovation and Opportunity Act – Dislocated Worker Formula Grants	17.278

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City of Charlottesville was determined to be a low-risk auditee.

(Continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

2020-001: Child Nutrition Cluster Eligibility

Condition:

One student tested had a household income in excess of the approved limit for free lunch. Due to a miscalculation of the total household income, the student was approved for free lunch benefits in error.

Criteria:

Students must meet certain household income ranges to be eligible for free or reduced lunches.

Cause:

There was an error in the total household income calculation resulting in improper approval.

Effect:

An ineligible student received free lunch instead of reduced lunch.

Questioned Cost Amount:

The total cost difference for reduced lunch for 180 school days is \$72.

Perspective Information:

The finding occurred in one of fifty-three students selected for testing.

Recommendation:

We recommend application approvals and calculations be reviewed.

Views of Responsible Officials and Planned Corrective Action:

Employees completing applications will exercise more care in calculations of income.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT (Continued)**

2020-002: Workforce Innovation and Opportunity Act Cluster Subrecipient Monitoring

Condition:

Subrecipient monitoring was performed by City staff, but no review of the completed monitoring was documented.

Criteria:

Controls over subrecipient monitoring must be appropriately executed as required by the Uniform Guidance.

Cause:

Review of subrecipient monitoring is not documented.

Effect:

The implementation of controls for review of the results of subrecipient monitoring visits is difficult to verify without documentation of review. Without sufficient review, findings may continue unaddressed by the City.

Questioned Cost Amount:

Not applicable.

Perspective Information:

This finding applies to the City's only Workforce Innovation and Opportunity Act Cluster subrecipient.

Recommendation:

We recommend that the review of the monitoring performed by the City staff is documented for subrecipient monitoring visits.

Views of Responsible Officials and Planned Corrective Action:

Staff will document review process for subrecipient monitoring documentation.

(Continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT (Continued)**

2020-003: Child Nutrition Cluster Eligibility

Condition:

Three students were approved for reduced meals via Medicaid Direct Certification, yet they were provided free meals by the City. Another student was approved for free meals via Medicaid Direct Certification but was provided reduced meals.

Criteria:

Direct certified students are automatically awarded the state approved eligibility from the direct certification listing.

Cause:

There was a software error affecting the import of the direct cert information, resulting in the improper award of eligibility.

Effect:

Ineligible students are receiving free lunch. Eligible students are not receiving free lunch.

Questioned Cost Amount:

The questioned cost based on the number of students found with the error is \$7,045.50. Amount is calculated based on the total cost of \$72 per student for reduced lunch for 180 school days.

Perspective Information:

The finding occurred in four of fifty-three students selected for testing.

Recommendation:

We recommend that staff ensure the software is accurately awarding eligibility for direct certification students based on the status approved by the state.

Views of Responsible Officials and Planned Corrective Action:

Staff importing direct certification listings will spot check student eligibility.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT (Continued)**

2020-004: Federal Transportation Formula Grants Subrecipient Monitoring

Condition:

Not all aspects of the City's subrecipient monitoring procedures were performed during the year.

Criteria:

Subrecipient activities should be monitored to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Cause:

Staff turnover during fiscal year 2020 caused a vacancy in the staff position that traditionally completed these aspects of subrecipient monitoring. No other staff were assigned the responsibilities while the position was open. However, the City did perform other aspects of monitoring.

Effect:

Subrecipient monitoring was not performed.

Perspective Information:

This finding applies to the City's only Federal Transportation Formula Grant subrecipient.

Recommendation:

We recommend that all subrecipients for the Federal Transportation Formula Grant are monitored annually with appropriate documentation retained on file. Additionally, a member of management or appropriate staff should review the results of the monitoring visits. If a vacancy in a staff position occurs, ensure that another staff member will fulfill the monitoring responsibilities.

Views of Responsible Officials and Planned Corrective Action:

A new staff member was hired subsequent to year end who will be responsible to complete regular subrecipient monitoring. Visits will begin occurring promptly to review fiscal year 2020 and future visits will occur regularly in upcoming fiscal years.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-005: Weldon Cooper Expenditures

Condition:

Eligible traffic control device expenditures were omitted from the report, therefore total traffic control device expenditures were omitted.

Recommendation:

We recommend reviewing data input thoroughly before submission.

Management Response:

Errors will be immediately corrected and additional measures will be implemented to prevent a similar future occurrence.

2020-006: Social Services Terminated Employees

Condition:

Employees who are terminated from employment from Social Services must be removed from the VDSS systems within three working days of termination. Employees tested were not removed timely. Per Title 63.2 of the Code of Virginia, terminated employee access must be removed within three working days of termination.

Recommendation:

We recommend all terminated employees' access be removed within three working days of termination by either the operations supervisor or their backup.

Management Response:

If the operations officer is unable to remove the employees from the VDSS system within three days of termination, the back up security officer will take the required action.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2020-007: Social Services Employee Access Review

Condition:

Employees' access to DSS applications are not reviewed on an annual basis. Title 63.2 of the Code of Virginia requires an annual review of employee access.

Recommendation:

We recommend the local security officer review all employees' access to each application with the employee's supervisor to ensure all access is properly aligned with job responsibilities annually.

Management Response:

Local security officer will implement an annual review of subsequent years including contact with direct supervisors of personnel to ensure proper system alignment including a total refresh of paperwork with corresponding internal audit dates.

2020-008: Social Services Security Policies

Condition:

Inconsistent documentation exists for employees' acknowledgement and completion of various information security policies. Per Title 63.2 of the Code of Virginia, employees must document acknowledgment of the Acceptable Use Awareness Policy.

Recommendation:

We recommend maintaining adequate documentation to support all employee acknowledgements of the Acceptable Use Awareness Policy and to enter all training completion information in the system.

Management Response:

Local security officer will review annually to ensure that all folders have current year's acceptable use policy along with corresponding training completion dates in SAMS.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020**

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

2019-001: Child Nutrition Cluster Eligibility

Condition:

One student tested had a household income outside of the approved range, but was approved for eligibility due to a miscalculation of the total household income.

Current Year Status:

Condition still applicable, see finding 2020-001 in the Schedule of Findings and Questioned Costs.

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2019-002: Weldon Cooper Expenditures

Condition:

Eligible traffic control device expenditures were omitted from the report, therefore total traffic control device expenditures were omitted.

Current Year Status:

Condition still applicable, see finding 2020-005 in the Schedule of Findings and Questioned Costs.

2018-001: Social Services Terminated Employees

Condition:

Employees who are terminated from employment from Social Services must be removed from the VDSS systems within three working days of termination. Employees tested were not removed timely. Per Title 63.2 of the Code of Virginia, terminated employee access must be removed within three working days of termination.

Current Year Status:

Condition still applicable, see finding 2020-006 in the Schedule of Findings and Questioned Costs.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020**

C. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2018-002: Social Services Employee Access Review

Condition:

Employees' access to DSS applications are not reviewed on an annual basis. Title 63.2 of the Code of Virginia requires an annual review of employee access.

Current Year Status:

Condition still applicable, see finding 2020-007 in the Schedule of Findings and Questioned Costs.

2018-003: Social Services Security Policies

Condition:

Inconsistent documentation exists for employees' acknowledgement and completion of various information security policies. Per Title 63.2 of the Code of Virginia, employees must document acknowledgment of the Acceptable Use Awareness Policy.

Current Year Status:

Condition still applicable, see finding 2020-008 in the Schedule of Findings and Questioned Costs.

CITY OF CHARLOTTESVILLE
"To be One Community Filled with Opportunity"

Office of the Director of Finance

P.O. Box 911 • Charlottesville, Virginia 22902
Telephone 434-970-3200 • Fax 434-970-3232



CORRECTIVE ACTION PLAN

March 3, 2021

The City of Charlottesville respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:
Brown, Edwards & Company, L.L.P.
1909 Financial Drive, Harrisonburg, VA 22801

Audit period: July 1, 2019 - June 30, 2020

The findings from the June 30, 2020 Schedule of Findings and Questioned Costs (the "Schedule") are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2020-001: Child Nutrition Cluster Eligibility

Condition:

One student tested had a household income in excess of the approved limit for free lunch. Due to a miscalculation of the total household income, the student was approved for free lunch benefits in error.

Criteria:

Students must meet certain household income ranges to be eligible for free or reduced lunches.

Cause:

There was an error in the total household income calculation resulting in improper approval.

Effect:

An ineligible student received free lunch instead of reduced lunch.

Recommendation:

We recommend application approvals and calculations be reviewed.

Corrective Action:

Employees completing applications will exercise more care in calculations of income.

2020-002: Workforce Innovation and Opportunity Act Cluster Subrecipient Monitoring

Condition:

Subrecipient monitoring was performed by City staff, but no review of the completed monitoring was documented.

Criteria:

Controls over subrecipient monitoring must be appropriately executed as required by the Uniform Guidance.

Cause:

Review of subrecipient monitoring is not documented.

Effect:

The implementation of controls for review of the results of subrecipient monitoring visits is difficult to verify without documentation of review. Without sufficient review, findings may continue unaddressed by the City.

Recommendation:

We recommend that the review of the monitoring performed by the City staff is documented for subrecipient monitoring visits.

Corrective Action:

Staff will document review process for subrecipient monitoring documentation.

2020-003: Child Nutrition Cluster Eligibility

Condition:

Three students were approved for reduced meals via Medicaid Direct Certification, yet they were provided free meals by the City. Another student was approved for free meals via Medicaid Direct Certification but was provided reduced meals.

Criteria:

Direct certified students are automatically awarded the state approved eligibility from the direct certification listing.

Cause:

There was a software error affecting the import of the direct cert information, resulting in the improper award of eligibility.

Effect:

Ineligible students are receiving free lunch. Eligible students are not receiving free lunch.

Recommendation:

We recommend that staff ensure the software is accurately awarding eligibility for direct certification students based on the status approved by the state.

Corrective Action:

Staff importing direct certification listings will spot check student eligibility.

2020-004: Federal Transportation Formula Grants Subrecipient Monitoring

Condition:

Not all aspects of the City's subrecipient monitoring procedures were performed during the year.

Criteria:

Subrecipient activities should be monitored to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Cause:

Staff turnover during fiscal year 2020 caused a vacancy in the staff position that traditionally completed these aspects of subrecipient monitoring. No other staff were assigned the responsibilities while the position was open. However, the City did perform other aspects of monitoring.

Effect:

Subrecipient monitoring was not performed.

Recommendation:

We recommend that all subrecipients for the Federal Transportation Formula Grant are monitored annually with appropriate documentation retained on file. Additionally, a member of management or appropriate staff should review the results of the monitoring visits. If a vacancy in a staff position occurs, ensure that another staff member will fulfill the monitoring responsibilities.

Corrective Action:

A new staff member was hired subsequent to year end who will be responsible to complete regular subrecipient monitoring. Visits will begin occurring promptly to review fiscal year 2020 and future visits will occur regularly in upcoming fiscal years.

2020-005: Weldon Cooper Expenditures

Condition:

Eligible traffic control device expenditures were omitted from the report, therefore total traffic control device expenditures were omitted.

Recommendation:

We recommend reviewing data input thoroughly before submission.

Corrective Action:

Errors will be immediately corrected and additional measures will be implemented to prevent a similar future occurrence.

2020-006: Social Services Terminated Employees

Condition:

Employees who are terminated from employment from Social Services must be removed from the VDSS systems within three working days of termination. Employees tested were not removed timely. Per Title 63.2 of the Code of Virginia, terminated employee access must be removed within three working days of termination.

Recommendation:

We recommend all terminated employees' access be removed within three working days of termination by either the operations supervisor or their backup.

Corrective Action:

If the operations officer is unable to remove the employees from the VDSS system within three days of termination, the back up security officer will take the required action.

2020-007: Social Services Employee Access Review

Condition:

Employees' access to DSS applications are not reviewed on an annual basis. Title 63.2 of the Code of Virginia requires an annual review of employee access.

Recommendation:

We recommend the local security officer review all employees' access to each application with the employee's supervisor to ensure all access is properly aligned with job responsibilities annually.

Corrective Action:

Local security officer will implement an annual review of subsequent years including contact with direct supervisors of personnel to ensure proper system alignment including a total refresh of paperwork with corresponding internal audit dates.

2020-008: Social Services Security Policies

Condition:

Inconsistent documentation exists for employees' acknowledgement and completion of various information security policies. Per Title 63.2 of the Code of Virginia, employees must document acknowledgment of the Acceptable Use Awareness Policy.

Recommendation:

We recommend maintaining adequate documentation to support all employee acknowledgements of the Acceptable Use Awareness Policy and to enter all training completion information in the system.

Corrective Action:

Local security officer will review annually to ensure that all folders have current year's acceptable use policy along with corresponding training completion dates in SAMS.

If the Federal Audit Clearinghouse has questions regarding this plan, please call Gail Hassmer, Chief Accountant at 434-970-3225.

Sincerely yours,

A handwritten signature in black ink, reading "Christopher V. Cullinan". The signature is written in a cursive style with a large, stylized initial 'C'.

Christopher V. Cullinan,
Director of Finance