

# County of Albemarle, Virginia Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2013



**COUNTY OF ALBEMARLE, VIRGINIA**

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013

**Prepared By:**

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Department of Finance



COUNTY OF ALBEMARLE, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2013

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COUNTY OF ALBEMARLE  
Department of Finance  
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November 18, 2013

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

We are pleased to present the County of Albemarle's Comprehensive Annual Financial Report (CAFR), for the fiscal year ended June 30, 2013. Responsibility for the accuracy and completeness of the data presented and the fairness of the presentations, including all disclosures, rests with the County. We believe the data presented is accurate in all material aspects and that it is designed and presented in a manner to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds. All the necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs. This report also may be found online at [www.albemarle.org](http://www.albemarle.org).

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

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

## THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

### **Public Schools**

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

Over the past ten years, the number of enrolled students in Albemarle County's public schools has risen 7.9 percent from 12,287 in 2003 to 13,263 in 2013. Since 2008, the school system has experienced a 5.8 percent increase in the number of students. In school year 2012-2013, twenty three schools were fully accredited and three were accredited with warning. The dropout rate increased for 2011/12 to 1.34 percent compared with a 0.83 percent rate for school year 2010/11.

### **Higher Education**

The County is also home to two institutions of higher learning, the University of Virginia and Piedmont Virginia Community College.

Founded in 1819 by Thomas Jefferson, the University of Virginia is situated on 188 acres and has a current student enrollment of over 21,000. In 2013, the U.S. News and World Report ranked the University as the nation's second best public university and 24th best among all national universities. The University is comprised of the Schools of Architecture, Business, Commerce, Engineering, Law, Medicine, Nursing, and Education; and the College of Arts and Sciences.

Piedmont Virginia Community College offers two-year Associates Degrees and also several four-year degree programs in conjunction with the University of Virginia, Mary Baldwin College and Old Dominion University. Each year more than 500 students transfer from PVCC to a four-year college or university. Since establishment in 1972, more than 200,000 students have attended credit and noncredit classes. Currently there have been over 10,700 associates degrees and certificates awarded. PVCC also offers extensive workforce training programs for local employees.

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

### Travel and Tourism

The County and immediate areas contain numerous cultural and recreational facilities and historic sites. The travel and tourism industry contributes significantly to the local economy, generating over \$303 million in revenues in 2012 and over 2,800 jobs in the County.

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

President Jefferson's home, Monticello, is located within the County and attracts over 500,000 visitors annually. The Thomas Jefferson Foundation announced in April, 2013 that Monticello was awarded one of its largest gifts, \$10 million from David M. Rubenstein, philanthropist and Co-CEO of the Carlyle Group. The gift is intended to help restore upper floors of the house and reconstruct Mulberry Row, the adjacent plantation community where slaves and workers lived, allowing visitors to experience Monticello much as Jefferson himself knew it.

In addition to Monticello, the County's historical heritage includes President James Monroe's home, Ashlawn-Highland; Dr. Thomas Walker's 1765 Plantation, Castle Hill; the birth site of George Rogers Clark; Patrick Henry's family tavern, Michie Tavern; and Albemarle County's 1830 Court House.

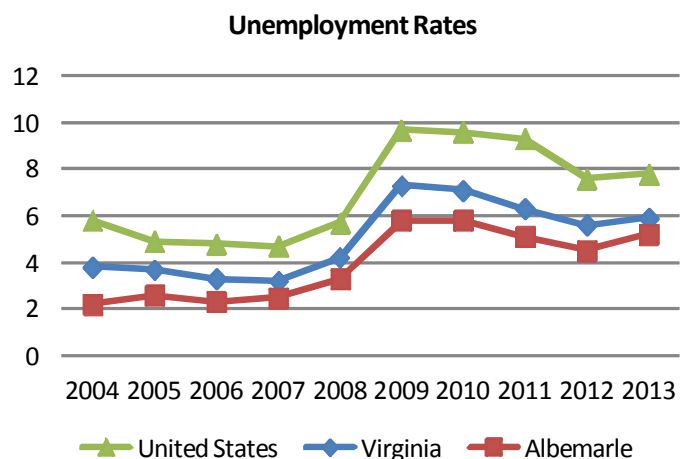
Located partially within the City of Charlottesville's corporate limits, though legally within the jurisdiction of the County, is the University of Virginia. The Lawn, Ranges and Rotunda, comprising the original academic buildings of the University, were designed by Thomas Jefferson. Monroe Hill, the home occupied by James Monroe when he was rector of the University, is also on the University grounds.

Other area attractions include Skyline Drive, Blue Ridge Parkway, and Shenandoah National Park, all located in the western part of the County. The County is serviced by Charlottesville-Albemarle Airport (CHO), a non-hub, commercial service airport offering 50 daily non-stop flights to and from Charlotte, Philadelphia, New York/LaGuardia, Washington/Dulles, Chicago, and Atlanta.

### ECONOMIC CONDITION AND OUTLOOK

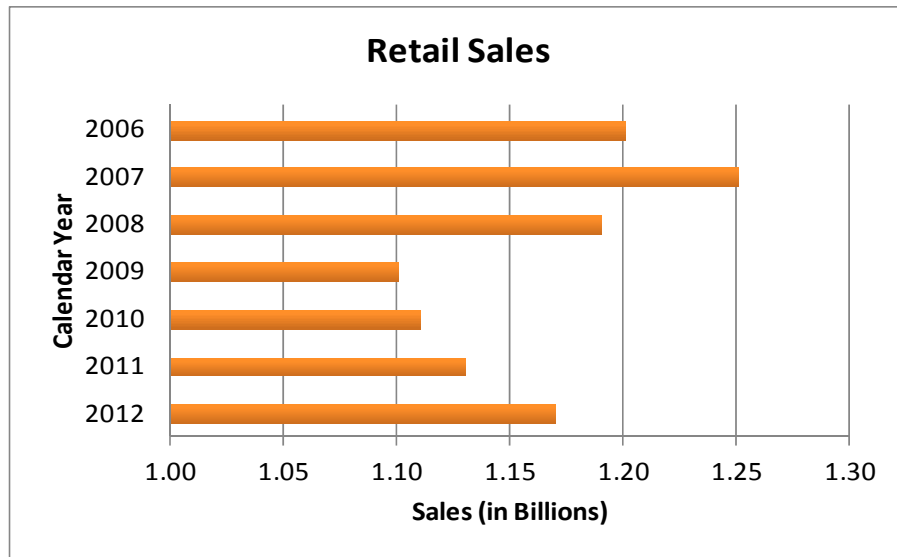
Albemarle County's rich historical heritage plays a part in the area's economic growth. Its location, rural character, urban conveniences, strong educational system and superior quality of life combine to make Albemarle an attractive, vital community. The predominant economic sectors are education, service,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

According to the Virginia Employment Commission, as of June, 2013, unemployment for Albemarle County was at 5.2 percent. The area continues to have one of the lower unemployment rates and was ranked eighteenth lowest in the Commonwealth (tied with Bath, Poquoson, Rockingham, Spotsylvania, and Stafford counties). For the same period, Virginia's unemployment rate was 5.9 percent and ranked fourteenth lowest in the nation. The national unemployment rate was 7.8 percent.

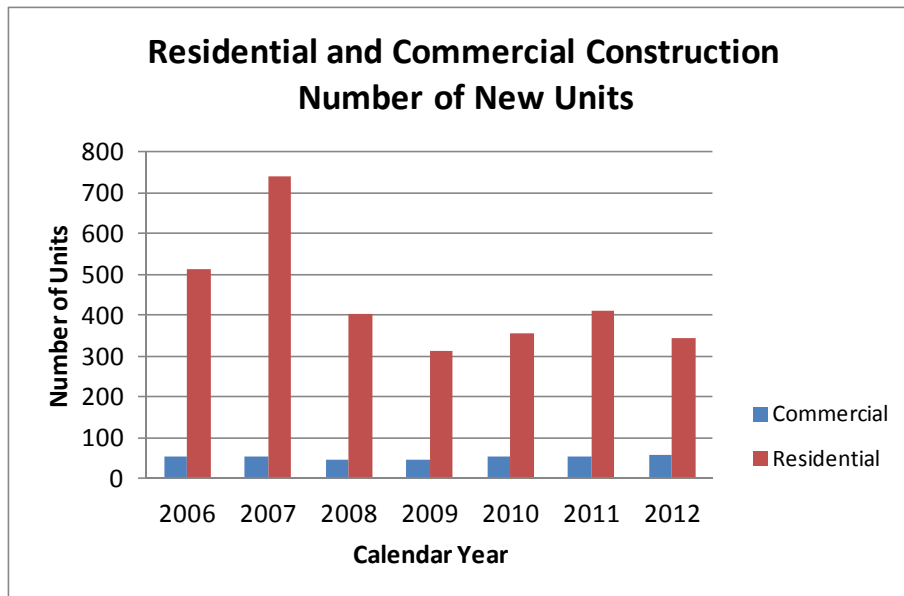


## ECONOMIC CONDITION AND OUTLOOK: (CONTINUED)

Retail sales in the County increased in 2012. As of December 31, 2012, the increase was 2.8%, with \$1.17 billion compared to \$1.13 billion in 2011. Retail sales figures for the first and second quarters of 2013 increased 4.79%, with \$602 million being reported compared to \$575 million in the first and second quarters of 2012.



The number of building permits issued for new residential construction decreased from 411 in 2011 to 345 in 2012. The value of this construction was \$102,067,623. The number of new commercial permits rose slightly from 56 in 2011 to 57 in 2012, with a total value of \$44,504,259.



As of June 2013, the median sales price of homes in the County of Albemarle was \$325,000. The median sales price of homes in the City of Charlottesville during the same period was \$262,750. This is an 8.4 percent and 6.1 percent increase respectively from the previous year.

## **FINANCIAL POLICIES**

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

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

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

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

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

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

## **MAJOR INITIATIVES**

### **Current Initiatives**

The County's major initiatives are focused on enhancing its strategic goals and building a premier community. During fiscal year 2013, the County undertook or continued initiatives in the following areas:

**Crozet Library** - This project provides continued funding for the construction of a new library in Crozet. The library will be a 23,000 square foot LEED-certified facility. The library will serve as an anchor for the revitalized downtown Crozet area, providing a focal point for community activity and expand opportunities for economic vitality for existing and new downtown businesses. The primary mission of the new facility is to serve the library needs of the defined Western Albemarle service area with a concerted focus on both existing and emerging technologies and solutions that will support the library's programming and best serve its patrons. The Official Grand Opening was held on September 28, 2013.

## MAJOR INITIATIVES: (CONTINUED)

### Current Initiatives: (Continued)

- COB McIntire Brick and Masonry Repair - The Facility Condition Assessment (FCA) identified major deterioration of the brick and masonry structure of the McIntire building. Further investigation suggests major cracking may have been influenced by other than just weather (settling, structure failure). Repairs were completed in FY 2013.
- Parks & Recreation Maintenance/Replacement - These projects relate to the recreation needs assessment report which recommended the Parks & Recreation Department continue the upkeep and maintenance of existing parks as a top priority. The result of these projects is to make the facilities more enjoyable as well as safer while also improving efficiency and in many cases reducing operating expenses. Individual projects include: Elementary school playground replacement, road resurfacing at park locations, and athletic field maintenance.
- Ivy Fire/Rescue Station - This project provides funding for the construction of the Ivy area Fire/Rescue station. This station will be situated within a portion of an existing warehouse owned by the University of Virginia. This station is needed to meet the response time goals in the western portion of the County due to the area being densely populated (the most populated rural area of the County) as well as to help lower insurance ratings from a ten (worst) to a 4 or 5, potentially saving residents an average of 50% on their annual insurance premiums. Service will begin in July, 2013.
- Volunteer Fire & EMS Apparatus Replacement - This is an on-going project to replace volunteer Fire and EMS apparatus. The apparatus schedule is based on an age and mileage criteria and includes an initiative to standardize apparatus to address inoperability, reliability, and safety issues. The most efficient and effective service is provided by apparatus that takes advantage of new technology, which is updated annually in most emergency services apparatus manufacturers.

### Future Initiatives

- Tax/Rev System Replacement - This project will replace the Revenue & Taxation System located in the Finance department from the County's mainframe to a new Microsoft based system. This system will be used for Real Estate and Personal Property billings, Business Licenses and taxes, Pet licenses, and all payment receipt processing for the County. This new system will also link the receipt processing and reporting to the Accounting office. The system is anticipated to go live in January, 2014.
- Regional 800 MHz Communication System - The regional 800 MHz Public Safety Communications system will be at its projected end of life in 2018 and will need to be replaced. The present system was purchased in 2002/2003 with final acceptance in 2006 and is the primary radio system for all public safety agencies for the City of Charlottesville, County of Albemarle and the University of Virginia. It is also used by several non-public safety agencies like transit, schools, regional airport, water & sewer, public works and the regional jail. As a result of technology changes, Emergency Communications Center will be unable to perform upgrades to keep the system usable. System repairs are scheduled to end by 2018 with many specific items within the system having shorter timelines on repairs and replacement.
- County E-911 Road Signage Upgrade - New Federal requirements from the U.S. Department of Transportation, Federal Highway Administration mandates that each locality adhere to updated guidelines on the size and font of Street Name signs and retro-reflectivity. By January 2018, all Street Name signs shall meet these requirements. The retro-reflectivity portion is the most critical. There are approximately 3,706 sites throughout the County that will need to be replaced.

## MAJOR INITIATIVES: (CONTINUED)

### Future Initiatives: (Continued)

- Rio Hill/Northside Library - In May 2013 the Board of Supervisors authorized the purchase of 705 Rio Road West for the purpose of renovating and repurposing the property to be used as a permanent location for the Northside Library and long-term warehouse and storage facility. The new facility will provide approximately 30,000 square feet of library space including space to garage the bookmobile, library branch office, and community meeting spaces. The lower level of the building will have over 20,000 square feet of warehouse space to store records and surplus property. Both the library and storage facility spaces are currently located in leased space.

## AUDIT INFORMATION

### Independent Audit

The Commonwealth of Virginia requires that the financial statements of the County be audited by an independent certified public accountant. The accounting firm of Robinson, Farmer, Cox Associates has performed an audit for the County for the fiscal year ended June 30, 2013. The auditors' opinion is included in this report.

## AWARDS AND ACKNOWLEDGEMENTS

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Albemarle, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### Acknowledgements

I would like to express my appreciation to the staff of the Finance Department for their dedicated services in producing the Comprehensive Annual Financial report. The names of those individuals who assisted with the preparation of this report are listed on the last page.

I would also like to thank the members of the Board of Supervisors and the County Executive's Office for their ongoing support in conducting the financial operations of the County in a professional and progressive manner.

Respectfully,



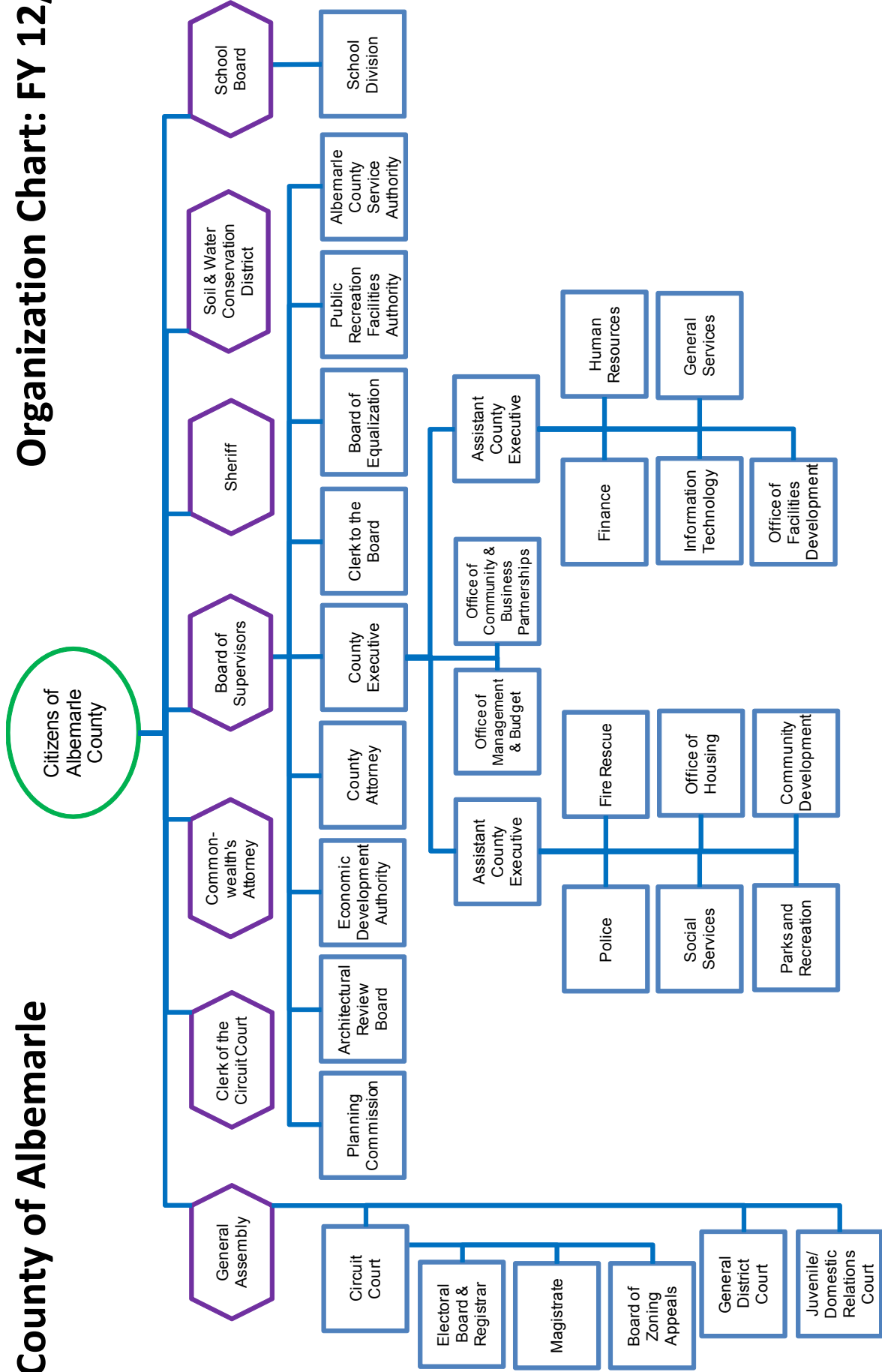
Betty J. Burrell  
Director of Finance

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# County of Albemarle

# Organization Chart: FY 12/13



In addition to the above chart, the County jointly funds and/or operates many regional agencies and authorities in several functions including Public Safety (Emergency Communications Center, Regional Jail, Juvenile Detention Center, SPCA); Public Works (Rivanna Solid Waste Authority, Rivanna Water and Sewer Authority); Human Development (Commission on Children and Families, Jefferson Area Board for Aging, JAUNT, Health Department, Region Ten Community Services Board); Parks, Recreation and Culture (Convention and Visitor's Center, Regional Library); and Community Development (Albemarle Housing Improvement Program, Piedmont Housing Alliance, Charlottesville Area Transit, Thomas Jefferson Planning District Commission, Virginia Cooperative Extension).

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## COUNTY OF ALBEMARLE, VIRGINIA

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### BOARD OF SUPERVISORS

---

Ann H. Mallek, Chairperson  
Duane E. Snow, Vice-Chair

Kenneth C. Boyd  
Rodney Thomas

Dennis S. Rooker  
William Craddock

Ella W. Jordan, Clerk

### SCHOOL BOARD

---

Steve H. Koleszar, Chairperson  
Ned Gallaway, Vice-Chair

Jason Buyaki  
Diantha H. McKeel  
Pamela Moynihan

Barbara Massie Mouly  
Eric Strucko

Jennifer W. Johnston, Clerk

## COUNTY OF ALBEMARLE, VIRGINIA

### OTHER OFFICIALS

---

County Executive	Thomas C. Foley
School Superintendent	Dr. Pamela Moran
Assistant County Executive	Douglas Walker
Assistant County Executive	William M. Letteri
Clerk of the Circuit Court	Debra Shipp
Judge of the Circuit Court	Cheryl Higgins
Commonwealth Attorney	Denise Y. Lunsford
County Attorney	Larry W. Davis
Director of Information Services	Michael C. Culp
Director of Community Development	Mark B. Graham
Extension Agent	Carrie Swanson
Director of Finance	Betty J. Burrell
Clerk of the General District Court	Phyllis L. Stewart
Judge of the General District Court	William G. Barkley
Director of Zoning	Amelia G. McCulley
Director of Emergency Communications Center	Thomas A. Hanson
Director of Parks and Recreation	Robert P. Crickenberger
Director of Human Resources	Lorna Gerome
Director of Planning	Vincent W. Cilimberg
Chief of Police	Colonel Steve Sellers
Registrar	Richard J. Washburne
Sheriff	J.E. "Chip" Harding
Director of Social Services	Katherine A. Ralston
Director of General Services	George A. Shadman, Jr.
Director of Inspections/Building Official	Jay Schlothauer
Director of Housing	Ron White
Fire Chief	J. Dan Eggleston



Government Finance Officers Association

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

Presented to

**County of Albemarle  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Albemarle, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Albemarle, Virginia, as of June 30, 2013, 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.

## *Emphasis of Matter*

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resource and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Albemarle, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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



***Other Matters: (Continued)***

***Other Information (Continued)***

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 1, 2013, on our consideration of the County of Albemarle, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Albemarle, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 1, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management of the County of Albemarle presents the following discussion and analysis as an overview of the County of Albemarle's financial activities for the fiscal year ending June 30, 2013. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter and the County's financial statements.

### Financial Highlights for the Year

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

- The County's total assets, excluding its component unit, totaled \$239,599,401. Liabilities and deferred inflows of resources totaled \$147,530,938. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,068,463, of which \$69,379,158 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position decreased \$1,535,233 from the prior year. This decrease is primarily a result of increases in governmental expenses when compared to FY 2012, particularly in Public Safety and Parks, recreation and cultural.

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

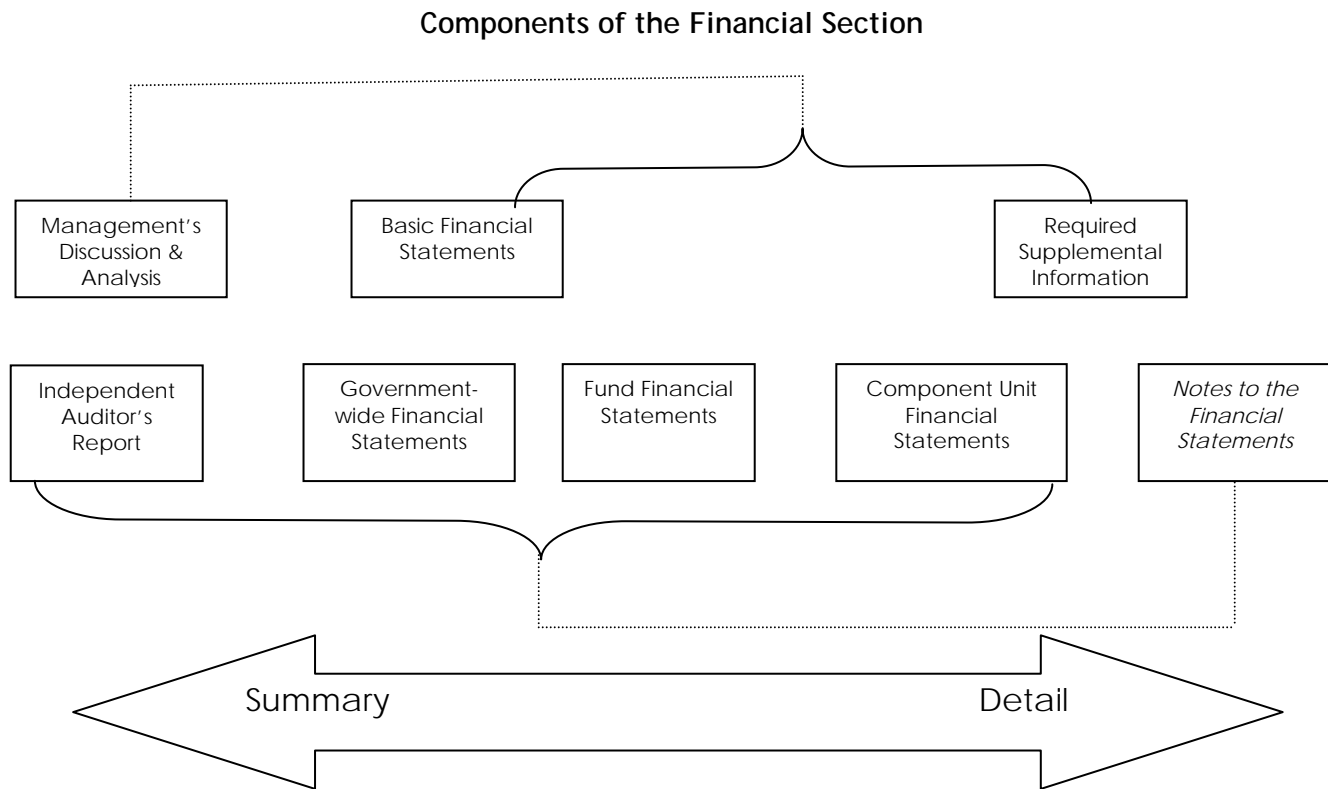
- As of June 30, 2013, the County's governmental funds reported combined fund balances of \$60,028,666, a decrease of \$11,723,685 in comparison with the prior year. Approximately 55.83% of the combined fund balances, \$33,519,691, is unassigned and available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$38,851,495, a decrease of \$943,098 from June 30, 2012. General Capital Improvements Fund reported a fund balance of \$15,845,954; and Other Governmental Funds reported \$5,331,217 in total fund balance.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The *introductory section* includes the transmittal letter, the County's organizational chart, a list of principal officers and a copy of the 2012 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association.
- The *financial section* has five component parts - the independent auditor's report, management's discussion and analysis (this section), the basic financial statements (which include government-wide financial statements and fund financial statements), required supplementary information, and other supplementary information.
- The *statistical section* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations.

## OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)



In the past, the primary focus of local government financial reports was to provide summarized fund type information on a current financial resource basis. This approach was modified in fiscal year 2002 and now local government financial reports consist of two kinds of statements, each with a different view of the County's finances. The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. The fund financial statements, which were provided prior to 2002, focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. The basic financial statements also contain notes to explain, in greater detail, the information found in the financial statements.

### **Government-wide Financial Statements**

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary of Net Position As of June 30, 2013 and 2012 (\$ in thousands)						
	Governmental Activities		Component Unit		Total Entity	
	2013	2012	2013	2012	2013	2012
Assets and deferred outflows of resources:						
Current and other assets	\$ 91,697	\$ 112,192	\$ 23,677	\$ 33,784	\$ 115,374	\$ 145,976
Deferred outflows of resources	506	-	-	-	506	-
Capital assets (net)	<u>147,397</u>	<u>135,631</u>	<u>73,715</u>	<u>73,684</u>	<u>221,112</u>	<u>209,315</u>
Total Assets and deferred outflows of resources	<u>\$ 239,600</u>	<u>\$ 247,823</u>	<u>\$ 97,392</u>	<u>\$ 107,468</u>	<u>\$ 336,992</u>	<u>\$ 355,291</u>
Liabilities and deferred inflows of resources:						
Other liabilities	\$ 8,366	\$ 9,804	\$ 17,169	\$ 24,423	\$ 25,535	\$ 34,227
Deferred inflows of resources	2,144	-	137	-	2,281	-
Long-term liabilities	<u>137,020</u>	<u>145,873</u>	<u>7,484</u>	<u>6,514</u>	<u>144,504</u>	<u>152,387</u>
Total liabilities and deferred inflows of resources	<u>\$ 147,530</u>	<u>\$ 155,677</u>	<u>\$ 24,790</u>	<u>\$ 30,937</u>	<u>\$ 172,320</u>	<u>\$ 186,614</u>
Net Position:						
Net investment in capital assets	\$ 21,022	\$ 21,445	\$ 73,715	\$ 73,684	\$ 94,737	\$ 95,129
Restricted	1,668	25,466	-	-	1,668	25,466
Unrestricted	<u>69,379</u>	<u>46,693</u>	<u>(1,113)</u>	<u>2,846</u>	<u>68,266</u>	<u>49,539</u>
Total net position	<u>\$ 92,069</u>	<u>\$ 93,604</u>	<u>\$ 72,602</u>	<u>\$ 76,530</u>	<u>\$ 164,671</u>	<u>\$ 170,134</u>

The Commonwealth of Virginia requires that counties, as well as their fiscally dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public school facilities, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government. GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements. The net position of the total financial reporting entity best represent the entity's financial position. In the case of the County's reporting entity, total assets and deferred outflows exceeded liabilities and deferred inflows by \$164,670,290 at June 30, 2013, a 2.4% decrease from June 30, 2012. The largest portion of the reporting entity's net position, \$94,736,470, reflects investment in capital assets (e.g., land, building, and equipment), less the outstanding debt associated with the asset acquisition. Total assets and deferred inflows of resources decreased \$18,299,170 and total liabilities decreased \$16,574,303 from 2012 primarily as a result of long term obligations including the delayed issuance of public facility revenue bonds until FY 2014. The County has established a biennial timeline for issuing bonds for capital projects.

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

The following table presents revenues and expenses of governmental activities:

<b>Changes in Net Position</b> <b>For the Fiscal Year Ended June 30, 2013 and 2012</b> <b>(\$ in thousands)</b>			
	<b>Governmental Activities</b>		<b>Total %</b>
	<b>2013</b>	<b>2012</b>	<b>Change</b>
			<b>2013-2012</b>
Revenues:			
Program Revenues:			
Charges for services	\$ 5,172	\$ 5,799	-10.81%
Operating grants and contributions	20,604	20,194	2.03%
Capital grants and contributions	142	631	-77.50%
General Revenues:			
General property taxes, real and personal	140,018	137,642	1.73%
Other taxes	42,988	40,833	5.28%
Grants and contributions not restricted	21,046	20,845	0.96%
Use of money and property	842	608	38.49%
Miscellaneous revenue	649	319	103.45%
Total Revenues	\$ 231,461	\$ 226,871	2.02%
Expenses:			
General government	\$ 9,766	\$ 13,496	-27.64%
Judicial administration	5,489	5,004	9.69%
Public safety	36,743	33,923	8.31%
Public works	6,035	7,008	-13.88%
Health and welfare	25,652	23,234	10.41%
Education	106,384	104,558	1.75%
Parks, recreation, and cultural	10,351	6,739	53.60%
Community Development	27,519	28,024	-1.80%
Interest on long-term debt	5,057	5,330	-5.12%
Total Expenses	\$ 232,996	\$ 227,316	2.50%
Increase (decrease) in net position	\$ (1,535)	\$ (445)	244.94%
Beginning net position, as restated	93,604	94,049	-0.47%
Ending net position	\$ 92,069	\$ 93,604	-1.64%

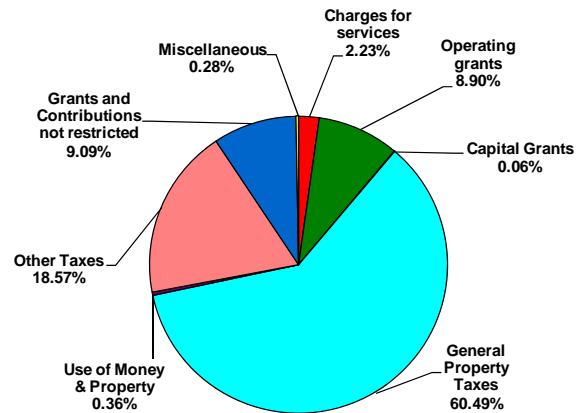
Revenues from charges for services dropped 11% from 2012 primarily as a result of a decrease in county fines charged and land use revalidation being performed on a biennial basis. Capital grants and contributions decreased over 77% due to the completion of a grant from the Federal Highway Administration as well as having drawn down 85% of monies allotted the county through the VRA-DEQ loan in FY 2012. Use of money and property rose over 38% due to increases in rent associated with office space and meeting rooms. Miscellaneous revenues increased over 103% primarily due to an increase in proffer revenues. Proffers are (i) any money voluntarily proffered in writing signed by the owner of property subject to rezoning, submitted as part of a rezoning application and accepted by a locality pursuant to the authority granted by Va. Code Ann. § 15.2-2303, or § 15.2-2298, or (ii) any payment of money made pursuant to a development agreement entered into under authority granted by Va. Code Ann. § 15.2-2303.1.

General Government and Public Works experienced a 28% and 14% decrease, respectively, while Parks, Recreation, and Cultural experienced a 54% increase. These decreases/increases are primarily a result of reclassifications of capital projects as well as capital assets.

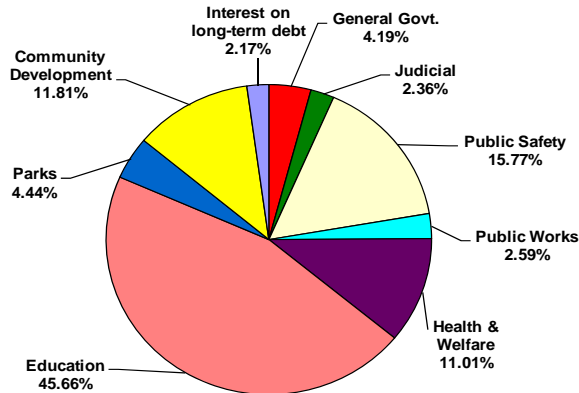
## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)

### Governmental Activities - Revenues by Source For the Fiscal Year Ended June 30, 2013

Governmental activities total net position decreased \$1,535,233 with an ending net position of \$92,068,463. Revenues from governmental activities totaled \$231,461,251 for FY 2013 compared to FY 2012 revenues from governmental activities of \$226,872,630. Taxes comprise the largest source of these revenues, totaling \$183,005,485 or 79% of all governmental activities revenue. Of this amount, general property taxes comprise 77% of the taxes collected totaling \$140,017,949.



### Governmental Activities - Expenses by Function For the Fiscal Year Ended June 30, 2013



The total cost of all governmental activities for this fiscal year was \$232,996,483. As the chart to the left illustrates, Education continues to be the County's largest program with expenses totaling \$106,384,475. Public Safety expenses, which total \$36,742,658 represents the second largest expense, followed by Community Development at \$27,518,813 and Health and Welfare at \$25,652,233.

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

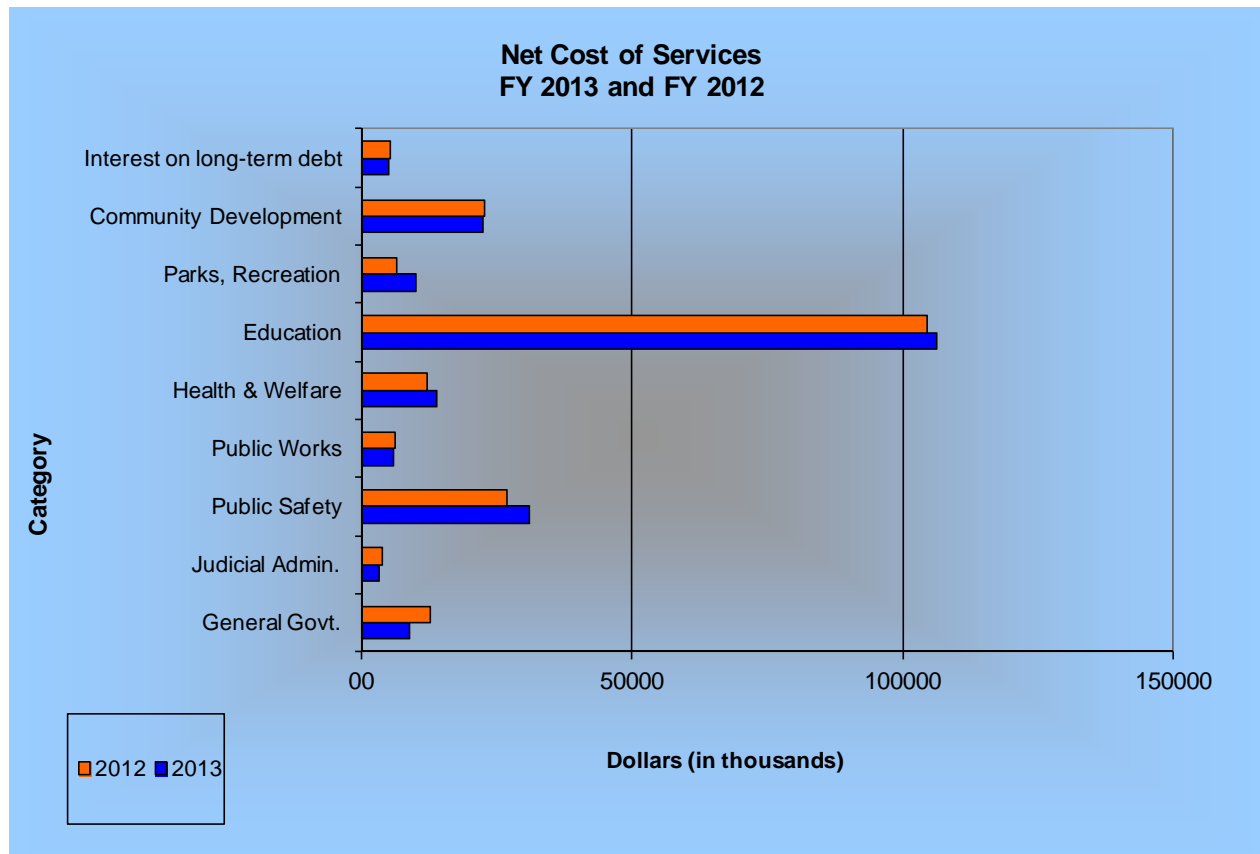
### Total Cost and Net Cost of Governmental Activities For the Fiscal Year Ended June 30, 2013 and 2012

	Total Cost of Services			Net Cost of Services		
	2013	2012	Percentage Change	2013	2012	Percentage Change
General government	\$ 9,765,599	\$ 13,495,692	-27.64%	\$ 8,937,377	\$ 12,589,401	-29.01%
Judicial administration	5,489,228	5,004,115	9.69%	3,381,586	3,780,295	-10.55%
Public safety	36,742,658	33,923,255	8.31%	30,939,167	26,828,224	15.32%
Public works	6,035,240	7,008,396	-13.89%	5,849,760	6,210,301	-5.81%
Health & welfare	25,652,233	23,234,055	10.41%	13,992,596	12,180,179	14.88%
Education	106,384,475	104,558,364	1.75%	106,384,475	104,558,364	1.75%
Parks, recreation & cultural	10,350,757	6,739,115	53.59%	10,041,871	6,406,384	56.75%
Community development	27,518,813	28,023,779	-1.80%	22,493,920	22,809,082	-1.38%
Interest on long-term debt	5,057,480	5,330,390	-5.12%	5,057,480	5,330,390	-5.12%
Total	\$ 232,996,483	\$ 227,317,161	2.50%	\$ 207,078,232	\$ 200,692,620	3.18%



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

For the year ended June 30, 2013, governmental activities generated \$5,172,301 in program revenues from users of services provided by the activity, as compared to \$5,799,278 for FY 2012. The largest percent of charges were generated from Public Safety with 41.08%, while Community Development generated 33.81% of charges for services program revenue. Operating grant and contribution revenues increased slightly to \$20,604,402 when compared to \$20,193,795 in FY 2012. Capital grant and contribution revenues totaled \$141,548 which decreased by \$489,920 when compared with 2012.



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2013, the County's governmental funds reported a combined ending fund balance of \$60,028,666, a decrease of \$11,723,685 in comparison with the prior year. Approximately 55.84% (\$33,519,691) is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is nonspendable (\$266,690); restricted (\$1,667,683); or committed (\$24,574,602). For further details on Fund Balance, please refer to Exhibit 3 located in the Fund Financial statements section.

The General Fund contributed \$100.1 million in operating funds to finance the Schools operations as well as \$4.5 million to the School Capital Projects Fund.

In the General Capital Improvement Fund, the County expended \$19.8 million in FY 2013. Approximately 29.86% of those expenditures, \$5.9 million, was used to finish construction of the Crozet library. The County also expended \$3 million for the purchase of property for the new Rio Hill/Northside library (which will also house the County's storage facility); as well as \$2.8 million for Fire-Rescue/Volunteer apparatus. The General Capital Improvement spent \$1.5 million of revenue bond proceeds for education capital projects, transferring those funds to the component unit's capital projects fund.

## **BUDGETARY HIGHLIGHTS**

### **General Fund**

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

<b>Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2013</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>
Revenues:			
Taxes	\$ 180,771,580	\$ 180,771,580	\$ 182,761,871
Other	6,746,252	6,443,667	6,444,033
Intergovernmental	32,070,115	32,700,006	35,325,819
Total	\$ 219,587,947	\$ 219,915,253	\$ 224,531,723
Expenditures:			
Expenditures	\$ 201,344,598	\$ 204,296,449	\$ 200,264,224
Excess (deficit) of revenues over expenditures	\$ 18,243,349	\$ 15,618,804	\$ 24,267,499
Other Financing Sources (Uses):			
Transfers in	\$ 2,223,919	\$ 11,640,963	\$ 1,653,163
Transfers out	(20,467,268)	(27,259,767)	(26,863,760)
Total	\$ (18,243,349)	\$ (15,618,804)	\$ (25,210,597)
Change in Fund Balance	\$ -	\$ -	\$ (943,098)
Fund balance, beginning of year	-	-	\$ 39,794,593
Fund balance, end of year	-	-	38,851,495

The final amended budget appropriations for expenditures exceeded the original appropriations by \$2,951,851. This increase is due primarily to re-appropriation of funds for incomplete projects and prior year purchase order commitments.

Actual revenues were \$4,616,470, or 2.10% more than final budget amounts and actual expenditures were \$4,032,225 or 1.97% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2013, include the following:

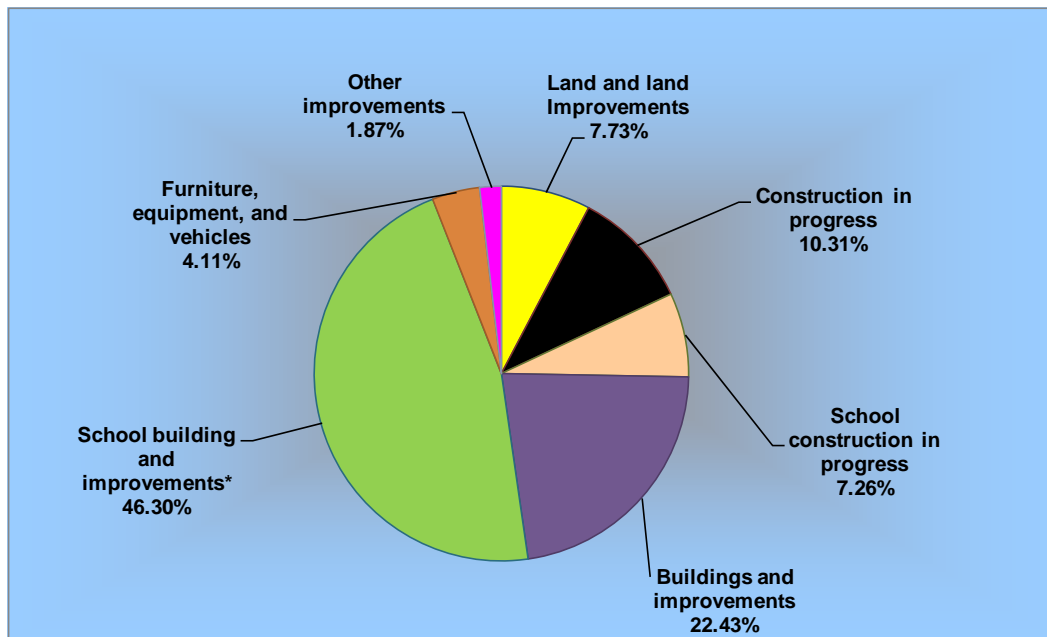
- Actual tax revenues exceeded budgeted amounts by \$1,990,291 primarily due to increased efforts of delinquent tax collection.
- Actual revenues from the Commonwealth and Federal Government were \$438,928 less than budgeted due to reduced grant revenue.
- General government actual expenditures were \$437,044 less than budgeted, Public Safety actual expenditures were \$1,901,080 less than budgeted, and Health and Welfare actual expenditures were \$522,252 less than budgeted. These savings were primarily due to employee retirement and a large number of frozen and unfilled vacancies.
- Expenditures in Public Works were \$486,398 less than budgeted as a result primarily of uncompleted projects carried forward to FY 2014.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2013, the County's investment in capital assets totaled \$147,396,992 as summarized below:

Capital Assets as of June 30, 2013



During Fiscal Year 2013, the County's net capital assets (including additions, decreases, and depreciation) increased \$11,765,973 as summarized below:

Change in Capital Assets Governmental Funds			
	Balance July 1, 2012	Net Additions and Deletions	Balance June 30, 2013
Land and land Improvements	\$ 9,494,144	\$ 1,894,092	\$ 11,388,236
Construction in progress	5,742,763	9,447,674	15,190,437
School land and construction in progress*	4,669,158	6,032,695	10,701,853
Buildings and improvements	54,960,706	1,153,978	56,114,684
School building and improvements*	89,478,620	(6,768,077)	82,710,543
Furniture, equipment, and vehicles	31,707,218	2,398,504	34,105,722
Other improvements	9,034,288	99,740	9,134,028
Total Capital Assets	\$ 205,086,897	\$ 14,258,606	\$ 219,345,503
Less accumulated depreciation	(69,455,878)	(2,492,633)	(71,948,511)
Total capital assets, net	\$ 135,631,019	\$ 11,765,973	\$ 147,396,992

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

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

### Capital Assets (Continued)

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

- Funding for the final phase of construction of the new library in Downtown Crozet. The official Grand Opening was held on September 28, 2013.
- Acquisition of Fire/Rescue apparatus including: East Rivanna Engine 21; Hollymead Ambulance 121; Stony Point Engine 61, Ivy Engine, and Pantops Ambulance.
- Purchase of property for the future site of the Rio Hill/Northside library. This building will also house the County's storage facility.
- On-going renovations to several schools including Brownsville, Greer, and Murray High School. In addition to regular maintenance projects the replacement of furniture, lockers, and lighting are being continued as well as replacement of playground equipment.
- Parking area paving has begun with Monticello High School being the first to receive improved parking areas.

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

### Long-term Debt

In June 2011, the County applied to the Virginia Resource Authority, as administrator of the Virginia Water Facilities Revolving Fund, to provide financing for projects in reference to acquiring, designing, and constructing stormwater management projects for a principal amount not to exceed \$400,000.

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

Summary of Long-Term Obligation Changes For the Fiscal Year Ended June 30, 2013			
	Amounts Payable July 1, 2012	Net Increase (Decrease)	Amounts Payable June 30, 2013
Primary Government			
General obligation school bonds	\$ 102,071,270	\$ (8,294,361)	\$ 93,776,909
Public facility revenue and refunding bonds	28,393,730	(800,639)	27,593,091
Virginia Resource Authority	-	325,223	325,223
Capital lease obligations	1,200,305	(793,686)	406,619
Premium on bonds payable	6,241,652	(772,595)	5,469,057
Deferred amount on refunding *	-	-	-
Claims payable	1,544,488	58,007	1,602,495
OPEB	3,652,000	590,000	4,242,000
Compensated absences	3,302,339	302,605	3,604,944
Total	<u>\$ 146,405,784</u>	<u>\$ (9,385,446)</u>	<u>\$ 137,020,338</u>

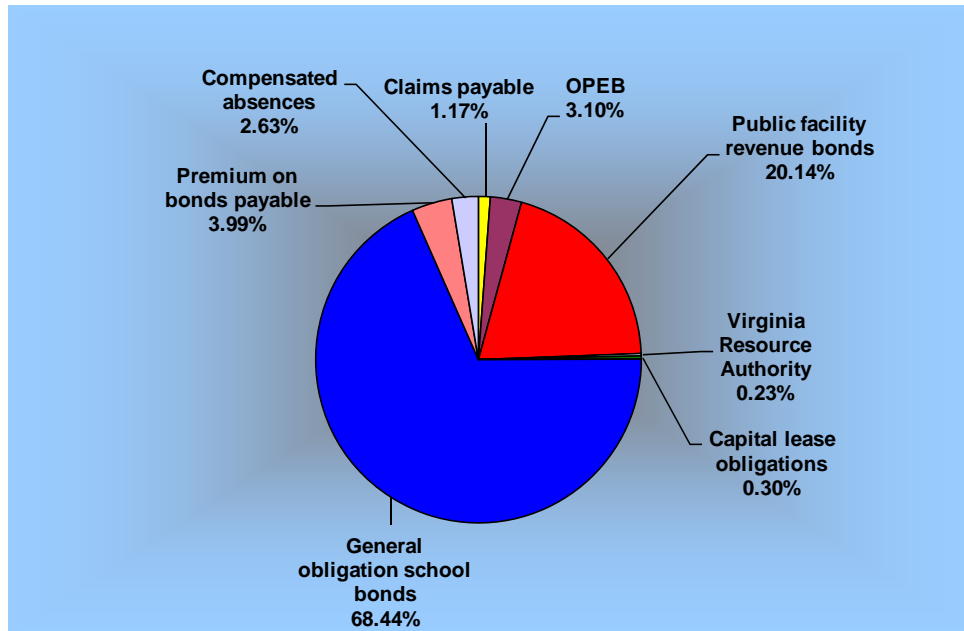
\* Deferred amounts on refunding were reclassified to Deferred inflows with implementation of GASB 65

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

### Long-term Debt (Continued)

As of June 30, 2013, the County's long-term obligations total \$137,020,338 and can be summarized as follows:

**Long-Term Obligations  
Primary Government as of June 30, 2013**



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

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

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

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

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

### Long-term Debt (Continued)

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

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

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

- The average unemployment rate for the County of Albemarle in June 2013 was 5.2%, which is an increase of .70% from the rate in June 2012. This compares favorably to the state's rate of 5.9% and the national rate of 7.8% for the same period.
- According to the U.S. Census Bureau, the estimated population in Albemarle was 101,575, as of July 1, 2012, with an estimated 78.8% of individuals over the age of eighteen. The median was calculated at 38.2 years of age.
- The Fiscal Year 2014 Adopted Budget anticipates general fund revenues and expenditures to be \$228,495,767, a 3.01% increase over the fiscal year 2013 budget. Revenues are comprised primarily of General Property Taxes at 63% with Other Local Taxes comprising 20%. The County's transfer to fund Education operations (including Education debt service) continues to be the largest expenditure area at 45% of total expenditures with Public Safety being the next largest at 16%.

## REQUESTS FOR INFORMATION

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

## **BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Position  
At June 30, 2013

	Governmental Activities	Component Unit School Board
<b>Assets</b>		
Cash and investments	\$ 66,655,643	\$ 15,258,695
Investments - restricted	364,513	-
Receivables (net of allowance for doubtful accounts) - Note 4	12,005,164	1,369,426
Due from other governments - Note 5	12,477,706	6,468,121
Prepaid items	104,003	80,104
Inventories	89,587	500,585
Capital assets - Note 7:		
Land and construction in progress	37,280,526	6,096,992
Other capital assets (net of accumulated depreciation)	110,116,466	67,617,856
Total capital assets, net	<u>\$ 147,396,992</u>	<u>\$ 73,714,848</u>
 Total assets	 \$ 239,093,608	 \$ 97,391,779
<b>Deferred Outflows of Resources</b>		
Deferred amount on refunding	<u>505,793</u>	<u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 239,599,401</u>	 <u>\$ 97,391,779</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,299,009	\$ 17,169,083
Accrued interest payable	2,067,152	-
Long-term liabilities - Note 8:		
Due within one year	13,283,554	247,579
Due in more than one year	<u>123,736,784</u>	<u>7,236,215</u>
 Total liabilities	 <u>\$ 145,386,499</u>	 <u>\$ 24,652,877</u>
<b>Deferred Inflows of Resources</b>		
Unearned revenue - Note 9	<u>\$ 2,144,439</u>	<u>\$ 137,075</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 21,021,622	\$ 73,714,848
Restricted:		
Capital projects	364,513	-
Other	1,303,170	-
Unrestricted	<u>69,379,158</u>	<u>(1,113,021)</u>
 Total net position	 <u>\$ 92,068,463</u>	 <u>\$ 72,601,827</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 239,599,401</u>	 <u>\$ 97,391,779</u>

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

Statement of Activities  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	
Primary Government						
Governmental activities						
General government administration	\$ 9,765,599	\$ 383,601	\$ 433,021	\$ 11,600	\$ (8,937,377)	\$ -
Judicial administration	5,489,228	554,336	1,553,306	-	(3,381,586)	-
Public safety	36,742,658	2,124,556	3,678,935	-	(30,939,167)	-
Public works	6,035,240	60,712	74,948	49,820	(5,849,760)	-
Health and welfare	25,652,233	-	11,659,637	-	(13,992,596)	-
Education	106,384,475	-	-	-	(106,384,475)	-
Parks, recreation and cultural	10,350,757	300,290	8,596	-	(10,041,871)	-
Community development	27,518,813	1,748,806	3,195,959	80,128	(22,493,920)	-
Interest on long-term debt	5,057,480	-	-	-	(5,057,480)	-
Total governmental activities	\$ 232,996,485	\$ 5,172,301	\$ 20,604,402	\$ 141,548	\$ (207,078,233)	\$ -
Component Unit						
Albemarle County Public Schools	\$ 173,100,782	\$ 6,103,355	\$ 52,162,077	\$ 752,000	\$ -	\$ (114,083,350)
General Revenues						
Taxes:						
General property taxes, real and personal				\$ 140,017,949	\$ -	
Local sales and use taxes				13,117,767	-	
Business licenses tax				10,397,250	-	
Consumer utility taxes				4,266,095	-	
Meals tax				6,168,335	-	
Motor vehicle licenses tax				3,773,475	-	
Other taxes				5,264,614	-	
Payment from County of Albemarle:						
Education				-		106,361,725
Grants and contributions not restricted to specific programs						
				21,045,744		-
Unrestricted use of money and property				842,474		765,199
Miscellaneous				649,297		3,028,065
Total general revenues				\$ 205,543,000	\$ 110,154,989	
Change in net position				\$ (1,535,233)	\$ (3,928,361)	
Net position, beginning of year, as restated				93,603,696	76,530,188	
Net position, end of year				\$ 92,068,463	\$ 72,601,827	

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

## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
At June 30, 2013

	General Fund	General Capital Improve- ments	Other Govern- mental Funds	Total Govern- mental Funds
<b>Assets</b>				
Cash and investments	\$ 29,133,032	\$ 16,981,841	\$ 5,293,821	\$ 51,408,694
Investments - restricted	-	364,513	-	364,513
Property taxes receivable, (net of allowance for uncollectibles) - Note 4	9,663,739	-	-	9,663,739
Receivables, (net of allowance for uncollectibles) - Note 4	2,171,672	73,100	91,347	2,336,119
Due from other governments - Note 5	11,111,177	-	1,366,529	12,477,706
Prepaid items	104,003	-	-	104,003
Inventories	89,587	-	-	89,587
Total assets	<u>\$ 52,273,210</u>	<u>\$ 17,419,454</u>	<u>\$ 6,751,697</u>	<u>\$ 76,444,361</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 3,278,612	\$ 1,573,500	\$ 1,420,480	\$ 6,272,592
Total liabilities	<u>\$ 3,278,612</u>	<u>\$ 1,573,500</u>	<u>\$ 1,420,480</u>	<u>\$ 6,272,592</u>
<b>Deferred Inflows of resources</b>				
Unavailable revenue - Note 9	\$ 10,143,103	\$ -	\$ -	\$ 10,143,103
<b>Fund Balance</b>				
Nonspendable:				
Inventories and prepaid items	\$ 193,590	\$ -	\$ -	\$ 193,590
Loan receivable	-	73,100	-	73,100
Restricted:				
Grant compliance	-	-	1,018,918	1,018,918
GO Bond proceeds	-	364,513	-	364,513
Debt service	-	-	284,252	284,252
Committed:				
General government - various	1,560,007	-	-	1,560,007
Sheriff	12,038	-	-	12,038
Public safety - various	263,942	-	-	263,942
Public works - various	138,106	-	-	138,106
Health and welfare	51,513	-	-	51,513
Education - School Reserve Fund	3,054,181	-	-	3,054,181
Parks and recreation	42,044	-	-	42,044
Community development - various	5,383	-	-	5,383
Ivy Fire Station	-	566,177	-	566,177
Volunteer Fire Stations	11,000	558,426	-	569,426
Crozet library	-	844,517	-	844,517
General capital projects - various	-	13,439,221	-	13,439,221
Storm water projects	-	-	3,539,280	3,539,280
Special revenue	-	-	488,767	488,767
Unassigned:				
General	33,519,691	-	-	33,519,691
Total fund balance	<u>\$ 38,851,495</u>	<u>\$ 15,845,954</u>	<u>\$ 5,331,217</u>	<u>\$ 60,028,666</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 52,273,210</u>	<u>\$ 17,419,454</u>	<u>\$ 6,751,697</u>	<u>\$ 76,444,361</u>

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
At June 30, 2013

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Total fund balances for governmental funds (Exhibit 3)	\$ 60,028,666
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$ 11,388,236	
Construction in progress	15,190,437	
School Board construction in progress	10,701,853	
Buildings and improvements, net of accumulated depreciation	33,060,677	
Other improvements, net of accumulated depreciation	2,753,879	
Furniture, equipment and vehicles, net of accumulated depreciation	68,243,023	
School Board capital assets, net of accumulated depreciation	<u>6,058,887</u>	
Total net capital assets		147,396,992

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

13,623,342

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

7,998,664

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

Accrued interest payable	\$ (2,067,152)	
General obligation bonds	(93,776,909)	
Public facility revenue and refunding bonds	(27,593,091)	
Capital lease	(406,619)	
Virginia Resource Authority	(325,223)	
Other post employment benefits	(4,242,000)	
Unamortized bond premium	(5,469,057)	
Deferred amount on refunding	505,793	
Compensated absences	<u>(3,604,944)</u>	<u>(136,979,202)</u>

Total net position of governmental activities (Exhibits 1 and 2)	\$ <u><u>92,068,463</u></u>
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The accompanying notes to financial statements are an integral part of this statement.



Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013

	General Fund	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 141,211,698	\$ -	\$ -	\$ 141,211,698
Other local taxes	41,550,173	-	1,437,363	42,987,536
Permits, privilege fees and regulatory licenses	1,870,676	-	33,876	1,904,552
Fines and forfeitures	735,224	-	-	735,224
Use of money and property	475,181	95,272	263,920	834,373
Charges for services	2,532,525	-	-	2,532,525
Miscellaneous	494,133	-	155,164	649,297
Recovered costs	336,294	131,283	437,413	904,990
Intergovernmental:				
Contribution from School Board	3,393,079	779,558	1,308,535	5,481,172
Revenue from the Commonwealth	27,813,736	104,928	5,090,791	33,009,455
Revenue from the Federal Government	4,119,004	-	4,744,538	8,863,542
Total revenues	\$ 224,531,723	\$ 1,111,041	\$ 13,471,600	\$ 239,114,364
<b>Expenditures</b>				
Current:				
General government administration	\$ 11,032,446	\$ -	\$ -	\$ 11,032,446
Judicial administration	4,173,389	-	868,470	5,041,859
Public safety	32,517,569	-	534,627	33,052,196
Public works	3,492,255	-	141,218	3,633,473
Health and welfare	14,865,996	-	9,953,934	24,819,930
Education - local community college	22,750	-	-	22,750
Education - public school system	103,111,041	1,511,926	-	104,622,967
Parks, recreation and cultural	6,269,155	-	-	6,269,155
Community development	24,096,690	-	3,343,848	27,440,538
Contingencies	682,933	-	-	682,933
Debt service:				
Principal payments	-	-	9,926,100	9,926,100
Interest and fiscal charges	-	-	6,053,924	6,053,924
Capital projects	-	18,378,925	195,127	18,574,052
Total expenditures	\$ 200,264,224	\$ 19,890,851	\$ 31,017,248	\$ 251,172,323
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 24,267,499	\$ (18,779,810)	\$ (17,545,648)	\$ (12,057,959)
<b>Other financing sources (uses)</b>				
Transfers in	\$ 1,653,163	\$ 8,412,903	\$ 18,495,364	\$ 28,561,430
Issuance of debt	-	-	362,637	362,637
Transfers (out)	(26,863,760)	(58,525)	(1,667,508)	(28,589,793)
Total other financing sources (uses)	\$ (25,210,597)	\$ 8,354,378	\$ 17,190,493	\$ 334,274
Net change in fund balance	\$ (943,098)	\$ (10,425,432)	\$ (355,155)	\$ (11,723,685)
<b>Fund balance, beginning of year</b>	39,794,593	26,271,386	5,686,372	71,752,351
<b>Fund balance, end of year</b>	\$ 38,851,495	\$ 15,845,954	\$ 5,331,217	\$ 60,028,666

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2013

Net change in fund balances - total governmental funds (Exhibit 5) \$ (11,723,685)

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

Capital outlay additions:

Land	\$ 1,894,092	
Construction in progress additions	9,580,865	
Construction in progress deletions	(133,191)	
Building and improvements	1,153,978	
Other improvements additions	141,402	
Other improvement deletions, net of accumulated depreciation	(41,216)	
Furniture, equipment and vehicle additions	3,112,676	
Furniture, equipment and vehicle deletions	(30)	15,708,576
Depreciation expense	(7,912,937)	7,795,639

Change in school bond proceeds for which capital assets have not been constructed or acquired (8,100,630)

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

School construction in progress additions	\$ 9,623,692	
School construction in progress deletions	(3,590,997)	
School buildings and improvements additions	1,703,421	
School buildings and improvements deletions	(8,471,498)	
Transfer of depreciation	4,705,716	3,970,334

Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and available to pay current obligations. However, in the statement of net position revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis. (1,193,749)

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

Less debt proceeds	\$ (362,637)	
Less amortization of deferred loss on refunding	(27,464)	
Repayments:		
General obligation school bonds	8,294,361	
Public facility revenue bonds	800,639	
Virginia Resource Authority	37,414	
Capital leases	793,686	
Net adjustment		9,535,999

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

Compensated absences	\$ (302,605)	
Amortization of bond premium	772,595	
Net OPEB obligation	(590,000)	
Accrued interest payable	170,010	
Net adjustment		50,000
Internal service funds are used by the County to charge the costs of health and dental insurance benefits, vehicle		(1,869,141)
Change in net position of governmental activities (Exhibit 2)	\$	(1,535,233)

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

Statement of Net Position  
 Proprietary Funds  
 At June 30, 2013

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	Governmental Activities Internal Service Funds
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 15,246,949
Receivables, (net of allowance for doubtful accounts)	<u>5,306</u>
Total assets	\$ <u><u>15,252,255</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 26,417
Claims payable	<u>1,602,496</u>
Total liabilities	\$ <u>1,628,913</u>
<b>Net Position</b>	
Unrestricted	\$ <u>13,623,342</u>
Total liabilities and net position	\$ <u><u>15,252,255</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2013

	<b>Governmental Activities Internal Service Funds</b>
<b>Operating revenues</b>	
Charges for services, net	\$ 27,589,406
<b>Operating expenses</b>	
Benefits and related expenses	\$ 28,570,808
Services and supplies	924,203
Total operating expenses	\$ 29,495,011
<b>Operating income (loss)</b>	\$ (1,905,605)
<b>Nonoperating revenues (expenses)</b>	
Interest income	\$ 8,101
<b>Transfers</b>	
Transfers in	\$ 28,363
Total transfers	\$ 28,363
<b>Change in net position</b>	\$ (1,869,141)
<b>Net position, beginning of year</b>	15,492,483
<b>Net position, end of year</b>	\$ 13,623,342

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

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2013

	Governmental Activities Internal Service Funds
<b>Cash flows from operating activities</b>	
Receipts from insured	\$ 25,864,363
Receipts from services	1,737,009
Payments to suppliers	<u>(29,453,961)</u>
Net cash provided by (used for) operating activities	\$ <u>(1,852,589)</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers	\$ <u>28,363</u>
<b>Cash flows from investing activities</b>	
Interest income	\$ <u>8,101</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (1,816,125)
<b>Cash and cash equivalents, beginning of year</b>	<u>17,063,074</u>
<b>Cash and cash equivalents, end of year</b>	\$ <u><u>15,246,949</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ (1,905,605)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in assets and liabilities:	
Receivables, net	11,966
Accounts payable and accrued expenses	(16,958)
Claims payable	<u>58,008</u>
Net cash provided by (used for) operating activities	\$ <u><u>(1,852,589)</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 At June 30, 2013

	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 4,174,730	\$ 9,092,293
Investments with trustee	286,125	-
Accounts receivable	-	950,987
Total assets	\$ 4,460,855	\$ 10,043,280
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 4,742,073
Amounts held for others	-	5,301,207
Total liabilities	\$ -	\$ 10,043,280
<b>Net Position</b>	\$ 4,460,855	\$ -

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

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended June 30, 2013

	<b>Private Purpose Trust Funds</b>
	<u>                    </u>
<b>Additions</b>	
Investment earnings (losses)	\$ 28,603
Proffers	<u>2,045,744</u>
Total additions	<u>\$ 2,074,347</u>
<b>Deductions</b>	
Contributions	\$ <u>206,292</u>
Total deductions	<u>\$ 212,424</u>
Change in net position	\$ 1,861,923
<b>Net position, beginning of year</b>	<u>2,598,932</u>
<b>Net position, end of year</b>	<u><u>\$ 4,460,855</u></u>

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

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## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013

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### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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#### Narrative Profile

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

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

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

#### A. Financial Reporting Entity

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

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### A. Financial Reporting Entity: (Continued)

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

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

#### Inclusions in the Reporting Entity:

##### 1. Component Unit:

###### Albemarle County School Board

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

#### Exclusions from the Reporting Entity:

##### 1. Jointly Governed Organizations:

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

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

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**A. Financial Reporting Entity: (Continued)**

**1. Jointly Governed Organizations: (Continued)**

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

Jefferson-Madison Regional Library

The Jefferson-Madison Regional Library provides library services to the Counties of Albemarle, Louisa, Madison, Greene and the City of Charlottesville. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes more than 50% of the Library's funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The County appropriated to the Library \$3,258,054 in operating funds in fiscal year 2013. The County has no equity interest in the Library.

Albemarle-Charlottesville Jail Authority

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

Emergency Communications Center

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

Albemarle County Service Authority

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

Charlottesville-Albemarle Airport Authority

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### A. Financial Reporting Entity: (Continued)

##### Exclusions from the Reporting Entity: (Continued)

##### 1. Jointly Governed Organizations: (Continued)

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

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

###### *Region Ten Community Services Board*

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

###### *Blue Ridge Juvenile Detention Commission*

The Commission was created to construct and operate a juvenile detention center for the Counties of Albemarle, Fluvanna and Greene, and the City of Charlottesville. Commission members are appointed by each participant locality. No locality appoints a majority of the Board Members. The participating localities contribute operating and capital grants to the Commission for its operations and debt service. In 2013 the County contributed \$662,849 in operating grants to the Commission. The County has no equity interest in the Commission.

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

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

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

Albemarle County Service Authority  
168 Spotnap Road  
Charlottesville, Virginia 22902

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

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

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

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

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

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

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

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

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

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in fiscal year 2013.

**1. Governmental Funds:**

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

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

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

Enhanced 911 Fund - This fund accounts for County revenues assessed for the operation and maintenance of the Enhanced 911 emergency response system.

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

Visitor Center Fund - This fund accounts for lease payments from the Thomas Jefferson Memorial Foundation and are used for capital maintenance items.

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

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

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

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

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

**1. Governmental Funds: (Continued)**

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

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

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

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

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

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

**2. Proprietary Funds**

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

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

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

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

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

**2. Proprietary Funds: (Continued)**

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

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

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

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

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

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

**a. Private Purpose Trust Funds:**

H. & L. Graves Trust Fund - This fund accounts for monies provided by a private donor, the corpus of which is nonexpendable. Interest earned on assets may be used by property owners in the Walnut Creek Park area in the event that flooding extends beyond the boundaries of an easement. The County does not control the activity of this fund or utilize these funds for County operations.

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

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

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



## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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

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

###### a. Private Purpose Trust Funds: (Continued)

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

Synthetic Turf Field Funds - These funds account for monies provided by private donors to be accumulated for purchase of synthetic turf fields.

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

###### b. Agency Funds:

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

Hunting and Fishing License Fund - This fund accounts for funds maintained for state hunting and fishing licenses. The funds are remitted to the state on a periodic basis.

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

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

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

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

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

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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

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

###### b. Agency Funds: (Continued)

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

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

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

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

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

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

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

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

##### 4. Component Unit:

###### Albemarle County School Board:

The Albemarle County School Board has the following funds:

###### Governmental Funds:

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

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

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

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

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**C. Basis of Accounting**

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

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

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

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

**D. Budgets and Budgetary Accounting**

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

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

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

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**D. Budgets and Budgetary Accounting (Continued)**

Encumbrances:

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

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

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

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

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

The County may adopt budgets for other funds, such as the Internal Service and Trust and Agency Funds, for use as a management control device over such funds. There was no legally adopted budget for the General Capital Improvements Fund.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.
8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2013, as adopted, appropriated and legally amended.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### D. Budgets and Budgetary Accounting (Continued)

##### Encumbrances: (Continued)

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

#### E. Cash and Cash Equivalents

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

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

#### F. Investments

Investments are reported at fair value.

#### G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,482,023 at June 30, 2013 and consists of taxes receivable in the General Fund.

#### H. Prepaid Items

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

#### I. Inventories

Inventories are reported at average cost using the consumption method.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### J. Capital Assets

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

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

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

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

#### K. Compensated Absences

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

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

##### Primary Government

County employees earn vacation and sick leave at various amounts depending on the length of service. Benefits or pay is received for unused sick leave or retirement bonus upon termination. There are various restrictions both for sick leave and retirement bonus upon termination of employment. Accumulated vacation up to 320 hours is paid upon termination. The County has outstanding accrued vacation and sick pay totaling \$3,604,944.

##### Component Unit School Board

Certain School Board employees accrue vacation and sick leave.

The School Board has outstanding accrued vacation and sick pay totaling \$2,475,794.

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

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**L. Use of Estimates**

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

**M. Net Position**

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

**N. Long-Term Obligations**

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

**O. Fund Equity**

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

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

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

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**O. Fund Equity: (Continued)**

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The County's Board of Supervisors has not delegated the authority to assign amounts to any individual for the fiscal year ending June 30, 2013.

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

**P. Net Position Flow Assumption**

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

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position.

The statement of financial position also reports deferred inflows of resources. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, 2<sup>nd</sup> amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources.



## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### R. Adoption of Accounting Principles

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net position was restated by \$855,151 as disclosed in Note 21.

### NOTE 2—DEPOSITS AND INVESTMENTS:

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#### Deposits

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

#### Investments

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

### NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

#### Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following; Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. The County’s rated debt investments as of June 30, 2013 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

#### County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAA	AAAm	Unrated
Mutual Fund	\$ -	\$ -	\$ 269,356
U.S. Treasury Money Market Fund	364,513	-	-
Local Government Investment Pool	-	89,414,421	-
Total	\$ 364,513	\$ 89,414,421	\$ 269,356

#### Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2013, there is no portion of the County’s portfolio, excluding the LGIP and SNAP that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

#### External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair values of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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#### Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
U.S. Treasury Money Market Funds	\$ 364,513	\$ 364,513
Total	\$ 364,513	\$ 364,513

Interest rate risk does not apply to the Local Government Investment Pool or the Virginia State Non-Arbitrage Program.

#### Restricted Investments

Restricted investments at June 30, 2013 are comprised of the following:

##### Restricted Investments at June 30, 2013:

Primary Government:

Governmental Activities:

Capital Projects Fund:

General projects unexpended bond proceeds \$ 364,513

Total \$ 364,513

### NOTE 3—PROPERTY TAXES:

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

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

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 3—PROPERTY TAXES: (CONTINUED)**

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

Property taxes for calendar year 2012 were levied by the County Board of Supervisors on April 4, 2012, on the assessed value listed as of January 1, 2012.

Property taxes for calendar year 2013 were levied by the County Board of Supervisors on April 3, 2013, on the assessed value listed as of January 1, 2013.

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

**NOTE 4—RECEIVABLES:**

Receivables at June 30, 2013 consist of the following:

	Primary Government					Component
	Governmental Activities					Unit
		Other	General			
	General	Governmental	Capital	Internal	Total	School
		Funds	Improvements	Service		Board
Property taxes	\$ 11,145,762	\$ -	\$ -	\$ -	\$ 11,145,762	\$ -
Other	<u>2,171,672</u>	<u>73,100</u>	<u>91,347</u>	<u>5,306</u>	<u>2,341,425</u>	<u>1,369,426</u>
Total	\$ 13,317,434	\$ 73,100	\$ 91,347	\$ 5,306	\$ 13,487,187	\$ 1,369,426
Allowance for uncollectibles	<u>(1,482,023)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,482,023)</u>	<u>-</u>
Net receivables	\$ 11,835,411	\$ 73,100	\$ 91,347	\$ 5,306	\$ 12,005,164	\$ 1,369,426

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 5—DUE FROM OTHER GOVERNMENTS:**

Due from other governments at June 30, 2013 consist of the following:

	Primary Government				Component Unit
	General	Special Revenue	Debt Service	Total	School Board
Commonwealth of Virginia:					
Local sales taxes	\$ 2,344,304	\$ -	\$ -	\$ 2,344,304	\$ -
State sales taxes	-	-	-	-	2,428,005
PPTRA	6,783,357	-	-	6,783,357	-
Communications tax	749,304	-	-	749,304	-
Recordation taxes	146,471	-	-	146,471	-
Comprehensive Services Act	-	983,438	-	983,438	-
Shared expenses	160,237	-	-	160,237	-
Public assistance grants	281,661	-	-	281,661	-
Other state funds	168,602	15,824	-	184,426	51,581
Federal government:					
School funds	-	-	-	-	3,988,535
Public assistance grants	477,241	-	-	477,241	-
Other federal funds	-	227,959	-	227,959	-
Other governmental entities:					
City of Charlottesville	-	-	127,069	127,069	-
Charlottesville-Albemarle Airport Authority	-	-	12,239	12,239	-
Total	\$ 11,111,177	\$ 1,227,221	\$ 139,308	\$ 12,477,706	\$ 6,468,121

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 6—INTERFUND BALANCES AND ACTIVITY:

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#### Primary Government

##### **Balances Due To/From Other Funds**

There are no balances due to or from other funds at June 30, 2013.

##### **Transfers To/From Other Funds**

###### General Fund

Federal/State Grants Fund for HUD Section 8 costs	\$ 270,169
Federal/State Grants Fund for other costs	4,469
General Capital improvements for costs expended	58,525
Tourism Fund for tourism program costs expended by General Fund	1,320,000
Total General Fund	<u>\$ 1,653,163</u>

###### Federal/State Grants Fund

General Fund for local match funds for various grant programs	\$ 2,836,033
Total Federal/State Grants Fund	<u>\$ 2,836,033</u>

###### General Debt Service

General Fund for debt service expenditures	\$ 2,971,372
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###### School Debt Service

General Fund for anticipated School debt service payments	\$ 12,425,206
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###### General Capital Projects

General Fund for capital projects	\$ 8,340,033
Tourism for capital expenditures	30,000
Courthouse Maintenance Fund for building renovations and other costs	42,870
Total General Capital Projects Fund	<u>\$ 8,412,903</u>

###### Stormwater Control Fund

General Fund for capital project expenditures	\$ 262,753
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###### Facilities Development Fund

General Fund to reimburse expenditures	\$ 519
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###### Vehicle Replacement Fund

General Fund for vehicle replacements	\$ 27,844
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Total transfers	<u>\$ 28,589,793</u>
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#### Component Unit School Board

##### **Transfers To/From Other Funds**

###### School Operating Fund:

School Capital Projects Fund for various school expenditures	\$ 155,870
School Cafeteria Fund for various school expenditures	75,000
Total school operating fund	<u>\$ 230,870</u>

###### School Capital Projects Fund:

School operating fund for education expenditures	\$ 1,000,000
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Total transfers	<u>\$ 1,230,870</u>
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COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 7—CAPITAL ASSETS:**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2013:

**Governmental Activities:**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 9,494,144	\$ 1,894,092	\$ -	\$ 11,388,236
Construction in progress	5,742,763	9,580,865	133,191	15,190,437
School construction in progress *	4,669,158	9,623,692	3,590,997	10,701,853
Total capital assets not being depreciated	\$ 19,906,065	\$ 21,098,649	\$ 3,724,188	\$ 37,280,526
Capital assets being depreciated:				
Buildings and improvements	\$ 54,960,706	\$ 1,153,978	\$ -	\$ 56,114,684
Other improvements	9,034,288	141,402	41,662	9,134,028
School buildings and improvements *	89,478,620	1,703,421	8,471,498	82,710,543
Furniture, equipment and vehicles **	31,707,218	3,112,676	714,172	34,105,722
Total capital assets being depreciated	\$ 185,180,832	\$ 6,111,477	\$ 9,227,332	\$ 182,064,977
Accumulated depreciation:				
Buildings and improvements	\$ 21,320,246	\$ 1,733,761	\$ -	\$ 23,054,007
Other improvements	5,966,073	414,522	446	6,380,149
School buildings and improvements *	16,044,035	3,129,201	4,705,716	14,467,520
Furniture, equipment and vehicles **	26,125,524	2,635,453	714,142	28,046,835
Total accumulated depreciation	\$ 69,455,878	\$ 7,912,937	\$ 5,420,304	\$ 71,948,511
Total capital assets being depreciated, net	\$ 115,724,954	\$ (1,801,460)	\$ 3,807,028	\$ 110,116,466
Governmental activities capital assets, net	\$ 135,631,019	\$ 19,297,189	\$ 7,531,216	\$ 147,396,992

Depreciation expense was allocated as follows:

General government administration	\$ 1,274,187
Judicial administration	375,667
Public safety	2,473,608
Public works	63,146
Health and welfare	50,898
Education	3,129,634
Parks, recreation and cultural	533,952
Community development	11,845
Total depreciation expense	\$ 7,912,937

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

## NOTE 7—CAPITAL ASSETS: (CONTINUED)

### Component Unit School Board:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land and land improvements	\$ 6,096,992	\$ -	\$ -	\$ 6,096,992
Construction in progress	4,669,158	9,623,692	3,590,997	10,701,853
School construction in progress allocated to County *	(4,669,158)	(9,623,692)	(3,590,997)	(10,701,853)
Total capital assets not being depreciated	\$ 6,096,992	\$ -	\$ -	\$ 6,096,992
Capital assets being depreciated:				
Buildings and improvements	\$ 235,499,869	\$ 2,857,704	\$ 45,000	\$ 238,312,573
Other improvements	10,826,575	836,283	14,090	11,648,768
School buildings and improvements*	(89,478,620)	(1,703,421)	(8,471,498)	(82,710,543)
Furniture, equipment and vehicles**	36,044,518	2,569,127	483,696	38,129,949
Total capital assets being depreciated	\$ 192,892,342	\$ 4,559,693	\$ (7,928,712)	\$ 205,380,747
Accumulated depreciation:				
Buildings and improvements	\$ 107,725,000	\$ 8,238,782	\$ 3,000	\$ 115,960,782
Other improvements	4,884,781	629,355	-	5,514,136
School buildings and improvements *	(16,044,035)	(3,129,201)	(4,705,716)	(14,467,520)
Furniture, equipment and vehicles**	28,739,797	2,531,122	515,426	30,755,493
Total accumulated depreciation	\$ 125,305,543	\$ 8,270,058	\$ (4,187,290)	\$ 137,762,891
Total capital assets being depreciated, net	\$ 67,586,799	\$ (3,710,365)	\$ (3,741,422)	\$ 67,617,856
School board capital assets, net	\$ 73,683,791	\$ (3,710,365)	\$ (3,741,422)	\$ 73,714,848
Depreciation expense allocated to education		\$ 8,270,058		

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

\*\* Furniture, equipment and vehicles and related accumulated depreciation were restated as of July 1, 2012 in the amount of \$3,742,804. The effect to net capital assets due to this restatement is zero.

### Reconciliation of primary government net position net investment in capital assets:

Net capital assets	\$ 147,396,992
Long-term debt applicable to capital assets at June 30, 2013:	
General obligation school bonds	\$ 93,776,909
Public facility revenue bonds	27,593,091
Capital lease obligations	406,619
Premium on bonds payable	5,469,057
Deferred amount for issuance premiums	(505,793)
	\$ 126,739,883
Less-debt proceeds received but not expended on capital assets at June 30, 2013:	
Lease revenue debt	(364,513)
Net long-term debt, as adjusted	\$ 126,375,370
Net investment in capital assets	\$ 21,021,622



COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government

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

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2013:

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013	Amounts Due Within One Year
General obligation school bonds	\$ 102,071,270	\$ -	\$ 8,294,361	\$ 93,776,909	\$ 8,197,495
Public facility revenue and refunding bonds	28,393,730	-	800,639	27,593,091	1,937,505
Virginia Resource Authority	-	362,637	37,414	325,223	38,309
Capital lease	1,200,305	-	793,686	406,619	406,619
Premium on bonds payable	6,241,652	-	772,595	5,469,057	740,637
Deferred amount on refunding *	-	-	-	-	-
Claims payable	1,544,488	58,007	-	1,602,495	1,602,495
Net OPEB Obligation	3,652,000	1,063,000	473,000	4,242,000	-
Compensated absences	3,302,339	664,815	362,210	3,604,944	360,494
Total primary government	\$ 146,405,784	\$ 2,148,459	\$ 11,533,905	\$ 137,020,338	\$ 13,283,554

\*Deferred amounts on refunding were reclassified to Deferred Inflows with implementation of GASB 65.

Reconciliation to Exhibit 1:

Long-term liabilities due within one year:	\$ 13,283,554
Long-term liabilities due in more than one year:	<u>123,736,784</u>
Total long-term obligations	<u>\$ 137,020,338</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	General Obligation School Bonds		Public Facility Revenue & Refunding Bonds		Virginia Resource Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 8,197,495	\$ 4,298,930	\$ 1,937,505	\$ 1,312,589	\$ 1,691	\$ 9,535
2015	8,192,103	3,905,904	2,447,897	1,215,714	39,349	8,566
2016	8,164,892	3,509,898	2,360,108	1,093,319	40,510	7,484
2017	7,971,526	3,115,406	2,003,474	975,313	41,706	6,370
2018	7,586,233	2,732,274	1,333,767	875,140	42,937	5,223
2019	6,636,908	2,383,870	2,418,092	808,451	44,204	4,042
2020	6,371,135	2,071,674	2,538,865	687,547	45,509	2,826
2021	6,239,980	1,782,380	2,640,020	560,604	46,852	1,575
2022	6,123,248	1,502,844	2,761,752	428,603	22,465	306
2023	5,034,305	1,242,120	1,865,695	290,515	-	-
2024	4,622,573	1,017,464	607,427	197,230	-	-
2025	4,296,418	813,823	628,582	178,248	-	-
2026	3,855,264	627,363	649,736	157,033	-	-
2027	3,501,320	459,860	673,680	133,480	-	-
2028	2,760,166	319,113	694,834	109,060	-	-
2029	2,208,434	208,321	726,566	81,266	-	-
2030	821,702	146,631	418,298	52,204	-	-
2031	834,970	77,373	435,030	35,472	-	-
2032	358,237	14,330	451,763	18,070	-	-
	<u>\$ 93,776,909</u>	<u>\$ 30,229,578</u>	<u>\$ 27,593,091</u>	<u>\$ 9,209,858</u>	<u>\$ 325,223</u>	<u>\$ 45,927</u>

Equipment in the amount of \$7,190,000 was acquired under capital leases.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

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**Primary Government: (Continued)**

Details of general long-term obligations outstanding at June 30, 2013 are as follows:

	<u>Amount Outstanding</u>
Public Facilities Revenue and Refunding Bonds:	
\$34,315,000, Public Facility Revenue and Refunding Bonds, (General portion \$29,688,864), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	\$ <u>27,593,091</u>
General Obligation School Bonds:	
\$2,000,000, Qualified School Construction Bonds, issued December 1, 2011, maturing in various annual installments through December 1, 2030, interest free as a federal tax credit is provided to bondholders	\$ 2,000,000
\$34,315,000, Public Facility Revenue and Refunding Bonds, (School portion \$4,626,136), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	4,581,909
\$11,900,000 general obligation school bonds, 1993 series issued November 18, 1993, maturing in various annual installments through December 15, 2013, interest rates from 4.475% to 5%	85,000
\$450,000 issued November 22, 1994, due in various annual installments of \$20,000 and \$25,000 through July 15, 2014 interest payable semi-annually at rates from 6.1% to 6.6%	40,000
\$7,850,000, 1995C Series, issued December 21, 1995, maturing in various annual installments of \$395,000 and \$390,000 through July 15, 2015, interest payable semi-annually at rates from 5.1% to 6.1%	1,170,000
\$5,900,000, 1996B Series, issued November 14, 1996, maturing in annual installments of \$295,000 through July 15, 2016, interest payable semi-annually at rates from 5.1% to 6.1%	1,180,000
\$20,455,000, 1997I Series, issued November 20, 1997, maturing in various annual installments through January 15, 2017, interest payable semi-annually at rates from 4.35% to 5.35%	5,100,000

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

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**Primary Government: (Continued)**

**Details of general long-term obligations: (Continued)**

	<b><u>Amount Outstanding</u></b>
General Obligation School Bonds: (Continued)	
\$7,245,000, 1998B Series, issued November 19, 1998, maturing in various annual installments through July 15, 2018, interest payable semi-annually at rates from 3.6% to 5.1%	\$ 2,160,000
\$2,835,000, 1999B, Series issued November 19, 1999, maturing in various annual installments through July 15, 2019, interest payable semi-annually at rates from 5.10% to 6.10%	980,000
\$2,605,000, 2000B Series, issued November 16, 2000, maturing in various annual installments through July 15, 2020, interest payable semi-annually at rates from 4.975% to 5.85%	1,040,000
\$20,330,000, 2001A series, issued November 15, 2001, maturing in various annual installments through July 15, 2021, interest payable semi-annually at rates from 3.1% to 5.1%	9,135,000
\$8,365,000, 2002A Series, issued October 15, 2002, maturing in various annual installments through July 15, 2022, interest payable semi-annually at rates from 2.35% to 5.10%	4,165,000
\$6,760,000, 2003A Series, issued November 6, 2003, maturing in various annual installments through July 15, 2023, interest payable semi-annually at rates from 3.10% to 5.35%	3,700,000
\$8,950,000, 2004B Series, issued November 10, 2004, maturing in various annual installments through July 15, 2024, interest payable semi-annually at rates from 4.10% to 5.60%	5,350,000
\$7,380,000, 2005A Series, issued November 10, 2005, maturing in various annual installments through July 15, 2025, interest payable semi-annually at rates from 4.10% to 5.60%	4,790,000
\$15,020,000, 2006B Series, issued November 9, 2006, maturing in various annual installments through July 15, 2026, interest payable semi-annually at rates from 4.23% to 5.10%	10,500,000

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

### NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

#### Primary Government: (Continued)

#### Details of general long-term obligations: (Continued)

	<u>Amount Outstanding</u>
General Obligation School Bonds: (Continued)	
\$11,325,000, 2007A Series, issued November 8, 2007, maturing in various annual installments through July 15, 2027, interest payable semi-annually at 5.10%	\$ 8,475,000
\$28,045,000, 2008A Series, issued December 11, 2008, maturing in various annual installments through July 15, 2028, interest payable semi-annually at 4.66%	22,425,000
\$7,670,000, 2010D Series, issued November 10, 2010, maturing in various annual installments through July 15, 2030, interest payable semi-annually at 2.867%	<u>6,900,000</u>
Total general obligation school bonds	<u>\$ 93,776,909</u>
Virginia Resource Authority:	
\$400,000 Virginia Resource Authority loan issued June 23, 2011, due in various semi-annual installments through December 1, 2021, interest at 2.73%, (the County has received a total of \$363,380 of this loan at June 30, 2013)	<u>\$ 325,223</u>
Capital Lease:	
\$7,000,000 radio lease purchase dated November 6, 2003, due in semi-annual installments of \$413,278 through November 6, 2013, interest at 3.28% (1)	<u>\$ 406,619</u>
Compensated absences	<u>\$ 3,604,944</u>
Claims payable	<u>\$ 1,602,495</u>
Net OPEB Obligation	<u>\$ 4,242,000</u>
Unamortized bond premiums	<u>\$ 5,469,057</u>
Total long-term obligations	<u><u>\$ 137,020,338</u></u>

(1) The lease proceeds were passed through to a related joint activity that purchased and/or constructed the capital assets.

#### Federal Arbitrage Regulations:

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

**Component Unit—School Board:**

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2013.

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Amounts Due Within One Year
Compensated absences	\$ 2,280,353	\$ 381,084	\$ 185,643	\$ 2,475,794	\$ 247,579
Net OPEB Obligation	4,234,000	3,013,000	2,239,000	5,008,000	-
Total	<u>\$ 6,514,353</u>	<u>\$ 3,394,084</u>	<u>\$ 2,424,643</u>	<u>\$ 7,483,794</u>	<u>\$ 247,579</u>

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 247,579
Long-term liabilities due in more than one year	7,236,215
Total long-term debt	<u>\$ 7,483,794</u>

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

NOTE 9—UNEARNED/UNAVAILABLE REVENUE:

The following is a summary of unearned revenue for the year ended June 30, 2013.

	Government- wide Statements Governmental Activities	Balance Sheet Governmental Funds	Component Unit School Board
<b>Primary Government:</b>			
Unearned property tax revenue:			
Unearned revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 7,998,664	\$ -
Prepaid summer school tuition and registration fees	-	-	137,075
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	2,144,439	2,144,439	-
Total primary government	<u>\$ 2,144,439</u>	<u>\$ 10,143,103</u>	<u>\$ 137,075</u>

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 10—COMMITMENTS AND CONTINGENCIES:

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#### Primary Government and Component Unit School Board:

- A. Federal programs in which the County and School Board participate were audited in accordance with the provisions of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.
- B. The County was named as a party along with the City of Charlottesville and Rivanna Solid Waste Authority as defendants relating to the operation of the Ivy Landfill. The plaintiffs allege that pollutants have been and are being discharged into the air, and underground and surface waters in violation of various federal and state laws. The plaintiffs sought injunctive relief of \$25,000 per day in civil penalties for violations of federal and state environmental laws and \$5,000,000 in compensatory damages, and payment of all attorneys' fees. The lawsuit has been settled and dismissed by all plaintiffs except for two. Those lawsuits were dismissed without prejudice and may be re-filed. The County has no identified insurance coverage for the claim if it is re-filed. Counsel is of the opinion that the lawsuit, if re-filed, has potential liability for the County primarily arising from the claim, which could require removal of pollutants from the landfill if they are contaminating adjacent properties, and for related attorney fees. Counsel is of the opinion that the County's liability appears to be limited by the ability of the Rivanna Solid Waste Authority to fund appropriate remediation and settlement of the claims.
- C. Blue Ridge Juvenile Detention Commission - The County, the City of Charlottesville and the Counties of Greene and Fluvanna formed the Commission to construct and operate the facility. At June 30, 2002 the facility construction was complete and operations commenced in July, 2002. The County and the City of Charlottesville have morally guaranteed the revenue bonds for the facility which were \$2,915,000 at June 30, 2013.
- D. On June 27, 2003 the County entered into an agreement with Motorola, Inc. for the purchase of a communication system (basic emergency services radio system and communications towers). The City of Charlottesville and University of Virginia are also parties to this agreement. The financing of the project was provided by a lease/purchase agreement with Motorola in the amount of \$7,000,000 in which the County was the bearer of the debt. The City of Charlottesville received a grant from the federal government in the amount of \$6,000,000 for the project and will pass through a portion of these funds to the County as fiscal agent for the Emergency Communications Center (the operator of the system) as the project is completed. Each locality will be responsible for the purchase and maintenance of the radio equipment that will be installed in their law enforcement and emergency services facilities and vehicles. The County has committed to provide its share of the local funding for this project and for the purchase and maintenance of radio equipment to be installed in the County's law enforcement and emergency services facilities and vehicles.
- E. There are a number of matters of litigation involving the County Police Department and certain police officers. All of these matters have been referred to the County's insurance carriers which are handling the matters. Counsel is of the opinion that the County has no liability in the matters other than the financial responsibilities to the insurance carriers.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 10—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

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#### Primary Government and Component Unit School Board: (Continued)

- F. Fire Services Contract - The County has a ten year fire service contract with the City of Charlottesville. This agreement has been in effect since July 1, 2000 with a base cost of \$644,427 for the first year. Additional charges or credits are dependent on the number of calls answered in the County by City firefighters. Annual adjustments shall not exceed 5% per year or the published change in the Consumer Price Index, whichever is greater. The amount paid in fiscal year 2013 was \$826,856.
- G. There are a number of other ongoing capital projects that have been approved and for which funds have been designated to finance them.

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

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

The County and School Board provide all contributions to the plan (the employee makes no contributions to the plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The County and School Board's contributions to the plan for fiscal year 2013 were \$22,213 and \$251,808, respectively. Total payroll for covered County employees was \$293,856 and \$4,451,669 for School Board employees, respectively. The contribution averaged 7.56% and 5.66% of the covered payrolls of the County and School Board, respectively. The County and School Board had no investments with the plan at any time during the year.

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

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

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



## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 12—ANNEXATION AND REVENUE SHARING AGREEMENT: (CONTINUED)

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

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

During the fiscal year, the County paid \$17,520,948 to the City as a result of this agreement. Amounts to be paid pursuant to this agreement are to be funded from revenues of the fiscal year in which paid.

### NOTE 13—DEFINED BENEFIT PENSION PLAN:

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The County and Component Unit School Board participate in the Virginia Retirement System defined benefit pension plan.

#### A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying 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 service credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

**NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

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**A. Plan Description (Continued)**

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplies. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2013 were 13.99% and 9.45% of annual covered payroll, respectively.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

**B. Funding Policy (Continued)**

The School Board's contributions for professional employees were \$9,188,056 \$4,671,000, and \$2,872,887 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66% \$6.33%, and 3.93% from 2013, 2012, and 2011, respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year 2013, the County's annual pension cost of \$4,784,344 was equal to the County's required and actual contributions.

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2013	\$ 4,784,344	100%	\$ -
June 30, 2012	3,160,641	100%	-
June 30, 2011	3,164,984	100%	-

(1) Employer portion only

For fiscal year 2013, the County School Board's annual pension cost for the Board's non-professional employees was \$729,111 which was equal to the Board's required and actual contributions.

Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
School Board:			
Non-professional:			
June 30, 2013	\$ 729,111	100%	\$ -
June 30, 2012	483,985	100%	-
June 30, 2011	461,234	100%	-

(1) Employer portion only

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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#### D. Annual Pension Cost

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.75% to 6.20% per year for teachers, and 3.50 to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

#### C. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 68.70% funded. The actuarial accrued liability for benefits was \$140,059,509, and the actuarial value of assets was \$96,217,907 resulting in an unfunded actuarial accrued liability (UAAL) of \$43,841,602. The covered payroll (annual payroll of active employees covered by the plan) was \$31,925,869 and ratio of the UAAL to the covered payroll was 140.09%.

As of June 30, 2012, the most recent actuarial valuation date, the County School Board's plan was 82.12% funded. The actuarial accrued liability for benefits was \$24,547,551, and the actuarial value of assets was \$20,159,089, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,388,462. The covered payroll (annual payroll of active employees covered by the plan) was \$7,317,247, and ratio of the UAAL to the covered payroll was 59.97%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, 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.

### NOTE 14—LEGAL COMPLIANCE:

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#### A. Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2013.

#### B. Fund Deficits

There are no funds with deficit balances at June 30, 2013.

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 15—SELF INSURANCE/RISK MANAGEMENT:**

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

**Employee Health Insurance:**

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

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

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

<b>Fiscal Year</b>	<b>Claims Liability Beginning of Year</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims and Other Payments</b>	<b>Claims Liability End of Year</b>
2013	\$ 1,430,962	\$ 24,663,336	\$ 24,584,148	\$ 1,510,150
2012	1,242,018	25,830,698	25,641,754	1,430,962
2011	1,237,554	25,491,775	25,487,311	1,242,018

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

<b>Fiscal Year</b>	<b>Operating Revenue</b>	<b>Non-operating Revenue</b>	<b>Claims and Related Expenses</b>
2013	\$ 24,584,148	\$ 7,134	\$ 26,347,614
2012	25,641,754	2,994	27,417,922
2011	25,487,311	17,197	25,659,622
2010	25,364,274	25,778	22,931,951
2009	22,077,528	188,852	24,626,497
2008	22,715,606	467,415	24,385,297
2007	21,400,349	537,733	18,542,025
2006	19,691,975	311,494	17,903,263
2005	17,547,100	43,620	14,778,482
2004	15,463,231	38,440	14,500,090

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

#### Employee Dental Insurance:

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

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

<u>Fiscal Year</u>	<u>Claims Liability Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims and Other Payments</u>	<u>Claims Liability End of Year</u>
2013	\$ 113,526	\$ 1,247,361	\$ 1,268,541	\$ 92,346
2012	81,417	1,422,812	1,390,703	113,526
2011	81,767	1,286,264	1,286,614	81,417

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

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Non-operating Revenue</u>	<u>Claims and Related Expenses</u>
2013	\$ 1,268,541	\$ 864	\$ 1,383,207
2012	1,660,495	252	1,390,703
2011	1,637,338	1,047	1,286,614

#### Unemployment Insurance:

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

#### Property and Casualty Insurance:

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

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

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#### Property and Casualty Insurance: (Continued)

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

#### Other:

The County has not had reductions in insurance coverage or settlements in excess of insurance coverage for the past three fiscal years.

### NOTE 16—SURETY BONDS:

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

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

### NOTE 17—ACCRUED LANDFILL COSTS:

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In 1991 the County transferred its share of the joint City-County landfill operations and the related assets and liabilities (including post-closure care and corrective account costs) to the Rivanna Solid Waste Authority. During the fiscal year ended June 30, 2006 the City and County entered in a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs that the Rivanna Solid Waste Authority may not have the financial resources to pay. Although the County has entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality has no legal recourse against the County under this guarantee. The Rivanna Solid Waste Authority has the taxing authority to levy a utility tax on each parcel of real estate in the City and County to generate revenue to pay the post-closure care and corrective actions costs.

The County's percentage of shared costs pursuant to the Agreement is 64.5%. The estimated share of the County's post-closure care and corrective action costs is \$4,262,990. During the fiscal year ended June 30, 2013, the County paid \$445,528 to the Rivanna Solid Waste Authority under the terms and contributions of the Cost Sharing Agreement.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 18—OTHER POSTEMPLOYMENT BENEFITS PROGRAM:

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#### A. Plan Description

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

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

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

#### A. Funding Policy

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

#### B. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated cost for OPEB benefits is \$1,063,000 for the County and \$3,013,000 for the Component Unit School Board for fiscal year 2013. The County and School Board have elected not to pre-fund OPEB liabilities. The County and School Board are required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 1,069,000	\$ 3,019,000
Interest on net OPEB obligation	146,000	171,000
Adjustment to annual required contribution	(152,000)	(177,000)
Annual OPEB cost (expense)	\$ 1,063,000	\$ 3,013,000
Contributions made	473,000	2,239,000
Increase (decrease) in net OPEB obligation	\$ 590,000	\$ 774,000
Net OPEB obligation - beginning of year	3,652,000	4,234,000
Net OPEB obligation - end of year	<u>\$ 4,242,000</u>	<u>\$ 5,008,000</u>



COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 18—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

**B. Annual OPEB Cost and Net OPEB Obligation (Continued)**

Annual OPEB Cost. For 2013, the County's expected cash payment of \$473,000 and School Board's expected cash payment of \$2,239,000 are less than the OPEB cost (expense) of \$1,063,000 and \$3,013,000 respectively and were \$590,000 and \$774,000 short of the ARC. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

Fiscal Year Ended	Primary Government			
	Annual OPEB Cost (ARC)	Estimated Contribution	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,063,000	\$ 473,000	44%	\$ 4,242,000
June 30, 2012	1,006,000	387,000	38%	3,652,000
June 30, 2011	1,025,000	409,000	40%	3,033,000

Fiscal Year Ended	Component Unit School Board			
	Annual OPEB Cost (ARC)	Estimated Contribution	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2013	\$ 3,013,000	\$ 2,239,000	74%	\$ 5,008,000
June 30, 2012	2,875,000	1,821,000	63%	4,234,000
June 30, 2011	3,109,000	2,113,000	68%	3,180,000

**C. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2012 is as follows:

Actuarial accrued liability (AAL)	\$ 37,124,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	37,124,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	123,942,040
UAAL as a percentage of covered payroll	29.95%

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

**NOTE 18—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

**D. Actuarial Methods and Assumptions**

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

**Cost Method**

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

**Coverage Status and Age of Spouse**

Actual medical coverage status was used in the valuation. Females are assumed to be 3 years younger than male spouses. Employees with individual coverage are assumed to elect individual coverage at retirement while those with family / spouse coverage are assumed to continue family / spouse coverage at retirement. All of the active participants who are eligible to retire under the County's Voluntary Early Retirement Incentive Program (VERIP) will take the flat dollar subsidy, which for FY 13 is \$6,745. The VERIP Subsidy is assumed to increase at a flat rate of 3% per year. It is assumed that 50% of active employees currently enrolled in the County's health care plan will continue in the plan upon retiring from active service. Medical and prescription drugs are assumed to increase at rates ranging from 7% in FY 13 to 6.90% in FY 24.

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

	<u>Percentage</u>
Discount rate	4.00%
Payroll Growth	4.00%
Inflation rate	2.5% per year
Investment return	4.00%
VERIP increase	3.00%

The unfunded liability is amortized over a closed 30 year period (beginning July 1, 2007) as a level percentage of payroll.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

D. Actuarial Methods and Assumptions: (Continued)

*Medical Trend Assumption*

Based on the Society of Actuaries Medical Cost Trend Model, as revised December 2011, trends for the next eleven years are as follows:

<u>Year Ended</u>	<u>Base</u>	<u>Sensitivity</u>
2013	7.00%	8.00%
2014 -2015	6.50%	7.50%
2016 -2017	6.10%	7.10%
2018 -2020	6.00%	7.00%
2021 -2024	5.90%	6.90%

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

<u>Total costs</u>	<u>Single</u>	<u>Family</u>
1. Explicit Costs		
a. Pre-medicare	\$ 7,003	\$ 9,243
b. Medicare age	-	-
2. Total Medical Costs		
a. Under 50	\$ 4,267	\$ 9,132
b. Age 50-54	5,121	10,959
c. Age 55-59	5,942	12,716
d. Age 60-64	7,091	15,175
e. Over Age 65	-	-
2. Total Drug Costs		
a. Under 50	\$ 996	\$ 2,132
b. Age 50-54	1,269	2,717
c. Age 55-59	1,504	3,218
d. Age 60-64	1,719	3,678
e. Over Age 65	-	-

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 19—SUBSEQUENT EVENT:**

On October 28, 2013 the County issued \$34,270,000 Public Facility Revenue Bonds with a premium of \$2,397,780. Proceeds of these bonds will be used to finance various County projects (Library, storage facility, apparatus replacement) as well as provide funding for various school maintenance/ replacement projects.

**NOTE 20—CONSTRUCTION COMMITMENTS:**

At June 30, 2013 the County has several major construction contracts which are summarized as follows:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expended To date</u>	<u>Balance</u>
Crozet Library	\$ 7,004,199	\$ 6,533,040	\$ 471,159
Downtown Crozet Improvements	883,635	879,385	4,250
Other projects	<u>3,346,732</u>	<u>1,734,436</u>	<u>1,612,296</u>
Total	<u>\$ 11,234,566</u>	<u>\$ 9,146,861</u>	<u>\$ 2,087,705</u>

**NOTE 21—NET POSITION RESTATEMENTS:**

Net Position amounts were restated as of July 1, 2012 as follows:

	<u>Governmental Activities</u>
Net position, beginning of year, as previously reported	\$ 92,146,483
Uncollected taxes receivable	2,312,364
Unamortized debt issuance costs	<u>(855,151)</u>
Net position, beginning of year, as restated	<u>\$ 93,603,696</u>

### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

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Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 140,455,780	\$ 140,455,780	\$ 141,211,698	\$ 755,918
Other local taxes	40,315,800	40,315,800	41,550,173	1,234,373
Permits, privilege fees and regulatory licenses	1,645,100	1,645,100	1,870,676	225,576
Fines and forfeitures	839,700	839,700	735,224	(104,476)
Use of money and property	460,126	461,082	475,181	14,099
Charges for services	3,348,371	2,696,826	2,532,525	(164,301)
Miscellaneous	195,878	460,729	494,133	33,404
Recovered costs	257,077	340,230	336,294	(3,936)
Intergovernmental:				
Contribution from School Board	328,338	328,338	3,393,079	3,064,741
Revenue from the Commonwealth	27,871,867	28,090,449	27,813,736	(276,713)
Revenue from the Federal Government	3,869,910	4,281,219	4,119,004	(162,215)
Total revenues	<u>\$ 219,587,947</u>	<u>\$ 219,915,253</u>	<u>\$ 224,531,723</u>	<u>\$ 4,616,470</u>
<b>Expenditures</b>				
Current:				
General Government Administration				
Board of supervisors	\$ 577,136	\$ 582,551	\$ 556,893	\$ 25,658
County executive	1,000,914	1,126,073	1,091,270	34,803
Human resources	685,514	589,082	587,987	1,095
County attorney	954,313	992,772	966,376	26,396
Finance	4,570,221	4,688,376	4,561,794	126,582
Management and budget	296,594	302,184	297,248	4,936
Information technology	2,575,111	2,579,817	2,429,878	149,939
Voter registration	578,834	608,635	541,000	67,635
Total general government administration	<u>\$ 11,238,637</u>	<u>\$ 11,469,490</u>	<u>\$ 11,032,446</u>	<u>\$ 437,044</u>
Judicial Administration				
Circuit court	\$ 121,348	\$ 121,757	\$ 101,385	\$ 20,372
General district court	23,955	41,955	37,418	4,537
Magistrate	4,375	4,299	4,279	20
Juvenile and domestic relations court	111,522	111,598	111,598	-
Clerk of the circuit court	675,474	750,445	750,445	-
Sheriff	2,099,390	2,178,956	2,155,154	23,802
Commonwealth attorney	1,005,857	1,020,819	1,013,110	7,709
Total judicial administration	<u>\$ 4,041,921</u>	<u>\$ 4,229,829</u>	<u>\$ 4,173,389</u>	<u>\$ 56,440</u>
Public Safety				
Police department	\$ 14,044,206	\$ 14,329,330	\$ 14,067,845	\$ 261,485
E-911 service	2,197,797	2,207,305	2,197,797	9,508
Fire and rescue services	10,930,883	11,480,926	10,903,231	577,695
Regional jail	3,617,064	3,644,252	2,735,518	908,734
Inspections	1,094,667	1,102,393	1,077,479	24,914
Contributions - various	1,654,250	1,654,443	1,535,699	118,744
Total public safety	<u>\$ 33,538,867</u>	<u>\$ 34,418,649</u>	<u>\$ 32,517,569</u>	<u>\$ 1,901,080</u>
Public Works				
Facilities development	\$ 882,895	\$ 203,273	\$ 203,273	\$ -
Sanitation and waste removal	472,800	475,500	301,522	173,978
Maintenance of buildings and grounds	3,117,176	3,299,880	2,987,460	312,420
Total public works	<u>\$ 4,472,871</u>	<u>\$ 3,978,653</u>	<u>\$ 3,492,255</u>	<u>\$ 486,398</u>

Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Expenditures (Continued)</b>				
Health and Welfare				
Family Services	\$ 986,776	\$ 998,196	\$ 994,761	\$ 3,435
Contribution human development	4,410,523	4,410,523	4,300,609	109,914
Social services	9,457,643	9,979,529	9,570,626	408,903
Total health and welfare	\$ 14,854,942	\$ 15,388,248	\$ 14,865,996	\$ 522,252
Education				
Appropriation to public school system	\$ 101,351,366	\$ 103,111,041	\$ 103,111,041	\$ -
Community college	22,750	22,750	22,750	-
Total education	\$ 101,374,116	\$ 103,133,791	\$ 103,133,791	\$ -
Parks, Recreation and Cultural				
Parks and recreation	\$ 2,172,473	\$ 2,265,581	\$ 2,192,214	\$ 73,367
Towe park	193,698	195,384	144,629	50,755
Regional library	3,258,054	3,258,054	3,258,054	-
Miscellaneous contributions	674,258	674,258	674,258	-
Total parks, recreation and cultural	\$ 6,298,483	\$ 6,393,277	\$ 6,269,155	\$ 124,122
Community Development				
Planning and community development	\$ 3,957,267	\$ 4,018,714	\$ 3,911,793	\$ 106,921
Housing	462,774	540,885	530,792	10,093
Contributions to other agencies	1,400,287	1,400,287	1,400,287	-
Revenue sharing agreement - City of Charlottesville	17,520,948	17,520,948	17,520,948	-
Soil and Water Conservation District	99,376	100,352	100,018	334
Cooperative extension program	196,311	204,027	192,828	11,199
Other	163,500	463,500	440,024	23,476
Total community development	\$ 23,800,463	\$ 24,248,713	\$ 24,096,690	\$ 152,023
Contingencies				
Total contingencies	\$ 1,724,298	\$ 1,035,799	\$ 682,933	\$ 352,866
Total expenditures	\$ 201,344,598	\$ 204,296,449	\$ 200,264,224	\$ 4,032,225
Excess (deficiency) of revenues over expenditures	\$ 18,243,349	\$ 15,618,804	\$ 24,267,499	\$ 8,648,695
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 2,223,919	\$ 11,640,963	\$ 1,653,163	\$ (9,987,800)
Transfers (out)	(20,467,268)	(27,259,767)	(26,863,760)	396,007
Total other financing sources (uses)	\$ (18,243,349)	\$ (15,618,804)	\$ (25,210,597)	\$ (9,591,793)
Net change in fund balance	\$ -	\$ -	\$ (943,098)	\$ (943,098)
Fund balance, beginning of year	-	-	39,794,593	39,794,593
Fund balance, end of year	\$ -	\$ -	\$ 38,851,495	\$ 38,851,495

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



Schedule of Pension and OPEB Funding Progress  
 Virginia Retirement System and Other Postemployment Benefits  
 Last Three Fiscal Years

County - Virginia Retirement System:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 96,217,907	\$ 140,059,509	\$ 43,841,602	68.70%	\$ 31,295,869	140.09%
6/30/2011	94,679,558	131,982,287	37,302,729	71.74%	30,990,933	120.37%
6/30/2010	91,320,369	122,851,848	31,531,479	74.33%	31,955,989	98.67%

Discretely Presented Component Unit - School Board:  
 School Board Non-Professionals - Virginia Retirement System:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 20,159,089	\$ 24,547,551	\$ 4,388,462	82.12%	\$ 7,317,247	59.97%
6/30/2011	20,076,240	23,747,871	3,671,631	84.54%	7,087,817	51.80%
6/30/2010	19,612,193	22,568,880	2,956,687	86.90%	7,183,585	41.16%

County and School Board - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll *	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ -	\$ 37,124,000	\$ 37,124,000	0.00%	\$ 123,942,040	29.95%
6/30/2011	-	36,006,000	36,006,000	0.00%	123,942,040	29.05%
6/30/2010	-	36,491,000	36,491,000	0.00%	123,942,040	29.44%

\* Information provided by the Department of Finance

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**OTHER SUPPLEMENTARY INFORMATION**

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Combining Balance Sheet  
 Nonmajor Governmental Funds  
 At June 30, 2013

	Special Revenue	General Debt Service	Storm Water Control Fund	Total
<b>Assets</b>				
Cash and investments	\$ 1,602,520	\$ 144,944	\$ 3,546,357	\$ 5,293,821
Receivables, (net of allowance for uncollectibles) - Note 4	18,107	-	73,240	91,347
Due from other governments - Note 5	1,227,221	139,308	-	1,366,529
Total assets	<u>\$ 2,847,848</u>	<u>\$ 284,252</u>	<u>\$ 3,619,597</u>	<u>\$ 6,751,697</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,340,163	\$ -	\$ 80,317	\$ 1,420,480
Total liabilities	<u>\$ 1,340,163</u>	<u>\$ -</u>	<u>\$ 80,317</u>	<u>\$ 1,420,480</u>
<b>Fund Balance</b>				
Restricted:				
Debt service	\$ -	\$ 284,252	\$ -	\$ 284,252
Grant compliance	1,018,918	-	-	1,018,918
Committed:				
Stormwater projects	-	-	3,539,280	3,539,280
Special revenue	488,767	-	-	488,767
Total fund balance	<u>\$ 1,507,685</u>	<u>\$ 284,252</u>	<u>\$ 3,539,280</u>	<u>\$ 5,331,217</u>
Total liabilities and fund balance	<u>\$ 2,847,848</u>	<u>\$ 284,252</u>	<u>\$ 3,619,597</u>	<u>\$ 6,751,697</u>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Governmental Funds

Year Ended June 30, 2013

	Special Revenue	Debt Service	Storm Water Control Fund	Total
<b>Revenues</b>				
Other local taxes	\$ 1,437,363	\$ -	\$ -	\$ 1,437,363
Use of money and property	64,697	197,366	1,857	263,920
Permits, fees, and licenses	33,876	-	-	33,876
Miscellaneous	5,000	75,284	74,880	155,164
Recovered costs	426,152	11,261	-	437,413
Intergovernmental:				
Contribution from School Board	1,308,535	-	-	1,308,535
Revenue from the Commonwealth	5,054,171	-	36,620	5,090,791
Revenue from the Federal Government	4,663,235	81,303	-	4,744,538
Total revenues	\$ 12,993,029	\$ 365,214	\$ 113,357	\$ 13,471,600
<b>Expenditures</b>				
Current:				
Judicial administration	\$ 868,470	\$ -	\$ -	\$ 868,470
Public safety	534,627	-	-	534,627
Public works	141,218	-	-	141,218
Health and Welfare	9,953,934	-	-	9,953,934
Community Development	3,343,848	-	-	3,343,848
Debt service:				
Principal payments	-	9,926,100	-	9,926,100
Interest and fiscal charges	-	6,053,924	-	6,053,924
Capital projects	-	-	195,127	195,127
Total expenditures	\$ 14,842,097	\$ 15,980,024	\$ 195,127	\$ 31,017,248
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (1,849,068)	\$ (15,614,810)	\$ (81,770)	\$ (17,545,648)
<b>Other financing sources (uses)</b>				
Transfers in	\$ 2,836,033	\$ 15,396,578	\$ 262,753	\$ 18,495,364
Issuance of debt	-	-	362,637	362,637
Transfers (out)	(1,667,508)	-	-	(1,667,508)
Total other financing sources (uses)	\$ 1,168,525	\$ 15,396,578	\$ 625,390	\$ 17,190,493
Net change in fund balance	\$ (680,543)	\$ (218,232)	\$ 543,620	\$ (355,155)
<b>Fund balance, beginning of year</b>	2,188,228	502,484	2,995,660	5,686,372
<b>Fund balance, end of year</b>	\$ 1,507,685	\$ 284,252	\$ 3,539,280	\$ 5,331,217

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
At June 30, 2013

	Federal/ State Grants Fund	E-911 Fund	Courthouse Maintenance Fund	Visitor Center Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
<b>Assets</b>								
Cash and investments	\$ 1,112,958	\$ 2,042	\$ 23,101	\$ 36	\$ 3,063	\$ 446,668	\$ 14,652	\$ 1,602,520
Receivables, (net of allowance for uncollectibles) - Note 4	18,107	-	-	-	-	-	-	18,107
Due from other governments - Note 5	1,227,221	-	-	-	-	-	-	1,227,221
Total assets	<u>\$ 2,358,286</u>	<u>\$ 2,042</u>	<u>\$ 23,101</u>	<u>\$ 36</u>	<u>\$ 3,063</u>	<u>\$ 446,668</u>	<u>\$ 14,652</u>	<u>\$ 2,847,848</u>
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 1,339,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 795	\$ 1,340,163
Total liabilities	<u>\$ 1,339,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795</u>	<u>\$ 1,340,163</u>
<b>Fund Balance</b>								
Restricted:								
Grant compliance	\$ 1,018,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,918
Committed:								
Special revenue	-	2,042	23,101	36	3,063	446,668	13,857	488,767
Total fund balance	<u>\$ 1,018,918</u>	<u>\$ 2,042</u>	<u>\$ 23,101</u>	<u>\$ 36</u>	<u>\$ 3,063</u>	<u>\$ 446,668</u>	<u>\$ 13,857</u>	<u>\$ 1,507,685</u>
Total liabilities and fund balance	<u>\$ 2,358,286</u>	<u>\$ 2,042</u>	<u>\$ 23,101</u>	<u>\$ 36</u>	<u>\$ 3,063</u>	<u>\$ 446,668</u>	<u>\$ 14,652</u>	<u>\$ 2,847,848</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2013

	Federal/ State Grants Fund	E-911 Fund	Courthouse Maintenance Fund	Visitor Center Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	1,437,363	\$ -	1,437,363
Use of money and property	90	1	-	-	-	-	64,606	64,697
Permits, fees, and licenses	-	-	33,876	-	-	-	-	33,876
Miscellaneous	5,000	-	-	-	-	-	-	5,000
Recovered costs	426,152	-	-	-	-	-	-	426,152
Intergovernmental:								
Contribution from School Board	1,308,535	-	-	-	-	-	-	1,308,535
Revenue from the Commonwealth	5,054,171	-	-	-	-	-	-	5,054,171
Revenue from the Federal Government	4,663,235	-	-	-	-	-	-	4,663,235
<b>Total revenues</b>	<b>\$ 11,457,183</b>	<b>\$ 1</b>	<b>\$ 33,876</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,437,363</b>	<b>\$ 64,606</b>	<b>\$ 12,993,029</b>
<b>Expenditures</b>								
Current:								
Judicial administration	\$ 868,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	868,470
Public safety	534,627	-	-	-	-	-	-	534,627
Public works	74,948	-	-	-	-	-	66,270	141,218
Health and Welfare	9,953,934	-	-	-	-	-	-	9,953,934
Community Development	3,343,848	-	-	-	-	-	-	3,343,848
<b>Total expenditures</b>	<b>\$ 14,775,827</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,270</b>	<b>\$ 14,842,097</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (3,318,644)</b>	<b>\$ 1</b>	<b>\$ 33,876</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,437,363</b>	<b>\$ (1,664)</b>	<b>\$ (1,849,068)</b>
<b>Other financing sources (uses)</b>								
Transfers in	\$ 2,836,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,836,033
Transfers (out)	(274,638)	-	(42,870)	-	-	(1,350,000)	-	(1,667,508)
<b>Total other financing sources (uses)</b>	<b>\$ 2,561,395</b>	<b>\$ -</b>	<b>\$ (42,870)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,350,000)</b>	<b>\$ -</b>	<b>\$ 1,168,525</b>
<b>Net change in fund balance</b>	<b>\$ (757,249)</b>	<b>\$ 1</b>	<b>\$ (8,994)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,363</b>	<b>\$ (1,664)</b>	<b>\$ (680,543)</b>
<b>Fund balance, beginning of year</b>	<b>1,776,167</b>	<b>2,041</b>	<b>32,095</b>	<b>36</b>	<b>3,063</b>	<b>359,305</b>	<b>15,521</b>	<b>2,188,228</b>
<b>Fund balance, end of year</b>	<b>\$ 1,018,918</b>	<b>\$ 2,042</b>	<b>\$ 23,101</b>	<b>\$ 36</b>	<b>\$ 3,063</b>	<b>\$ 446,668</b>	<b>\$ 13,857</b>	<b>\$ 1,507,685</b>



Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Debt Service Funds  
Year Ended June 30, 2013

	Debt Service		
	General	School	Total
<b>Revenues</b>			
Use of money and property	\$ -	\$ 197,366	\$ 197,366
Miscellaneous	-	75,284	75,284
Recovered costs	11,261	-	11,261
Intergovernmental:			
Revenue from the Federal government	-	81,303	81,303
Total revenues	\$ 11,261	\$ 353,953	\$ 365,214
<b>Expenditures</b>			
Debt service:			
Principal payments	\$ 1,631,739	\$ 8,294,361	\$ 9,926,100
Interest and fiscal charges	1,355,257	4,698,667	6,053,924
Total expenditures	\$ 2,986,996	\$ 12,993,028	\$ 15,980,024
Excess (deficiency) of revenues over (under) expenditures	\$ (2,975,735)	\$ (12,639,075)	\$ (15,614,810)
<b>Other financing sources (uses)</b>			
Transfers in	\$ 2,971,372	\$ 12,425,206	\$ 15,396,578
Total other financing sources (uses)	\$ 2,971,372	\$ 12,425,206	\$ 15,396,578
Net change in fund balance	\$ (4,363)	\$ (213,869)	\$ (218,232)
Fund balance, beginning of year	288,615	213,869	502,484
Fund balance, end of year	\$ 284,252	\$ -	\$ 284,252

Combining Statement of Net Position  
Internal Service Funds  
At June 30, 2013

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 13,611,079	\$ 1,408,371	\$ 5,380	\$ 11,364	\$ 210,755	\$ 15,246,949
Accounts receivable	<u>3,833</u>	<u>-</u>	<u>1,473</u>	<u>-</u>	<u>-</u>	<u>5,306</u>
Total assets	<u>\$ 13,614,912</u>	<u>\$ 1,408,371</u>	<u>\$ 6,853</u>	<u>\$ 11,364</u>	<u>\$ 210,755</u>	<u>\$ 15,252,255</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued expenses	\$ -	\$ 9,663	\$ 6,853	\$ 9,901	\$ -	\$ 26,417
Claims payable	<u>1,510,150</u>	<u>92,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602,496</u>
Total liabilities	<u>\$ 1,510,150</u>	<u>\$ 102,009</u>	<u>\$ 6,853</u>	<u>\$ 9,901</u>	<u>\$ -</u>	<u>\$ 1,628,913</u>
<b>Net position</b>						
Unrestricted	<u>\$ 12,104,762</u>	<u>\$ 1,306,362</u>	<u>\$ -</u>	<u>\$ 1,463</u>	<u>\$ 210,755</u>	<u>\$ 13,623,342</u>
Total net position	<u>\$ 12,104,762</u>	<u>\$ 1,306,362</u>	<u>\$ -</u>	<u>\$ 1,463</u>	<u>\$ 210,755</u>	<u>\$ 13,623,342</u>

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2013

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Operating revenues</b>						
Charges for services, net	\$ 24,584,148	\$ 1,268,541	\$ 155,709	\$ 858,594	\$ 722,414	\$ 27,589,406
<b>Operating expenses</b>						
Benefits and related expenses	\$ 26,347,614	\$ 1,383,207	\$ -	\$ 839,987	\$ -	\$ 28,570,808
Services and supplies	-	-	155,709	17,663	750,831	924,203
Total operating expenses	\$ 26,347,614	\$ 1,383,207	\$ 155,709	\$ 857,650	\$ 750,831	\$ 29,495,011
Operating income (loss)	\$ (1,763,466)	\$ (114,666)	\$ -	\$ 944	\$ (28,417)	\$ (1,905,605)
<b>Nonoperating revenues (expenses)</b>						
Interest income	7,134	864	-	-	103	8,101
<b>Transfers</b>						
Transfers in	-	-	-	519	27,844	28,363
Change in net position	\$ (1,756,332)	\$ (113,802)	\$ -	\$ 1,463	\$ (470)	\$ (1,869,141)
Net position, beginning of year	13,861,094	1,420,164	-	-	211,225	15,492,483
Net position, end of year	\$ 12,104,762	\$ 1,306,362	\$ -	\$ 1,463	\$ 210,755	\$ 13,623,342

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2013

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from insured	\$ 24,595,822	\$ 1,268,541	\$ -	\$ -	\$ -	\$ 25,864,363
Receipts from services	-	-	156,001	858,594	722,414	1,737,009
Payments to suppliers	(26,270,826)	(1,404,050)	(156,260)	(847,749)	(775,076)	(29,453,961)
Net cash provided by (used for) operating activities	\$ (1,675,004)	\$ (135,509)	\$ (259)	\$ 10,845	\$ (52,662)	\$ (1,852,589)
<b>Cash flows from noncapital financing activities</b>						
Transfers	\$ -	\$ -	\$ -	\$ 519	\$ 27,844	\$ 28,363
<b>Cash flows from investing activities</b>						
Interest income	\$ 7,134	\$ 864	\$ -	\$ -	\$ 103	\$ 8,101
Net increase (decrease) in cash and cash equivalents	\$ (1,667,870)	\$ (134,645)	\$ (259)	\$ 11,364	\$ (24,715)	\$ (1,816,125)
Cash and cash equivalents, beginning of year	15,278,949	1,543,016	5,639	-	235,470	17,063,074
Cash and cash equivalents, end of year	\$ 13,611,079	\$ 1,408,371	\$ 5,380	\$ 11,364	\$ 210,755	\$ 15,246,949
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>						
Operating income (loss)	\$ (1,763,466)	\$ (114,666)	\$ -	\$ 944	\$ (28,417)	\$ (1,905,605)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Change in assets and liabilities:						
Receivables, net	11,674	-	292	-	-	11,966
Accounts payable and accrued expenses	(2,400)	337	(551)	9,901	(24,245)	(16,958)
Claims payable	79,188	(21,180)	-	-	-	58,008
Net cash provided by (used for) operating activities	\$ (1,675,004)	\$ (135,509)	\$ (259)	\$ 10,845	\$ (52,662)	\$ (1,852,589)

## Combining Statement of Fiduciary Net Position

## Private Purpose Trust Funds

At June 30, 2013

	H & L Graves Trust Fund	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Fund	Proffer Trust Fund	Total
<b>Assets</b>								
Cash and investments	\$ 2,935	\$ -	\$ 12,409	\$ 83,488	\$ 14,771	\$ 16,765	\$ 4,044,362	\$ 4,174,730
Investments with trustee	-	286,125	-	-	-	-	-	286,125
<b>Total assets</b>	<u>\$ 2,935</u>	<u>\$ 286,125</u>	<u>\$ 12,409</u>	<u>\$ 83,488</u>	<u>\$ 14,771</u>	<u>\$ 16,765</u>	<u>\$ 4,044,362</u>	<u>\$ 4,460,855</u>
<b>Net Position</b>	<u>\$ 2,935</u>	<u>\$ 286,125</u>	<u>\$ 12,409</u>	<u>\$ 83,488</u>	<u>\$ 14,771</u>	<u>\$ 16,765</u>	<u>\$ 4,044,362</u>	<u>\$ 4,460,855</u>

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
Year Ended June 30, 2013

	H & L Graves Trust Fund	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund
<b>Additions</b>				
Investment earnings (losses)	\$ 2	\$ 16,069	\$ 7	\$ 45
Proffers	-	-	-	-
Total additions	\$ 2	\$ 16,069	\$ 7	\$ 45
<b>Deductions</b>				
Contributions	\$ -	\$ -	\$ -	\$ -
Total deductions	\$ -	\$ 6,132	\$ -	\$ -
Change in net position	\$ 2	\$ 9,937	\$ 7	\$ 45
Net position, beginning of year	2,933	276,188	12,402	83,443
Net position, end of year	<u>\$ 2,935</u>	<u>\$ 286,125</u>	<u>\$ 12,409</u>	<u>\$ 83,488</u>

Exhibit 23

Crozet Crossings Trust Fund	Synthetic Turf Field Fund	Proffer Trust Fund	Total
\$ 8	\$ 11,150	\$ 1,322	\$ 28,603
<u>-</u>	<u>-</u>	<u>2,045,744</u>	<u>2,045,744</u>
\$ 8	\$ 11,150	\$ 2,047,066	\$ 2,074,347
\$ -	\$ -	\$ 206,292	\$ 206,292
\$ -	\$ -	\$ 206,292	\$ 212,424
\$ 8	\$ 11,150	\$ 1,840,774	\$ 1,861,923
<u>14,763</u>	<u>5,615</u>	<u>2,203,588</u>	<u>2,598,932</u>
<u>\$ 14,771</u>	<u>\$ 16,765</u>	<u>\$ 4,044,362</u>	<u>\$ 4,460,855</u>

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Fiduciary Net Position

Agency Funds

At June 30, 2013

	Special		Payroll	HUD					Appeal
	Welfare	Drug	Suspense	Family	County	Ace	CATEC		Bond
	Fund	Fund	Fund	Self	Contribution	Contribution	Fund		Fund
				Sufficiency	Fund	Fund			Fund
				Fund					
<b>Assets</b>									
Cash and investments	\$ 48,782	\$ 119,693	\$ 4,594,661	\$ 24,127	\$ 35,890	\$ 20,032	\$ (668,419)	\$ 4,250	
Accounts receivable	-	1,008	305	-	-	-	815,526	-	
Total assets	<u>\$ 48,782</u>	<u>\$ 120,701</u>	<u>\$ 4,594,966</u>	<u>\$ 24,127</u>	<u>\$ 35,890</u>	<u>\$ 20,032</u>	<u>\$ 147,107</u>	<u>\$ 4,250</u>	
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 4,594,966	\$ -	\$ -	\$ -	\$ 147,107	\$ -	
Amounts held for others	48,782	120,701	-	24,127	35,890	20,032	-	4,250	
Total liabilities	<u>\$ 48,782</u>	<u>\$ 120,701</u>	<u>\$ 4,594,966</u>	<u>\$ 24,127</u>	<u>\$ 35,890</u>	<u>\$ 20,032</u>	<u>\$ 147,107</u>	<u>\$ 4,250</u>	



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Sheriff Reserve Fund	Performance Bond Fund	Natural Heritage Fund	Economic Development Authority Fund	Commonwealth Attorney Commission Fund	Public Recreation Facility Authority	Courts Escrow Fund	Total
\$ 6,162	\$ 4,574,871	\$ 1,087	\$ 88,858	\$ 181,096	\$ 53,396	\$ 7,807	\$ 9,092,293
-	-	-	130,000	4,148	-	-	950,987
<u>\$ 6,162</u>	<u>\$ 4,574,871</u>	<u>\$ 1,087</u>	<u>\$ 218,858</u>	<u>\$ 185,244</u>	<u>\$ 53,396</u>	<u>\$ 7,807</u>	<u>\$ 10,043,280</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,742,073
6,162	4,574,871	1,087	218,858	185,244	53,396	7,807	5,301,207
<u>\$ 6,162</u>	<u>\$ 4,574,871</u>	<u>\$ 1,087</u>	<u>\$ 218,858</u>	<u>\$ 185,244</u>	<u>\$ 53,396</u>	<u>\$ 7,807</u>	<u>\$ 10,043,280</u>

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## Statement of Changes in Assets and Liabilities

## Agency Funds

Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Special Welfare Fund:</b>				
Assets:				
Cash and investments	\$ <u>41,829</u>	\$ <u>198,276</u>	\$ <u>191,323</u>	\$ <u>48,782</u>
Liabilities:				
Amounts held for others	\$ <u>41,829</u>	\$ <u>198,276</u>	\$ <u>191,323</u>	\$ <u>48,782</u>
<b>Hunting and Fishing License Fund:</b>				
Assets:				
Cash and investments	\$ <u>171</u>	\$ <u>-</u>	\$ <u>171</u>	\$ <u>-</u>
Liabilities:				
Accounts payable	\$ <u>171</u>	\$ <u>-</u>	\$ <u>171</u>	\$ <u>-</u>
<b>Drug Fund:</b>				
Assets:				
Cash and investments	\$ <u>108,496</u>	\$ <u>16,804</u>	\$ <u>5,607</u>	\$ <u>119,693</u>
Accounts receivable	<u>-</u>	<u>1,008</u>	<u>-</u>	<u>1,008</u>
Total assets	\$ <u>108,496</u>	\$ <u>17,812</u>	\$ <u>5,607</u>	\$ <u>120,701</u>
Liabilities:				
Amounts held for others	\$ <u>108,496</u>	\$ <u>17,812</u>	\$ <u>5,607</u>	\$ <u>120,701</u>
Total liabilities	\$ <u>108,496</u>	\$ <u>17,812</u>	\$ <u>5,607</u>	\$ <u>120,701</u>
<b>Payroll Suspense Fund:</b>				
Assets:				
Cash and investments	\$ <u>2,849,844</u>	\$ <u>4,594,661</u>	\$ <u>2,849,844</u>	\$ <u>4,594,661</u>
Accounts receivable	<u>915</u>	<u>305</u>	<u>915</u>	<u>305</u>
Total assets	\$ <u>2,850,759</u>	\$ <u>4,594,966</u>	\$ <u>2,850,759</u>	\$ <u>4,594,966</u>
Liabilities:				
Accounts payable	\$ <u>2,850,759</u>	\$ <u>4,594,966</u>	\$ <u>2,850,759</u>	\$ <u>4,594,966</u>
Total liabilities	\$ <u>2,850,759</u>	\$ <u>4,594,966</u>	\$ <u>2,850,759</u>	\$ <u>4,594,966</u>
<b>HUD Family Self Sufficiency Fund:</b>				
Assets:				
Cash and investments	\$ <u>24,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,127</u>
Liabilities:				
Amounts held for others	\$ <u>24,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,127</u>
<b>County Contribution Fund:</b>				
Assets:				
Cash and investments	\$ <u>37,952</u>	\$ <u>6,528</u>	\$ <u>8,590</u>	\$ <u>35,890</u>
Accounts receivable	<u>95</u>	<u>-</u>	<u>95</u>	<u>-</u>
Total assets	\$ <u>38,047</u>	\$ <u>6,528</u>	\$ <u>8,685</u>	\$ <u>35,890</u>
Liabilities:				
Amounts held for others	\$ <u>38,047</u>	\$ <u>6,528</u>	\$ <u>8,685</u>	\$ <u>35,890</u>

## Statement of Changes in Assets and Liabilities

## Agency Funds

Year Ended June 30, 2013 (Continued)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Ace Contribution Fund:</b>				
Assets:				
Cash and investments	\$ <u>20,032</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20,032</u>
Liabilities:				
Amounts held for others	\$ <u>20,032</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20,032</u>
<b>CATEC Fund:</b>				
Assets:				
Cash and investments	\$ (1,856,832)	\$ 1,856,832	\$ 668,419	\$ (668,419)
Accounts receivable	<u>1,993,724</u>	<u>815,526</u>	<u>1,993,724</u>	<u>815,526</u>
Total assets	\$ <u>136,892</u>	\$ <u>2,672,358</u>	\$ <u>2,662,143</u>	\$ <u>147,107</u>
Liabilities:				
Accounts payable	\$ <u>136,892</u>	\$ <u>2,672,358</u>	\$ <u>2,662,143</u>	\$ <u>147,107</u>
Total liabilities	\$ <u>136,892</u>	\$ <u>2,672,358</u>	\$ <u>2,662,143</u>	\$ <u>147,107</u>
<b>Appeal Bond Fund:</b>				
Assets:				
Cash and investments	\$ <u>4,250</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,250</u>
Liabilities:				
Amounts held for others	\$ <u>4,250</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,250</u>
<b>Sheriff Reserve Fund:</b>				
Assets:				
Cash and investments	\$ <u>11,441</u>	\$ <u>887</u>	\$ <u>6,166</u>	\$ <u>6,162</u>
Liabilities:				
Amounts held for others	\$ <u>11,441</u>	\$ <u>887</u>	\$ <u>6,166</u>	\$ <u>6,162</u>
<b>Performance Bond Fund:</b>				
Assets:				
Cash and investments	\$ <u>4,881,972</u>	\$ <u>945,462</u>	\$ <u>1,252,563</u>	\$ <u>4,574,871</u>
Liabilities:				
Amounts held for others	\$ <u>4,881,972</u>	\$ <u>945,462</u>	\$ <u>1,252,563</u>	\$ <u>4,574,871</u>
<b>Natural Heritage Fund:</b>				
Assets:				
Cash and investments	\$ <u>1,086</u>	\$ <u>1</u>	\$ <u>-</u>	\$ <u>1,087</u>
Liabilities:				
Amounts held for others	\$ <u>1,086</u>	\$ <u>1</u>	\$ <u>-</u>	\$ <u>1,087</u>
<b>Economic Development Authority Fund:</b>				
Assets:				
Cash and investments	\$ -	\$ 88,858	\$ -	\$ 88,858
Accounts receivable	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total assets	\$ <u>-</u>	\$ <u>218,858</u>	\$ <u>-</u>	\$ <u>218,858</u>
Liabilities:				
Amounts held for others	\$ <u>-</u>	\$ <u>218,858</u>	\$ <u>-</u>	\$ <u>218,858</u>

## Statement of Changes in Assets and Liabilities

## Agency Funds

Year Ended June 30, 2013 (Continued)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Commonwealth Attorney Commission Fund:</b>				
Assets:				
Cash and investments	\$ 180,763	\$ 118,328	\$ 117,995	\$ 181,096
Accounts receivable	2,756	4,148	2,756	4,148
Total assets	<u>\$ 183,519</u>	<u>\$ 122,476</u>	<u>\$ 120,751</u>	<u>\$ 185,244</u>
Liabilities:				
Amounts held for others	<u>\$ 183,519</u>	<u>\$ 122,476</u>	<u>\$ 120,751</u>	<u>\$ 185,244</u>
<b>Public Recreation Facility Authority:</b>				
Assets:				
Cash and investments	\$ -	\$ 53,935	\$ 539	\$ 53,396
Total assets	<u>\$ -</u>	<u>\$ 53,935</u>	<u>\$ 539</u>	<u>\$ 53,396</u>
Liabilities:				
Amounts held for others	<u>\$ -</u>	<u>\$ 53,935</u>	<u>\$ 539</u>	<u>\$ 53,396</u>
<b>Courts Escrow Fund:</b>				
Assets:				
Cash and investments	\$ -	\$ 7,807	\$ -	\$ 7,807
Total assets	<u>\$ -</u>	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ 7,807</u>
Liabilities:				
Amounts held for others	<u>\$ -</u>	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ 7,807</u>
<b>Totals--All Agency Funds:</b>				
Assets:				
Cash and investments	\$ 6,305,131	\$ 7,888,379	\$ 5,101,217	\$ 9,092,293
Accounts receivable	1,997,490	950,987	1,997,490	950,987
Total assets	<u>\$ 8,302,621</u>	<u>\$ 8,839,366</u>	<u>\$ 7,098,707</u>	<u>\$ 10,043,280</u>
Liabilities:				
Accounts payable	\$ 2,987,822	\$ 7,267,324	\$ 5,513,073	\$ 4,742,073
Amounts held for others	5,314,799	1,572,042	1,585,634	5,301,207
Total liabilities	<u>\$ 8,302,621</u>	<u>\$ 8,839,366</u>	<u>\$ 7,098,707</u>	<u>\$ 10,043,280</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds - Budget and Actual  
Year Ended June 30, 2013

	Special Revenue Funds			
	Courthouse Maintenance Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-
Charges for services	42,870	42,870	33,876	(8,994)
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Contribution from School Board	-	-	-	-
Revenue from the Commonwealth	-	-	-	-
Revenue from the Federal Government	-	-	-	-
Total revenues	\$ 42,870	\$ 42,870	\$ 33,876	\$ (8,994)
<b>Expenditures</b>				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-
Total public safety	\$ -	\$ -	\$ -	\$ -
Public Works				
Energy efficiency	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over(under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Issuance of debt	-	-	-	-
Transfers (out)	(42,870)	(42,870)	(42,870)	-
Total other financing sources (uses)	\$ (42,870)	\$ (42,870)	\$ (42,870)	\$ -
Net changes in fund balances	\$ -	\$ -	\$ (8,994)	\$ (8,994)
Fund balances at beginning of year	-	-	32,095	32,095
Fund balances at end of year	\$ -	\$ -	\$ 23,101	\$ 23,101

Federal and State Grants Fund				Tourism Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,320,000	\$ 1,320,000	\$ 1,437,363	\$ 117,363
-	-	90	90	-	-	-	-
-	-	-	-	-	-	-	-
5,000	12,497	5,000	(7,497)	-	-	-	-
35,000	100,644	426,152	325,508	-	-	-	-
858,535	1,308,535	1,308,535	-	-	-	-	-
4,180,088	5,782,959	5,054,171	(728,788)	-	-	-	-
3,069,519	4,726,369	4,663,235	(63,134)	-	-	-	-
\$ 8,148,142	\$ 11,931,004	\$ 11,457,183	\$ (473,821)	\$ 1,320,000	\$ 1,320,000	\$ 1,437,363	\$ 117,363
\$ 751,590	\$ 881,713	\$ 868,470	\$ 13,243	\$ -	\$ -	\$ -	\$ -
\$ 113,937	\$ 485,230	\$ 287,312	\$ 197,918	\$ -	\$ -	\$ -	\$ -
-	450,316	247,315	203,001	-	-	-	-
\$ 113,937	\$ 935,546	\$ 534,627	\$ 400,919	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 71,593	\$ 74,948	\$ (3,355)	\$ -	\$ -	\$ -	\$ -
\$ 6,617,046	\$ 8,591,687	\$ 8,119,076	\$ 472,611	\$ -	\$ -	\$ -	\$ -
1,126,023	1,134,999	1,123,477	11,522	-	-	-	-
5,000	724,355	711,381	12,974	-	-	-	-
\$ 7,748,069	\$ 10,451,041	\$ 9,953,934	\$ 497,107	\$ -	\$ -	\$ -	\$ -
\$ 11,400	\$ 321,608	\$ 263,236	\$ 58,372	\$ -	\$ -	\$ -	\$ -
2,698,700	2,832,954	3,080,612	(247,658)	-	-	-	-
\$ 2,710,100	\$ 3,154,562	\$ 3,343,848	\$ (189,286)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 11,323,696	\$ 15,494,455	\$ 14,775,827	\$ 718,628	\$ -	\$ -	\$ -	\$ -
\$ (3,175,554)	\$ (3,563,451)	\$ (3,318,644)	\$ 244,807	\$ 1,320,000	\$ 1,320,000	\$ 1,437,363	\$ 117,363
\$ 3,473,873	\$ 3,919,335	\$ 2,836,033	\$ (1,083,302)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
(298,319)	(355,884)	(274,638)	81,246	(1,350,000)	(1,350,000)	(1,350,000)	-
\$ 3,175,554	\$ 3,563,451	\$ 2,561,395	\$ (1,002,056)	\$ (1,350,000)	\$ (1,350,000)	\$ (1,350,000)	\$ -
\$ -	\$ -	\$ (757,249)	\$ (757,249)	\$ (30,000)	\$ (30,000)	\$ 87,363	\$ 117,363
-	-	1,776,167	1,776,167	30,000	30,000	359,305	329,305
\$ -	\$ -	\$ 1,018,918	\$ 1,018,918	\$ -	\$ -	\$ 446,668	\$ 446,668

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds - Budget and Actual  
Year Ended June 30, 2012 (Continued)

	Debt Service Funds			
	General Debt Service Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	283,179	283,179	11,261	(271,918)
Intergovernmental:				
Contribution from School Board	-	-	-	-
Revenue from the Commonwealth	-	-	-	-
Revenue from the Federal Government	-	-	-	-
Total revenues	\$ 283,179	\$ 283,179	\$ 11,261	\$ (271,918)
<b>Expenditures</b>				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-
Total public safety	\$ -	\$ -	\$ -	\$ -
Public Works				
Energy efficiency	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ 1,634,461	\$ 1,594,327	\$ 1,594,326	\$ 1
Interest and fiscal charges	1,393,296	1,441,838	1,392,670	49,168
Capital projects	-	-	-	-
Total expenditures	\$ 3,027,757	\$ 3,036,165	\$ 2,986,996	\$ 49,169
Excess (deficiency) of revenues over(under) expenditures	\$ (2,744,578)	\$ (2,752,986)	\$ (2,975,735)	\$ (222,749)
Other financing sources (uses):				
Transfers in	\$ 2,744,578	\$ 2,752,986	\$ 2,971,372	\$ 218,386
Proceeds from the issuance of debt	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ 2,744,578	\$ 2,752,986	\$ 2,971,372	\$ 218,386
Net changes in fund balances	\$ -	\$ -	\$ (4,363)	\$ (4,363)
Fund balances at beginning of year	-	-	288,614	288,614
Fund balances at end of year	\$ -	\$ -	\$ 284,251	\$ 284,251



School Debt Service Fund				Capital Projects Fund			
School Debt Service Fund				Stormwater Control			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
197,367	197,367	197,366	(1)	-	-	1,857	1,857
-	-	-	-	-	-	-	-
-	75,284	75,284	-	-	74,880	74,880	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	36,620	36,620	-
85,000	85,000	81,303	(3,697)	-	-	-	-
\$ 282,367	\$ 357,651	\$ 353,953	\$ (3,698)	\$ -	\$ 111,500	\$ 113,357	\$ 1,857
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,254,228	\$ 8,294,362	\$ 8,294,361	\$ 1	\$ -	\$ -	\$ -	\$ -
4,713,728	4,713,728	4,698,668	15,060	-	-	-	-
-	-	-	-	128,945	1,900,857	195,127	1,705,730
\$ 12,967,956	\$ 13,008,090	\$ 12,993,029	\$ 15,061	\$ 128,945	\$ 1,900,857	\$ 195,127	\$ 1,705,730
\$ (12,685,589)	\$ (12,650,439)	\$ (12,639,076)	\$ 11,363	\$ (128,945)	\$ (1,789,357)	\$ (81,770)	\$ 1,707,587
\$ 12,685,589	\$ 12,650,439	\$ 12,425,206	\$ (225,233)	\$ 128,945	\$ 1,789,357	\$ 262,753	\$ (1,526,604)
-	-	-	-	-	-	362,637	362,637
-	-	-	-	-	-	-	-
\$ 12,685,589	\$ 12,650,439	\$ 12,425,206	\$ (225,233)	\$ 128,945	\$ 1,789,357	\$ 625,390	\$ (1,163,967)
\$ -	\$ -	\$ (213,870)	\$ (213,870)	\$ -	\$ -	\$ 543,620	\$ 543,620
-	-	213,870	213,870	-	-	2,995,660	2,995,660
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,539,280	\$ 3,539,280

Component Unit School Board  
Combining Balance Sheet  
At June 30, 2013

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 12,684,656	\$ 1,273,602	\$ 1,300,437	\$ 15,258,695
Accounts receivable	1,363,498	5,928	-	1,369,426
Due from other governments	6,387,973	80,148	-	6,468,121
Prepaid items	80,104	-	-	80,104
Inventories	377,649	122,936	-	500,585
 Total assets	 \$ 20,893,880	 \$ 1,482,614	 \$ 1,300,437	 \$ 23,676,931
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 15,800,253	\$ 408,187	\$ 960,643	\$ 17,169,083
 Total liabilities	 \$ 15,800,253	 \$ 408,187	 \$ 960,643	 \$ 17,169,083
<b>Deferred Inflows</b>				
Unearned revenue - Note 9	\$ 137,075	\$ -	\$ -	\$ 137,075
<b>Fund Balance</b>				
Nonspendable:				
Inventories and prepaid items	\$ 457,753	\$ 122,936	\$ -	\$ 580,689
Committed:				
Education	-	-	-	-
Vehicle Maintenance Facility	-	-	15,808	15,808
Greer Elementary School construction	-	-	30,743	30,743
Special revenue	4,498,799	951,491	-	5,450,290
Assigned:				
Capital projects	-	-	293,243	293,243
 Total fund balance	 \$ 4,956,552	 \$ 1,074,427	 \$ 339,794	 \$ 6,370,773
 Total liabilities, deferred inflows of resources and fund balance	 \$ 20,893,880	 \$ 1,482,614	 \$ 1,300,437	 \$ 23,676,931

Component Unit School Board  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 At June 30, 2013

---

Total fund balances for governmental funds	\$ 6,370,773
Total net position reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land and land improvements	\$ 6,096,992
Buildings and improvements, net of depreciation	128,486,423
Furniture, equipment and vehicles, net of depreciation	7,374,456
School Board capital assets in primary government, net of depreciation	<u>(68,243,023)</u>
Total capital assets	73,714,848
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position consist of the following:	
Compensated absences	(2,475,794)
Net OPEB obligation	<u>(5,008,000)</u>
Total net position of governmental activities (Exhibit 1)	\$ <u>72,601,827</u>

## Component Unit School Board

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2013

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Use of money and property	\$ 763,451	\$ 602	\$ 1,146	\$ 765,199
Charges for services	3,813,078	2,290,277	-	6,103,355
Miscellaneous	2,928,218	75,831	24,016	3,028,065
Recovered costs	1,526,928	-	-	1,526,928
Intergovernmental:				
Appropriation from primary government	100,106,298	-	4,516,669	104,622,967
Revenue from the Commonwealth	43,025,033	84,546	752,000	43,861,579
Revenue from the Federal Government	6,681,781	2,370,717	-	9,052,498
Total revenues	\$ 158,844,787	\$ 4,821,973	\$ 5,293,831	\$ 168,960,591
<b>Expenditures</b>				
Current:				
Education:				
Instruction	\$ 114,340,967	\$ -	\$ -	\$ 114,340,967
Administration, attendance and health	8,669,918	-	-	8,669,918
Transportation	8,710,017	-	-	8,710,017
Special Programs	12,901,612	-	-	12,901,612
Facilities operations	14,200,670	-	-	14,200,670
School food services	-	4,788,085	-	4,788,085
Building improvements	118,039	-	-	118,039
Technology	2,095,704	-	-	2,095,704
Contribution to primary government	5,481,172	-	-	5,481,172
Capital projects	-	-	8,745,014	8,745,014
Total expenditures	\$ 166,518,099	\$ 4,788,085	\$ 8,745,014	\$ 180,051,198
Excess (deficiency) of revenues over (under) expenditures	\$ (7,673,312)	\$ 33,888	\$ (3,451,183)	\$ (11,090,607)
Other financing sources (uses)				
Transfers in	\$ 230,870	\$ -	\$ 1,000,000	\$ 1,230,870
Transfers (out)	(1,000,000)	(75,000)	(155,870)	(1,230,870)
Total other financing sources (uses)	\$ (769,130)	\$ (75,000)	\$ 844,130	\$ -
Net change in fund balance	\$ (8,442,442)	\$ (41,112)	\$ (2,607,053)	\$ (11,090,607)
Fund balance, beginning of year	13,398,994	1,115,539	2,946,847	17,461,380
Fund balance, end of year	\$ 4,956,552	\$ 1,074,427	\$ 339,794	\$ 6,370,773

Component Unit School Board  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2013

---

Net change in fund balances - total governmental funds \$ (11,090,607)

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

Capital outlay		
Construction in progress additions	\$ 9,623,692	
Construction in progress deletions	(3,550,997)	
Buildings and improvements additions	2,857,704	
Buildings and improvements deletions, net of accumulated depreciation	(42,000)	
Other improvement additions	836,283	
Other improvement deletions, net of accumulated depreciation	(14,090)	
Furniture, equipment and vehicle additions	2,569,127	
Furniture, equipment and vehicle deletions, net of accumulated depreciation	<u>31,730</u>	12,311,449
Depreciation expense		(8,270,058)

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

Construction in progress additions	(9,623,692)	
Construction in progress deletions	3,550,997	
School buildings and improvements additions	(1,703,421)	
School buildings and improvements deletions	8,471,498	
Transfer of depreciation	(4,705,716)	(4,010,334)

Change in School bond proceeds for which capital assets have not been constructed or acquired. 8,100,630

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

Net OPEB obligation	(774,000)
Compensated absences	<u>(195,441)</u>

Change in net position of governmental activities (Exhibit 2) \$ (3,928,361)

COUNTY OF ALBEMARLE, VIRGINIA

Component Unit School Board  
 School Funds  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2013

	School Operating Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Use of money and property	\$ 867,926	\$ 867,926	\$ 763,451	\$ (104,475)
Charges for services	3,828,861	3,828,861	3,813,078	(15,783)
Miscellaneous	2,462,147	2,875,844	2,928,218	52,374
Recovered costs	523,999	1,465,782	1,526,928	61,146
Intergovernmental:				
Appropriation from primary government	100,106,298	100,106,298	100,106,298	-
Revenue from the Commonwealth	43,440,977	43,455,529	43,025,033	(430,496)
Revenue from the Federal Government	7,747,751	7,758,751	6,681,781	(1,076,970)
Total revenues	\$ 158,977,959	\$ 160,358,991	\$ 158,844,787	\$ (1,514,204)
<b>Expenditures</b>				
Current:				
Education:				
Instruction	\$ 114,775,359	\$ 114,404,967	\$ 114,340,967	\$ 64,000
Administration, attendance and health	6,690,679	8,056,587	8,669,918	(613,331)
Transportation	8,952,702	8,953,949	8,710,017	243,932
Special Programs	12,732,481	15,169,530	12,901,612	2,267,918
Facilities operations	14,343,594	14,353,461	14,200,670	152,791
Food service operations	-	-	-	-
Building improvements	157,500	157,500	118,039	39,461
Technology	2,425,932	2,425,932	2,095,704	330,228
Contribution to primary government	1,197,550	2,427,108	5,481,172	(3,054,064)
Capital projects	-	-	-	-
Total expenditures	\$ 161,275,797	\$ 165,949,034	\$ 166,518,099	\$ (569,065)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (2,297,838)	\$ (5,590,043)	\$ (7,673,312)	\$ (2,083,269)
<b>Other financing sources (uses)</b>				
Transfers in	\$ 5,804,428	\$ 10,096,633	\$ 230,870	\$ (9,865,763)
Transfers (out)	(2,706,590)	(3,706,590)	(1,000,000)	2,706,590
Total other financing sources (uses)	\$ 3,097,838	\$ 6,390,043	\$ (769,130)	\$ (7,159,173)
Net change in fund balance	\$ 800,000	\$ 800,000	\$ (8,442,442)	\$ (9,242,442)
<b>Fund balance, beginning of year</b>	(800,000)	(800,000)	13,398,994	14,198,994
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ 4,956,552	\$ 4,956,552

School Food Services Fund				School Capital Projects Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 1,090	\$ 1,090	\$ 602	\$ (488)	\$ 2,000	\$ 2,000	\$ 1,146	\$ (854)
2,646,918	2,646,918	2,290,277	(356,641)	-	-	-	-
-	-	75,831	75,831	-	24,016	24,016	-
-	-	-	-	-	-	-	-
-	-	-	-	5,226,225	7,390,267	4,516,669	(2,873,598)
95,565	95,565	84,546	(11,019)	786,000	786,000	752,000	(34,000)
2,059,380	2,061,880	2,370,717	308,837	-	-	-	-
<u>\$ 4,802,953</u>	<u>\$ 4,805,453</u>	<u>\$ 4,821,973</u>	<u>\$ 16,520</u>	<u>\$ 6,014,225</u>	<u>\$ 8,202,283</u>	<u>\$ 5,293,831</u>	<u>\$ (2,908,452)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,727,953	4,730,453	4,788,085	(57,632)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,624,647	9,055,708	8,745,014	310,694
<u>\$ 4,727,953</u>	<u>\$ 4,730,453</u>	<u>\$ 4,788,085</u>	<u>\$ (57,632)</u>	<u>\$ 6,624,647</u>	<u>\$ 9,055,708</u>	<u>\$ 8,745,014</u>	<u>\$ 310,694</u>
\$ 75,000	\$ 75,000	\$ 33,888	\$ (41,112)	\$ (610,422)	\$ (853,425)	\$ (3,451,183)	\$ (2,597,758)
\$ -	\$ -	\$ -	\$ -	\$ 760,422	\$ 1,003,425	\$ 1,000,000	\$ (3,425)
(75,000)	(75,000)	(75,000)	-	(150,000)	(150,000)	(155,870)	(5,870)
<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ 610,422</u>	<u>\$ 853,425</u>	<u>\$ 844,130</u>	<u>\$ (9,295)</u>
\$ -	\$ -	\$ (41,112)	\$ (41,112)	\$ -	\$ -	\$ (2,607,053)	\$ (2,607,053)
-	-	1,115,539	1,115,539	-	-	2,946,847	2,946,847
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074,427</u>	<u>\$ 1,074,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,794</u>	<u>\$ 339,794</u>

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## Statistical Section

### Contents

### Tables

#### Financial Trends

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

1 - 5

#### Revenue Capacity

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

6 - 9

#### Debt Capacity

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

10 - 12

#### Demographic and Economic Information

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

13 - 14

#### Operating Information

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

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

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COUNTY OF ALBEMARLE, VIRGINIA

Table 1

Net Position by Component

Last Ten Fiscal Years

(full accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	\$ 7,876,326	\$ 7,989,436	\$ 7,756,343	\$ 10,508,151	\$ 17,271,201	\$ 3,791,630	\$ 13,677,146	\$ 17,753,323	\$ 21,444,649	\$ 21,021,622
Restricted										
Capital projects	-	-	-	-	-	-	-	-	23,187,330	364,513
Grant compliance	-	-	-	-	-	-	-	-	1,776,167	1,018,918
Debt service	-	-	-	-	-	-	-	-	502,484	284,252
Unrestricted	46,049,765	53,372,954	67,524,755	71,036,209	68,831,778	76,990,400	73,771,675	74,837,691	46,693,066	69,379,158
Total governmental activities net position	\$ 53,926,091	\$ 61,362,390	\$ 75,281,098	\$ 81,544,360	\$ 86,102,979	\$ 80,782,030	\$ 87,448,821	\$ 92,591,014	\$ 93,603,696	\$ 92,068,463
Component Unit - School Board										
Net investment in capital assets	\$ 57,216,611	\$ 60,330,592	\$ 62,301,866	\$ 65,643,044	\$ 67,911,522	\$ 67,908,953	\$ 70,649,801	\$ 71,500,382	\$ 73,683,791	\$ 73,714,848
Unrestricted	7,892,776	9,801,931	8,319,667	9,887,909	10,283,302	6,739,660	8,950,955	8,379,278	2,846,397	(1,113,021)
Total component unit activities net position	\$ 65,109,387	\$ 70,132,523	\$ 70,621,533	\$ 75,530,953	\$ 78,194,824	\$ 74,648,613	\$ 79,600,756	\$ 79,879,660	\$ 76,530,188	\$ 72,601,827

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 8,132,238	\$ 12,319,083	\$ 9,140,353	\$ 9,755,386	\$ 13,473,999	\$ 11,995,093	\$ 9,701,766	\$ 10,817,203	\$ 13,495,692	\$ 9,765,599
Judicial administration	3,258,244	2,929,281	3,398,347	3,913,050	5,172,489	8,555,124	4,817,482	4,904,469	5,004,115	5,489,228
Public safety	22,629,440	19,763,162	25,232,013	31,228,430	31,805,294	31,875,860	31,947,939	32,684,377	33,923,255	36,742,658
Public works	5,204,436	2,461,385	3,178,249	4,084,447	7,348,478	10,262,008	6,348,136	8,792,358	7,008,396	6,035,240
Health and welfare	15,420,194	17,207,907	19,332,236	20,787,939	22,348,922	22,623,545	22,711,257	23,085,655	23,234,055	25,652,233
Education	79,849,425	83,475,255	91,153,455	100,518,050	104,476,013	109,314,893	108,681,711	103,576,934	104,558,364	106,384,475
Parks, recreation and cultural	5,750,397	5,042,137	5,536,680	6,602,130	6,724,890	7,753,946	7,477,447	7,191,757	6,739,115	10,350,757
Community development	15,554,887	17,297,779	19,461,447	21,825,809	25,365,417	25,515,608	30,103,606	28,360,299	28,023,779	27,518,813
Interest on long-term debt	4,730,758	5,076,267	5,012,540	5,111,066	5,206,440	5,670,737	6,037,722	5,843,655	5,330,390	5,057,480
Total governmental activities expenses	\$ 160,530,019	\$ 165,572,256	\$ 181,445,320	\$ 203,826,307	\$ 221,921,942	\$ 233,566,814	\$ 227,827,066	\$ 225,256,707	\$ 227,317,161	\$ 232,996,483
Component unit activities:										
Albemarle County Public Schools	\$ 118,073,650	\$ 125,477,976	\$ 141,983,331	\$ 154,947,811	\$ 163,787,439	\$ 171,685,340	\$ 170,027,801	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782
Total component unit activities expenses	\$ 118,073,650	\$ 125,477,976	\$ 141,983,331	\$ 154,947,811	\$ 163,787,439	\$ 171,685,340	\$ 170,027,801	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 231,776	\$ 293,598	\$ 20,601	\$ 14,398	\$ 296,899	\$ 327,307	\$ 66,288	\$ 37,049	\$ 427,114	\$ 383,601
Judicial administration	664,415	741,021	844,012	767,257	1,148,419	1,163,869	888,120	493,144	342,246	554,336
Public safety	2,039,252	721,319	1,195,111	1,460,803	637,758	477,246	1,148,738	1,997,033	2,928,839	2,124,556
Public works	60,282	1,161,680	1,473,921	116,888	91,163	59,982	20,345	621,781	40,095	60,712
Health and welfare	36,964	30,150	-	-	-	-	-	-	-	-
Education	-	-	12,000	-	-	-	-	-	-	-
Parks, recreation and cultural	248,991	263,401	287,448	308,022	329,600	351,174	346,209	320,996	327,731	300,290
Community development	9,595	159,897	14,694	1,371,704	1,229,831	1,362,863	1,451,072	1,662,268	1,733,253	1,748,806
Operating grants and contributions	17,278,857	18,292,882	19,689,165	19,698,269	20,613,485	19,701,188	20,764,266	21,963,602	20,193,795	20,604,402
Capital grants and contributions	267,078	8,296	71,104	-	587,914	470,606	207,078	282,118	631,468	141,548
Total governmental activities program revenues	\$ 20,837,210	\$ 21,672,244	\$ 23,608,056	\$ 23,737,341	\$ 24,935,069	\$ 23,914,235	\$ 24,892,116	\$ 27,377,991	\$ 26,624,541	\$ 25,918,251
Component unit activities:										
Albemarle County Public Schools:										
Charges for services	\$ 4,985,211	\$ 5,381,833	\$ 5,740,084	\$ 5,755,930	\$ 6,085,727	\$ 6,000,252	\$ 5,972,130	\$ 6,172,823	\$ 6,227,087	\$ 6,103,355
Operating grants and contributions	39,209,484	44,064,661	46,583,752	50,702,932	51,404,078	53,022,699	56,105,052	52,870,276	50,950,750	52,162,077
Capital grants and contributions	897,783	900,607	875,221	1,028,689	847,098	895,867	700,000	700,000	752,000	752,000
Total component unit activities program revenues	\$ 45,092,478	\$ 50,347,101	\$ 53,199,057	\$ 57,487,551	\$ 58,336,903	\$ 59,918,818	\$ 62,777,182	\$ 59,743,099	\$ 57,929,837	\$ 59,017,432
Net (expense) / revenue										
Governmental activities	\$ (139,692,809)	\$ (143,900,012)	\$ (157,837,264)	\$ (180,088,966)	\$ (196,986,873)	\$ (209,652,579)	\$ (202,934,950)	\$ (197,878,716)	\$ (200,692,620)	\$ (207,078,232)
Component unit activities	\$ (72,981,172)	\$ (75,130,875)	\$ (88,784,274)	\$ (97,460,260)	\$ (105,450,536)	\$ (111,766,522)	\$ (107,250,619)	\$ (106,949,695)	\$ (111,565,361)	\$ (114,083,350)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
General property taxes, real and personal	\$ 84,349,826	\$ 96,257,563	\$ 107,171,539	\$ 118,295,816	\$ 133,597,874	\$ 142,649,142	\$ 140,241,324	\$ 136,848,200	\$ 139,954,858	\$ 140,017,949
Local sales and use taxes	11,234,087	12,059,884	13,310,878	13,425,924	13,143,851	11,974,379	11,622,874	12,716,193	12,227,842	13,117,767
Business license tax	7,717,420	7,032,311	9,463,879	9,821,591	10,515,309	9,608,468	9,367,013	9,383,798	10,068,058	10,397,250
Consumer utility taxes	6,769,416	6,993,297	7,291,340	6,117,754	9,389,438	9,051,996	9,181,669	9,171,347	4,143,933	4,266,095
Meals tax	4,098,832	4,554,989	5,049,882	5,438,399	6,059,180	5,446,576	5,389,527	5,737,476	5,965,206	6,168,335
Motor vehicle licenses taxes	2,058,847	2,092,304	2,110,732	2,293,001	3,284,383	3,534,531	3,491,779	3,538,789	3,720,119	3,773,475
Other local taxes	4,802,498	6,852,030	7,130,716	8,777,410	5,030,137	4,644,738	4,436,469	4,802,722	4,707,925	5,264,614
Unrestricted grants and contributions	14,877,134	15,668,486	16,755,870	16,275,000	15,730,484	15,603,533	15,556,934	15,691,032	20,844,755	21,045,744
Unrestricted revenues from use of money and property	1,041,538	1,757,424	3,149,905	3,989,448	3,284,263	1,563,093	846,649	805,955	608,377	842,474
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	277,330	68,023	321,231	1,917,885	1,292,537	469,286	937,284	203,873	319,380	649,297
Total governmental activities	\$ 137,226,928	\$ 153,336,311	\$ 171,755,972	\$ 186,352,228	\$ 201,327,456	\$ 204,545,742	\$ 201,071,522	\$ 198,899,385	\$ 202,560,453	\$ 205,543,000
Component Unit - School Board activities:										
Payment from COA: Education	\$ 77,958,094	\$ 79,665,814	\$ 86,772,729	\$ 100,495,990	\$ 104,452,538	\$ 109,291,418	\$ 108,658,236	\$ 103,554,633	\$ 104,535,840	\$ 106,361,725
Unrestricted revenues from use of money and property	593,110	898,312	685,750	1,189,784	1,048,805	873,647	799,208	811,439	885,422	765,199
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	911,823	632,146	1,814,805	683,906	2,613,064	3,144,786	2,745,318	2,862,527	2,794,627	3,028,065
Total component unit activities	\$ 79,463,027	\$ 81,196,272	\$ 89,273,284	\$ 102,369,680	\$ 108,114,407	\$ 113,309,851	\$ 112,202,762	\$ 107,228,599	\$ 108,215,889	\$ 110,154,989
<b>Change in Net Position</b>										
Governmental activities	\$ (2,465,881)	\$ 9,436,299	\$ 13,918,708	\$ 6,263,262	\$ 4,340,582	\$ (5,106,838)	\$ (1,863,429)	\$ 1,020,668	\$ 1,867,832	\$ (1,535,233)
Component Unit activities	6,481,855	6,065,397	489,010	4,909,420	2,663,871	1,543,329	4,952,143	278,904	(3,349,472)	(3,928,361)
Total reporting entity	\$ 4,015,974	\$ 15,501,696	\$ 14,407,718	\$ 11,172,682	\$ 7,004,453	\$ (3,563,509)	\$ 3,088,714	\$ 1,299,572	\$ (1,481,640)	\$ (5,463,594)

Table 3

## COUNTY OF ALBEMARLE, VIRGINIA

Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (full accrual basis of accounting)  
 (amounts expressed in Thousands)

Fiscal Year	General Property Tax	Local sales and use Tax	Motor				Recordation and Wills Tax	Business License Tax	Utility Company Tax	Seller's Tax	Other	Total
			Meals Tax	Consumer Utility Tax	Vehicle License Tax	Bank Franchise Tax						
2004 \$	84,350 \$	11,235 \$	4,099 \$	6,769 \$	2,059 \$	249 \$	1,245 \$	7,717 \$	307 \$	466 \$	2,535 \$	121,031
2005	96,258	12,060	4,555	6,993	2,092	271	2,024	7,032	295	557	3,705	135,842
2006	107,172	13,311	5,050	7,291	2,111	423	2,647	9,464	216	692	3,152	151,529
2007	118,073	13,426	5,438	6,118	2,293	522	2,337	9,596	226	564	5,354	163,947
2008	133,598	13,144	6,059	9,389	3,284	526	1,757	10,515	223	391	2,134	181,020
2009	142,649	11,974	5,447	9,052	3,535	605	1,346	9,608	218	358	2,118	186,910
2010	140,241	11,623	5,390	9,182	3,492	745	1,354	9,367	217	378	1,742	183,731
2011	136,848	12,716	5,737	8,978	3,539	761	1,528	9,384	194	347	2,166	182,198
2012	137,642	12,228	5,965	4,144	3,720	681	1,386	9,639	197	333	2,541	178,476
2013	140,018	13,118	6,168	4,266	3,773	644	1,706	10,198	199	412	2,503	183,005

COUNTY OF ALBEMARLE, VIRGINIA

Table 4

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	\$ 103,082	\$ 79,634	\$ 68,505	\$ 62,697	\$ 60,143	\$ 46,984	\$ 63,614	\$ 114,626	\$ 104,517	\$ 193,590
Committed	-	-	-	-	-	-	-	715,565	905,080	5,138,214
Unassigned	21,592,840	21,170,165	26,777,531	19,980,629	20,425,848	19,845,193	24,556,132	31,151,374	38,784,996	33,519,691
Total general fund	\$ 21,695,922	\$ 21,249,799	\$ 26,846,036	\$ 20,043,326	\$ 20,485,991	\$ 19,892,177	\$ 24,619,746	\$ 31,981,565	\$ 39,794,593	\$ 38,851,495
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,468	\$ 85,284	\$ 73,100
Loan receivable										
Restricted										
Grant compliance	-	-	-	-	-	-	-	2,538,900	1,776,167	1,018,918
Debt service funds	4,682,756	3,493,340	3,512,705	4,115,588	2,905,131	2,592,200	2,195,499	2,142,090	23,689,814	648,765
Committed										
Capital projects funds	1,460,476	-	-	-	-	-	-	19,220,461	5,994,432	18,947,621
Special revenue	-	-	-	-	-	-	-	380,375	412,061	488,767
Unreserved										
Designated										
Subsequent year's expenditures:										
Special revenue funds	528,210	463,907	254,568	402,257	2,931,104	3,153,769	2,997,406	-	-	-
Capital projects funds	30,605,105	30,891,451	30,433,281	33,874,290	34,348,827	35,570,507	24,803,578	-	-	-
Undesignated										
Federal/state grant funds	1,125,173	1,350,718	913,412	1,736,611	-	-	-	-	-	-
Other governmental funds	-	57,785	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 38,401,720	\$ 36,257,201	\$ 35,113,966	\$ 40,128,746	\$ 40,185,062	\$ 41,316,476	\$ 29,996,483	\$ 24,379,294	\$ 31,957,758	\$ 21,177,171

COUNTY OF ALBEMARLE, VIRGINIA

Table 5

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
General property taxes	\$ 84,779,601	\$ 94,192,241	\$ 107,248,620	\$ 118,073,019	\$ 132,709,205	\$ 139,304,701	\$ 138,373,746	\$ 136,906,535	\$ 140,607,418	\$ 141,211,698
Other local taxes	36,681,100	39,584,815	44,357,427	45,874,079	47,422,298	44,260,688	43,489,331	45,350,325	40,833,083	42,987,536
Permits, privilege fees and regulatory licenses	1,388,336	1,351,264	1,467,621	1,348,609	1,266,810	1,434,988	1,538,833	1,729,419	1,919,380	1,904,552
Fines and forfeitures	295,096	280,386	303,707	494,194	441,600	547,798	476,500	622,358	990,216	735,224
Revenue from use of money and property	1,011,658	1,757,424	2,831,809	3,447,049	2,787,863	1,360,326	819,118	787,407	605,097	834,373
Charges for services	1,607,843	1,739,416	2,076,459	2,196,269	2,025,260	1,759,655	1,905,439	2,780,494	2,889,682	2,532,525
Miscellaneous	277,330	92,777	321,231	368,385	1,292,537	469,286	504,648	147,857	319,380	649,297
Recovered costs	1,910,031	1,697,914	2,857,739	2,479,160	623,070	398,641	399,889	1,017,954	668,751	904,990
Intergovernmental:										
Contribution from School Board	-	-	-	-	1,549,542	1,581,723	1,569,148	2,662,976	1,184,346	5,481,172
Contribution from Crozet Crossings Trust	-	-	-	-	-	-	430,800	44,559	-	-
Contribution from other entities	-	-	-	-	-	-	1,836	11,457	-	-
Commonwealth	24,082,358	26,139,620	27,538,021	27,308,635	28,883,232	28,129,106	27,808,950	29,045,534	32,930,068	33,009,455
Federal	8,340,711	7,830,044	8,978,118	8,664,634	8,048,651	7,646,221	8,719,328	8,891,218	8,779,144	8,863,542
<b>Total revenues</b>	<b>\$ 160,374,064</b>	<b>\$ 174,665,901</b>	<b>\$ 197,980,752</b>	<b>\$ 210,254,033</b>	<b>\$ 227,050,068</b>	<b>\$ 226,893,133</b>	<b>\$ 226,037,566</b>	<b>\$ 229,998,093</b>	<b>\$ 231,726,565</b>	<b>\$ 239,114,364</b>
<b>Expenditures</b>										
General government administration	\$ 7,361,773	\$ 8,506,348	\$ 9,042,620	\$ 9,901,023	\$ 10,455,020	\$ 10,952,609	\$ 10,296,021	\$ 9,913,420	\$ 10,228,576	\$ 11,032,446
Judicial administration	2,715,955	2,976,769	3,246,584	3,527,798	3,788,843	3,730,878	4,557,996	4,510,539	4,599,709	5,041,859
Public safety	18,531,893	19,799,481	24,127,796	27,320,551	29,688,777	29,270,378	28,806,876	29,455,224	30,733,340	33,052,196
Public works	3,901,613	2,735,409	3,065,474	3,643,040	4,509,755	4,777,155	4,447,556	4,220,210	4,176,188	3,633,473
Health and welfare	16,528,022	18,511,080	19,835,619	20,299,219	22,245,602	22,558,259	22,284,455	22,754,657	22,898,867	24,819,930
Education - local community college	22,060	22,060	22,060	22,060	23,475	23,475	23,475	22,301	22,524	22,750
Education - public school system	76,688,806	85,139,231	89,091,342	106,732,246	109,404,047	127,316,033	99,229,649	105,286,652	104,964,240	104,622,967
Education - trust funds	-	-	-	-	-	-	-	150,000	-	-
Parks, recreation and cultural	4,394,510	4,847,788	5,180,150	5,683,544	6,027,268	6,195,812	6,188,316	6,173,877	6,242,770	6,269,155
Community development	14,841,912	17,065,453	18,755,966	19,915,541	23,544,066	24,086,051	28,708,370	27,724,882	27,678,176	27,440,538
Contingencies	-	-	-	-	-	-	-	594,970	892,611	682,933
Capital outlay	11,621,390	13,548,191	13,462,495	12,360,818	14,219,764	16,381,449	9,868,170	8,579,656	7,311,142	18,574,062
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	7,422,258	8,074,521	8,400,199	8,732,263	9,320,036	9,876,961	11,554,226	10,705,633	16,863,207	9,926,100
Interest and other fiscal charges	4,808,073	5,018,321	5,150,604	5,046,408	5,393,921	5,517,350	6,664,880	6,070,159	6,835,239	6,053,924
<b>Total expenditures</b>	<b>\$ 168,838,265</b>	<b>\$ 186,244,652</b>	<b>\$ 199,380,909</b>	<b>\$ 223,184,511</b>	<b>\$ 238,620,574</b>	<b>\$ 260,686,410</b>	<b>\$ 232,629,990</b>	<b>\$ 236,162,180</b>	<b>\$ 243,446,589</b>	<b>\$ 251,172,323</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>\$ (8,464,201)</b>	<b>\$ (11,578,751)</b>	<b>\$ (1,400,157)</b>	<b>\$ (12,930,478)</b>	<b>\$ (11,570,506)</b>	<b>\$ (33,793,277)</b>	<b>\$ (6,592,424)</b>	<b>\$ (6,164,087)</b>	<b>\$ (11,720,024)</b>	<b>\$ (12,057,959)</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 25,851,335	\$ 28,830,732	\$ 30,048,459	\$ 36,409,841	\$ 30,105,759	\$ 28,616,759	\$ 23,343,663	\$ 20,905,307	\$ 22,689,836	\$ 28,561,430
Proceeds from Debt Issuance	-	-	-	-	-	-	-	-	-	362,637
Transfers out	(25,851,335)	(29,473,250)	(29,987,574)	(36,603,641)	(30,187,959)	(28,662,759)	(23,343,663)	(20,905,307)	(22,831,336)	(28,589,793)
Bonds issued	6,760,000	8,950,000	7,380,000	15,020,000	11,325,000	34,886,021	-	7,670,000	36,315,000	-
Premium on bonds issued	450,333	680,627	412,274	446,818	608,650	725,039	-	238,717	4,288,513	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	(13,350,497)	-
Capital leases	3,549,700	-	-	-	-	-	-	-	-	-
Capital leases - participating jurisdictions	3,450,300	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 14,210,333</b>	<b>\$ 8,988,109</b>	<b>\$ 7,853,159</b>	<b>\$ 15,273,018</b>	<b>\$ 11,851,450</b>	<b>\$ 35,565,060</b>	<b>\$ -</b>	<b>\$ 7,908,717</b>	<b>\$ 27,111,516</b>	<b>\$ 334,274</b>
<b>Net change in fund balances</b>	<b>\$ 5,746,132</b>	<b>\$ (2,590,642)</b>	<b>\$ 6,453,002</b>	<b>\$ 2,342,540</b>	<b>\$ 280,944</b>	<b>\$ 1,771,783</b>	<b>\$ (6,592,424)</b>	<b>\$ 1,744,630</b>	<b>\$ 15,391,492</b>	<b>\$ (11,723,685)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.24%</b>	<b>7.03%</b>	<b>6.80%</b>	<b>6.17%</b>	<b>6.33%</b>	<b>5.99%</b>	<b>8.04%</b>	<b>7.20%</b>	<b>9.92%</b>	<b>6.79%</b>



COUNTY OF ALBEMARLE, VIRGINIA

Table 6

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Real Estate (3)	Personal Property (1,2)	Public Service	Total Taxable		Total Direct Tax Rate (4)
				Assessed Value	Value	
2004	\$ 8,774,918	\$ 725,341	\$ 261,328	\$ 9,761,587	\$	0.973
2005	10,203,793	722,576	196,984	11,123,353		1.029
2006	11,678,092	791,814	272,833	12,742,739		1.048
2007	13,645,880	925,026	210,405	14,781,311		1.112
2008	15,539,599	862,821	297,870	16,700,290		1.142
2009	15,621,142	873,464	126,801	16,621,407		1.097
2010	15,340,297	834,748	452,388	16,627,433		1.101
2011	15,081,811	852,033	424,607	16,358,451		1.096
2012	14,875,587	880,576	314,061	16,070,224		1.065
2013	14,734,853	905,538	329,783	15,970,174		1.045

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

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 7

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

Fiscal Years	Public Service				Total Direct Tax Rate (4)
	Real Property (3)	Personal Property (3)	Real	Personal	
2004	\$ .76/.76	\$ 4.28/4.28	.76/.76	4.28/4.28	0.973
2005	.76/.74	4.28/4.28	.76/.74	4.28/4.28	1.029
2006	.74/.74	4.28/4.28	.74/.74	4.28/4.28	1.048
2007	.74/.68	4.28/4.28	.74/.68	4.28/4.28	1.112
2008	.68/.71	4.28/4.28	.68/.71	4.28/4.28	1.142
2009	.71/.742	4.28/4.28	.71/.742	4.28/4.28	1.097
2010	.742/.742	4.28/4.28	.742/.742	4.28/4.28	1.101
2011	.742/.742	4.28/4.28	.742/.742	4.28/4.28	1.096
2012	.742/.762	4.28/4.28	.742/.762	4.28/4.28	1.065
2013	.762/.766	4.28/4.28	.762/.766	4.28/4.28	1.045

(1) Per \$100 of assessed value

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 8

Principal Property Taxpayers

Current Year and the Period Nine Years Prior (3)

Taxpayer	Type Business	Fiscal Year 2013			Fiscal Year 2004		
		2013 Assessed Valuation (1)	Rank	% of Total Assessed Valuation	2004 Assessed Valuation (2)	Rank	% of Total Assessed Valuation
University Real Estate Foundation	Office Park	\$ 288,846	1	1.81%	\$ 115,148	1	1.18%
Wendell W Wood	Developer	118,567	2	0.74%	-	-	-
Westminster - Canterbury	Retirement Village	109,885	3	0.69%	80,928	2	0.83%
Charles W. Hurt	Developer	94,455	4	0.59%	56,159	3	0.58%
Albemarle Place EAAP, LLC	Developer	76,540	5	0.48%	-	-	-
Shopping Center Associates	Shopping Mall	74,562	6	0.47%	41,239	4	0.42%
Neighborhood Investments, LLC	Developer	51,746	7	0.32%	-	-	-
March Mountain Properties, LLC	Developer	49,109	8	0.31%	-	-	-
University Real Estate Foundation	Retirement Village	48,719	9	0.31%	30,797	5	0.32%
SCT Rio Hill, LLC	Developer	43,626	10	0.27%	-	-	-
Glenmore Associates	Developer	-	-	-	30,649	6	0.31%
Martha Jefferson Hospital Foundation	Health Care	-	-	-	29,508	7	0.30%
Keswick Corporation	Developer	-	-	-	29,270	8	0.30%
Carriage Hill, LP	Developer	-	-	-	25,554	9	0.26%
State Farm Insurance Company	Insurance	-	-	-	24,571	10	0.25%
		\$ 956,055		5.99%	\$ 463,823		4.75%

(1) Based on January 1, 2013 real estate tax assessment records

(2) Based on January 1, 2004 real estate tax assessment records

(3) Amounts expressed in thousands

COUNTY OF ALBEMARLE, VIRGINIA

Table 9

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy (2,3)		Collections in Subsequent Years (2,3)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 100,293,625	\$ 95,028,250	94.75%	5,157,570	\$ 100,185,820	99.89%
2005	108,050,010	103,614,626	95.90%	4,287,916	107,902,542	99.86%
2006	121,597,994	116,827,411	96.08%	4,554,348	121,381,759	99.82%
2007	132,958,629	126,368,127	95.04%	6,294,097	132,662,224	99.78%
2008	146,208,175	139,626,124	95.50%	6,115,645	145,741,769	99.68%
2009	151,579,976	143,841,132	94.89%	7,160,760	151,001,892	99.62%
2010	151,047,966	141,669,613	93.79%	8,417,475	150,087,088	99.36%
2011	149,277,570	140,932,395	94.41%	7,102,142	148,034,537	99.17%
2012	150,892,028	144,024,192	95.45%	4,383,161	148,407,353	98.35%
2013	152,881,289	146,813,431	96.03%	-	146,813,431	96.03%

(1) Net of Land Use and Tax Relief

(2) The Commonwealth of Virginia assumed a portion of the County's personal property taxes.

The amounts reimbursed to the County are as follows:

2004	13,128,885
2005	14,183,262

(3) Beginning in tax year 2006 the Commonwealth of Virginia capped the amount of Personal Property Tax Relief received by localities.

The amount approved for Albemarle County is \$14,960,670.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities										Total Outstanding Debt	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Pub. Facility Revenue Bonds	Unamortized Bond		Literary Fund		Capital Leases	Virginia Resource Authority	Other Notes/ Bonds				
			Premium		Loans								
2004	\$ 80,710,000	\$ 17,835,000	\$ 1,110,457	\$ 820,858	\$ 6,855,665	\$ -	\$ -	9,826	\$ 107,341,806	2.37%	1,228		
2005	83,165,000	17,135,000	1,672,992	600,000	6,206,827	-	-	-	108,779,819	2.23%	1,225		
2006	83,730,000	16,420,000	1,900,116	400,000	5,536,628	-	-	-	107,986,744	2.12%	1,193		
2007	91,640,000	15,690,000	2,136,409	200,000	4,844,365	-	-	-	114,510,774	2.15%	1,242		
2008	95,205,000	14,945,000	2,500,779	100,000	4,129,311	-	-	-	116,880,090	2.10%	1,255		
2009	114,935,000	14,180,000	2,921,308	-	3,432,350	-	-	6,841,021	142,309,679	2.35%	1,519		
2010	105,410,000	13,395,000	2,590,322	-	2,712,373	-	-	6,316,772	130,424,467	2.04%	1,374		
2011	104,335,000	12,585,000	2,518,559	-	1,968,620	-	-	5,909,892	127,317,071	2.01%	1,286		
2012	102,071,270	28,393,730	6,241,652	-	1,200,305	-	-	-	137,906,957	2.03%	1,368		
2013	93,776,909	27,593,091	5,469,057	-	406,619	325,223	-	-	127,570,899	N/A	1,256		

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

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

N/A - Not Available at Publication

COUNTY OF ALBEMARLE, VIRGINIA

Table 11

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

Fiscal Year	Real Estate Assessed Value (1)	Net Bonded Debt (3)	Net General Bonded		Net Bonded Debt per Capita (2)
			Debt as % of Assessed Value		
2004	\$ 8,774,918,584	\$ 78,772,874	0.90%	\$	901
2005	10,203,793,403	99,630,616	0.98%		1,122
2006	11,678,092,123	100,550,000	0.86%		1,111
2007	13,645,880,049	107,530,000	0.79%		1,167
2008	15,539,599,011	110,250,000	0.71%		1,184
2009	15,621,141,927	129,115,000	0.83%		1,378
2010	15,340,297,091	118,805,000	0.77%		1,252
2011	15,081,811,427	116,920,000	0.78%		1,181
2012	14,875,587,841	130,465,000	0.88%		1,295
2013	14,734,853,452	121,370,000	0.82%		1,195

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

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

(3) Includes all long-term general obligation bonded debt and literary fund loans only.

COUNTY OF ALBEMARLE, VIRGINIA

Table 12

Legal Debt Margin Information  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 877,491,858	\$ 1,020,379,340	\$ 1,167,809,212	\$ 1,364,588,005	\$ 1,553,959,901	\$ 1,562,114,193	\$ 1,534,029,709	\$ 1,508,181,143	\$ 1,487,558,784	\$ 1,473,485,345
Total net debt applicable to limit	78,772,874	99,630,616	100,550,000	107,530,000	110,250,000	129,115,000	118,805,000	116,920,000	130,465,000	121,370,000
Legal debt margin	\$ 798,718,984	\$ 920,748,724	\$ 1,067,259,212	\$ 1,257,058,005	\$ 1,443,709,901	\$ 1,432,999,193	\$ 1,415,224,709	\$ 1,391,261,143	\$ 1,357,093,784	\$ 1,352,115,345
Total net debt applicable to the limit as a percentage of debt limit	8.98%	9.76%	8.61%	7.88%	7.09%	8.27%	7.74%	7.75%	8.77%	8.24%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 14,734,853,452
Debt limit (10% of total assessed value)	\$ 1,473,485,345
Net debt applicable to limit	121,370,000
Legal debt margin	\$ 1,352,115,345

COUNTY OF ALBEMARLE, VIRGINIA

Table 13

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)(5)	Per Capita		Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
			Personal Income (2)(5)	Personal Income (2)(5)			
2004	87,404	\$ 4,535,348,000	\$	35,343	37.4	12,356	2.2%
2005	88,826	4,884,039,000		37,638	37.4	12,378	2.6%
2006	90,484	5,082,982,000		36,909	36.0	12,446	2.3%
2007	92,180	5,337,131,100		38,845	35.9	12,491	2.5%
2008	93,117	5,554,915,000		41,709	36.2	12,531	3.3%
2009	93,668	6,059,782,000		45,275	36.2	12,742	5.8%
2010	94,908	6,383,281,000		46,969	37.4	12,914	5.8%
2011	98,970	6,330,202,000		46,163	37.4	12,800	5.1%
2012	100,780	6,778,562,000		47,052	37.9	13,104	4.5%
2013	101,575	N/A		N/A	38.2	13,263	5.2%

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

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

(3) Albemarle County Public Schools

(4) Virginia Employment Commission

(5) Includes the City of Charlottesville

N/A - Not Available at Publication



COUNTY OF ALBEMARLE, VIRGINIA

Table 14

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2013		Fiscal Year 2004	
	Rank	Employees	Rank	Employees
University of Virginia/Blue Ridge Hospital	1	1,000 +	1	1,000 +
County of Albemarle	2	1,000 +	2	1,000 +
Martha Jefferson Hospital	3	1,000 +		
UVA Health Services Foundation	4	1,000 +	3	1,000 +
State Farm Mutual Automobile Insurance	5	1,000 +	4	1,000 +
U.S. Department of Defense	6	500 to 999	6	500 to 999
Northrup Grumman Corporation	7	500 to 999	5	500 to 999
Piedmont Virginia Community College	8	250 to 499	10	250 to 499
GE Fanuc Automation Manufacturing	9	250 to 499	7	250 to 499
Wal Mart	10	250 to 499		
Crutchfield Corporation			8	250 to 499
Americare Plus			9	250 to 499

Source: Virginia Employment Commission

COUNTY OF ALBEMARLE, VIRGINIA

Table 15

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration										
Board of Supervisors	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0
County Executive (2)	13.0	13.5	13.5	14.5	14.0	11.5	11.5	7.0	7.0	8.0
Human Resources	1.0	1.0	1.0	2.5	3.0	3.0	3.0	2.0	2.0	1.0
County Attorney	6.0	6.0	6.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
Finance (2)	50.0	51.0	51.0	51.0	51.0	53.5	53.5	49.8	49.8	52.8
Management & Budget (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	3.5	3.5
Information Technology	20.0	21.0	21.0	23.0	23.0	23.0	23.0	21.0	21.0	20.0
Board of Elections (Registrar)	4.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.5	4.5
Judicial										
Circuit Court	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of the Circuit Court	10.0	10.0	10.0	11.0	11.0	11.0	10.0	10.0	10.0	10.5
Commonwealth's Attorney	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5
Sheriff	21.0	21.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Public safety										
Police	132.0	136.0	140.0	147.5	149.5	151.5	152.0	147.5	149.5	149.5
Fire/Rescue	41.0	49.0	53.0	75.0	80.0	80.0	80.0	80.0	80.0	93.5
General Services										
General Services	27.8	27.8	34.8	31.0	30.5	30.5	30.7	21.6	22.4	22.1
Facilities Development (1)	0.0	0.0	0.0	8.0	8.0	8.0	10.0	10.0	9.0	9.0
Human Development										
Social Services	87.1	90.6	91.6	97.2	97.2	98.2	104.2	103.2	103.2	103.7
Bright Stars	14.4	14.4	14.4	17.8	18.5	19.5	18.5	18.5	18.3	18.3
Parks, Recreation, and Culture										
Parks and Recreation	16.0	18.0	18.0	19.0	19.0	19.0	19.0	17.0	17.0	17.0
Towe Park	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Community Development										
Community Development	80.0	81.0	81.0	83.0	84.0	84.0	83.0	59.0	59.0	58.0
Housing	9.0	9.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	6.0
Soil and Water Conservation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Totals	549.4	571.4	588.4	640.6	648.8	652.8	658.0	609.7	611.2	624.9

(1) Reorganization of General Services; New Department Formed in FY 06/07

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 16

Operating Indicators by Function  
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police department:										
Physical arrests	3,479	3,440	3,873	3,904	4,180	2,282	2,607	2,495	3,480	3,064
Traffic violations	7,344	7,363	7,573	9,309	11,412	13,373	13,454	13,779	13,573	8,223
Fire and rescue:										
Number of calls answered	9,450	11,656	12,672	12,232	12,364	12,370	12,680	13,127	11,467	12,666
Zoning & Current development										
New residential construction (unit #)	536	581	734	513	741	403	313	357	411	345
New commercial construction (unit #)	37	52	89	55	53	45	48	53	56	57
Health and welfare										
Department of Social Services:										
Caseload	N/A	N/A	8,125	10,533	12,348	12,636	14,619	18,188	18,640	19,442
Culture and recreation										
Parks and recreation:										
Middle school sports program participants	735	843	943	1,014	968	1,008	929	1,160	1,100	1,093
Fee based classes/camps	2,530	2,672	2,731	2,705	2,677	2,629	1,971	1,698	1,888	1,747
Summer playground program	552	583	597	478	447	465	504	411	393	389
Men's Basketball	-	-	-	-	-	-	-	320	320	350
Component Unit - School Board										
Education:										
School enrollment	12,356	12,378	12,446	12,491	12,531	12,742	12,914	12,800	13,104	13,263
Number of central office instructors (1)	-	-	-	-	-	-	-	35	37	43
Number of elementary instructors	459	479	488	495	501	496	518	545	541	563
Number of secondary instructors	542	546	553	547	549	553	551	578	593	603

Source: Individual county departments

(1) New indicator for FY 10/11

COUNTY OF ALBEMARLE, VIRGINIA

Table 17

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Administration vehicles	7	8	8	8	8	8	8	9	8	6
Judicial										
Sherriff's department patrol units	24	24	30	29	31	33	31	33	37	36
Public safety										
Police department patrol units	153	151	150	155	162	167	177	180	189	195
Fire/Rescue department vehicles	21	27	31	34	39	34	35	36	34	39
Building codes:										
Administration (3)	-	-	-	-	-	-	-	-	-	3
Inspections vehicles	12	12	12	12	13	13	12	12	12	11
Planning (3)	1	1	1	1	1	1	1	1	1	-
Zoning vehicles (3)	6	6	6	6	6	6	4	3	3	-
Public works										
Engineering vehicles (2)	9	3	-	-	-	-	-	-	-	-
General Services:										
General maintenance vehicles	1	8	15	10	12	12	11	12	8	7
Facilities Development (2)	-	-	-	4	5	5	5	5	3	3
Pool vehicles	8	8	9	10	10	11	11	10	11	11
Health and welfare										
Social Services vehicles	17	17	16	16	18	18	18	18	18	14
Parks and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Vehicles	28	29	32	34	33	33	32	27	29	29
Parks (1)	34	34	34	34	34	36	36	36	37	37
Parks acreage (1)	2,905	2,905	2,905	2,967	2,967	4,034	4,034	4,034	4,634	4,634
Tennis courts	36	36	36	36	36	36	36	36	36	36
Community development										
Housing vehicles	1	1	2	2	2	2	2	2	2	1

Source: Individual county departments

- (1) Includes schools which serve as community and district parks
- (2) Reorganization of Engineering, General services, and Community development
- (3) Combined Divisions FY 12-13

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the County of Albemarle, Virginia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Albemarle, Virginia's basic financial statements, and have issued our report dated November 1, 2013.

### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

### Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 1, 2013

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

### Report on Compliance for Each Major Federal Program

We have audited the County of Albemarle, Virginia's compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Albemarle, Virginia's major federal programs for the year ended June 30, 2013. County of Albemarle, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Albemarle, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Albemarle Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, County of Albemarle, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## ***Report on Internal Control Over Compliance***

Management of the County of Albemarle, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Albemarle, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Albemarle, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 1, 2013



Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Primary Government:</b>			
<b>Department of Agriculture:</b>			
Pass Through Payments:			
SNAP:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ 928,663
Total Department of Agriculture			\$ 928,663
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
Department of Social Services:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	\$ 73,084
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	n/a	143,317
Foster Care - Title IV-E	93.658	1100111	957,365
Adoption Assistance	93.659	1120111	453,652
Temporary Assistance for Needy Families	93.558	0400111	564,035
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	10,433
Low-Income Home Energy Assistance	93.568	0600411	25,395
Chafee Education and Training Vouchers Program (ETV)	93.599	9160110	13,214
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	2,042
Social Services Block Grant	93.667	1000111	598,443
Chafee Foster Care Independence Program	93.674	9150110	16,926
Childrens Health Insurance Program	93.767	0540111	23,810
Medical Assistance Program	93.778	1200111	588,598
Total Department of Health and Human Services			\$ 3,470,314
<b>Department of Housing and Urban Development:</b>			
Direct Payments:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 2,694,299
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	225,363
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/States' Program and Non-Entitlement Grants in Hawaii	14.228	53305-50798	279,298
Total Department of Housing and Urban Development			\$ 3,198,960
<b>Department of Justice:</b>			
Direct Payments:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 34,812
State Criminal Alien Assistance Program	16.606	N/A	27,188
Bulletproof Vest Partnership Program	16.607	N/A	970
Drug Court Discretionary Grant Program	16.585	N/A	16,652
Pass Through Payments:			
Department of Criminal Justice Services:			
Missing Children's Assistance	16.543	Unknown	283
Crime Victim Assistance	16.575	39001-46000	66,882
		39001-66000	
Edward Byrne Memorial Formula Grant Program	16.579	39001-61011	18,591
Justice Assistance Act Grant Program	16.738	39001-41000	81,526
		39001-51000	
		39001-61000	
Total Department of Justice			\$ 246,904

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2013 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>Primary Government: (Continued)</u></b>			
<b>Department of Transportation:</b>			
Pass Through Payments:			
Department of Motor Vehicles:			
ARRA Highway Planning and Construction	20.205	Unknown	\$ 447,845
State and community Highway Safety	20.600	Unknown	25,474
Alcohol Impaired Driving Countermeasures Incentives Grants	20.601	Unknown	4,960
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	45504-52273	8,017
Alcohol Open Container Requirements	20.607	154AL-11-51263	14,434
Total Department of Transportation			\$ 500,730
National Endowment for the Arts:			
Pass Through Payments:			
Promotion of the Arts Partnership Agreements	45.025	Unknown	\$ 5,000
<b>Department of Energy:</b>			
Direct Payments:			
ARRA Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 74,948
<b>Department of Homeland Security:</b>			
Pass Through Payments:			
Department of Emergency Services:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	\$ 296,735
State Homeland Security Grant Program	97.004	Unknown	23,619
Total Department of Homeland Security			\$ 320,354
Total Federal Expenditures - Primary Government			\$ 8,745,873
<b><u>Component Unit - School Board:</u></b>			
Department of Defense:			
Direct Payments:			
AFROTC Program	12.000	N/A	\$ 56,696
Total Department of Defense			\$ 56,696
<b>Department of Justice:</b>			
Direct Payments:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	N/A	\$ 6,000
Juvenile Accountability Block Grant	16.523	N/A	3,379
Total Department of Justice			\$ 9,379
<b>Department of Agriculture:</b>			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
National School Breakfast Program	10.553	17901-40591	\$ 413,002
National School Lunch Program	10.555	17901-40623	1,627,003
Department of Agriculture:			
Food Distribution	10.555	N/A	\$ 328,213
1,955,216			
Department of Agriculture:			
Team Nutrition Grants	10.574	N/A	2,500
Total Department of Agriculture			\$ 2,370,718

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2013 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>Component Unit - School Board: (Continued)</u></b>			
<b>Department of Education:</b>			
Pass Through Payments:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 1,466,972
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	17901-43071	2,849,283
ARRA - Special Education - Grants to States	84.391	17901-61245	
Special Education - Preschool Grants	84.173	17901-62521	46,269
Educational Technology State Grants Cluster:			
Education Technology State Grants	84.318	17901-61600	4,365
Adult Education - Basic Grants to States			
	84.002	17901-42801	97,584
		17901-61380	
Migrant Education-State Grant Program	84.011	17901-42910	111,148
Career and Technical Education - Basic Grants to States	84.048	17901-61095	148,502
Migrant Education Coordination Program	84.144	17901-61399	12,694
Safe and drug-free Schools and Communities - National Programs	84.184	Q184L090484	1,354,242
Education for Homeless Children and Youth	84.196	17901-42940	60,125
English Language Acquisition Grants	84.365	17901-60512	110,629
Improving Teacher Quality State Grants	84.367	17901-61480	344,983
ARRA School Improvement Grants	84.388	17901-43040	4,078
Total Department of Education			\$ 6,610,874
Total Federal Expenditures - Component Unit- School Board			\$ 9,047,667
Total Expenditures of Federal Awards			\$ 17,793,540

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

## COUNTY OF ALBEMARLE, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the County of Albemarle, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Albemarle, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Albemarle, Virginia.

#### Note 2 - Summary of Significant Accounting Policies

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

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

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

##### Intergovernmental federal revenues per the basic financial statements:

##### Primary government:

General Fund	\$ 4,119,004
Federal/State Grants Fund	<u>4,663,235</u>
Total primary government	<u>\$ 8,782,239</u>

##### Component Unit School Board:

School Operating Fund	\$ 6,681,781
School Food Services Fund	<u>2,370,717</u>
Total Component Unit School Board	<u>\$ 9,052,498</u>
Total federal expenditures per basic financial statements	\$ 17,834,737

##### Amounts required to reconcile federal revenues to expenditures:

Less: Payment in lieu of taxes	(36,364)
Less: FEMA funds for prior year expenditures	<u>(4,833)</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 17,793,540</u>
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COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.871	Section 9 Housing Choice Vouchers
93.658	Foster Care--Title IV-E
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs. \$ 533,806

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Findings and Questioned Costs**

There are no findings from the prior year.

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