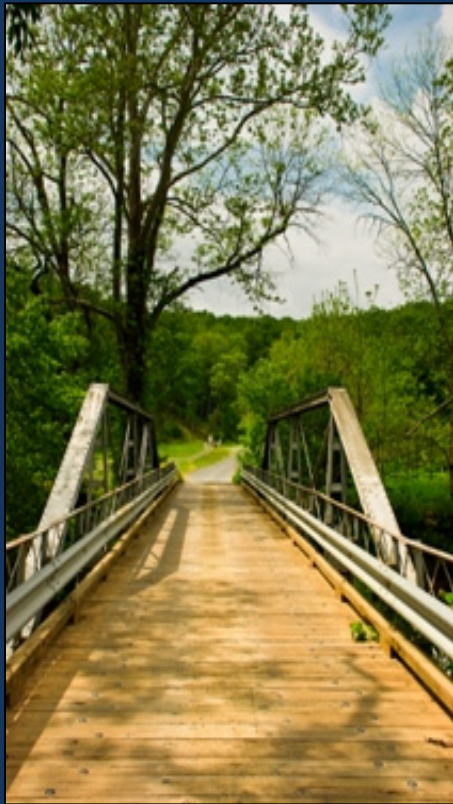


County of Albemarle, Virginia

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2012

COUNTY OF ALBEMARLE, VIRGINIA

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012**

Prepared By:

Department of Finance

COUNTY OF ALBEMARLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	iii-vi
Letter of Transmittal	vii-xiii
Organizational Chart	xv
Directory of Principal Officials	xvii-xviii
GFOA Certificate of Achievement	xix
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-14
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	19
Exhibit 2 Statement of Activities	20
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	23
Exhibit 4 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	24
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	25
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Exhibit 7 Statement of Net Assets—Proprietary Funds	27
Exhibit 8 Statement of Revenues, Expenses, and Changes in Fund Net Assets—Proprietary Funds	28
Exhibit 9 Statement of Cash Flows—Proprietary Funds	29

COUNTY OF ALBEMARLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
<u>BASIC FINANCIAL STATEMENTS: (CONTINUED)</u>	
Fund Financial Statements: (Continued)	
Exhibit 10 Statement of Fiduciary Net Assets	30
Exhibit 11 Statement of Changes in Fiduciary Net Assets—Fiduciary Funds	31
Notes to Financial Statements	33-76
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Exhibit 12 Budgetary Comparison Schedule—General Fund	79-80
Exhibit 13 Schedule of Funding Progress for the Virginia Retirement System and Other Post Employment Benefits	81
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Exhibit 14 Combining Balance Sheet—Nonmajor Governmental Funds	85
Exhibit 15 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	86
Exhibit 16 Combining Balance Sheet—Nonmajor Special Revenue Funds	87
Exhibit 17 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds	88
Exhibit 18 Combining Balance Sheet—Nonmajor Debt Service Funds	89
Exhibit 19 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Debt Service Funds	90
Exhibit 20 Combining Statement of Net Assets—Internal Service Funds	91
Exhibit 21 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds	92
Exhibit 22 Combining Statement of Cash Flows—Internal Service Funds	93
Exhibit 23 Combining Statement of Fiduciary Net Assets—Private Purpose Trust Funds	94-95

COUNTY OF ALBEMARLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
<u>OTHER SUPPLEMENTARY INFORMATION: (CONTINUED)</u>	
Exhibit 24 Combining Statement of Changes in Fiduciary Net Assets—Private Purpose Trust Funds	96-97
Exhibit 25 Combining Statement of Fiduciary Net Assets—Agency Funds	98-99
Exhibit 26 Statement of Changes in Assets and Liabilities—Agency Funds	101-103
Exhibit 27 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds—Budget and Actual	104-107
Exhibit 28 Component Unit School Board - Combining Balance Sheet	108
Exhibit 29 Component Unit School Board - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	109
Exhibit 30 Component Unit School Board - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	110
Exhibit 31 Component Unit School Board - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	111
Exhibit 32 Component Unit School Board - School Funds - Budgetary Comparison Schedule	112-113
STATISTICAL SECTION	
Table 1 Net Assets by Component	117
Table 2 Changes in Net Assets	118-119
Table 3 Governmental Activities Tax Revenues by Source	120
Table 4 Fund Balances of Governmental Funds	121
Table 5 Changes in Fund Balances of Governmental Funds	122
Table 6 Assessed Value and Estimated Actual Value of Taxable Property	123
Table 7 Property Tax Rates	124
Table 8 Principal Property Taxpayers	125

COUNTY OF ALBEMARLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
STATISTICAL SECTION (CONTINUED)	
Table 9 Property Tax Levies and Collections	126
Table 10 Ratios of Outstanding Debt by Type	127
Table 11 Percentage of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	128
Table 12 Legal Debt Margin Information	129
Table 13 Demographic and Economic Statistics	130
Table 14 Principal Employers	131
Table 15 Full-time Equivalent County Government Employees by Function	132
Table 16 Operating Indicators by Function	133
Table 17 Capital Asset Statistics by Function	134
COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	135-136
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	137-138
Schedule of Expenditures of Federal Awards	139-141
Notes to Schedule of Expenditures of Federal Awards	142
Schedule of Findings and Questioned Costs	143



COUNTY OF ALBEMARLE
Department of Finance
401 McIntire Road, Room 149
Charlottesville, Virginia 22902-4596
Telephone (434) 296-5855 Fax (434) 872-4598

December 17, 2012

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, 2012. Responsibility for the accuracy and completeness of the data presented and the fairness of the presentations, including all disclosures, rests with the County. We believe the data presented is accurate in all material aspects and that it is designed and presented in a manner to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds. All the necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs. This report also may be found online at www.albemarle.org.

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

In accordance with GAAP (Generally Accepted Accounting Principles), 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 12,140 in 2002 to 13,104 in 2012. Since 2007, the school system has experienced a 4.9 percent increase in the number of students. All Albemarle County schools remained fully accredited by the Commonwealth of Virginia in school year 2011-2012. The dropout rate decreased for 2010/11 to 0.83 percent compared with a 0.92 percent rate for school year 2009/10.

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 2012, the U.S. News and World Report ranked the University as the nation's second best public university and 25th 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 \$297 million in revenues in 2011 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. 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

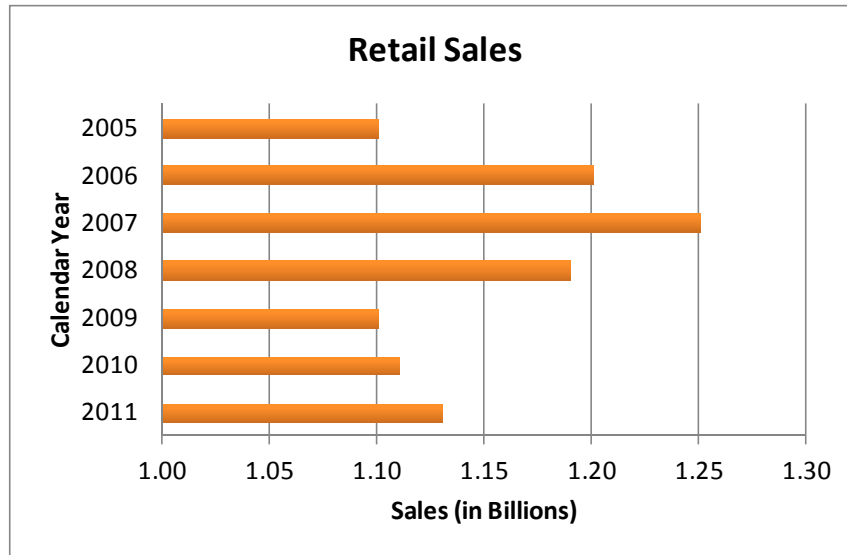
Albemarle County's rich historical heritage plays a part in the area's economic growth. Its location, rural character, urban conveniences, strong educational system and superior quality of life combine to make Albemarle an attractive, vital community. The predominant economic sectors are education, service,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

According to the Virginia Employment Commission, as of June, 2012, unemployment for Albemarle County was at 4.5 percent. The area continues to have one of the lower unemployment rates and was ranked fourteenth lowest in the Commonwealth (tied with Bath, James City, Spotsylvania, and York counties). For the same period, Virginia's unemployment rate was 5.6 percent and ranked tenth lowest in the nation. The national unemployment rate was 7.6 percent.

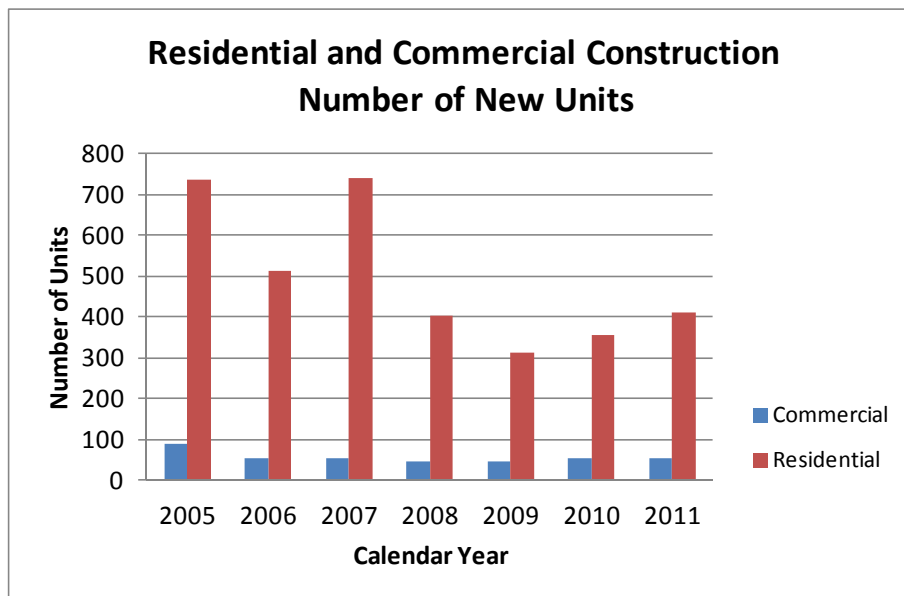


ECONOMIC CONDITION AND OUTLOOK: (CONTINUED)

Retail sales in the County increased in 2011. As of December 31, 2011, the increase was 2.4%, with \$1.13 billion compared to \$1.11 billion in 2010. Retail sales figures for the first and second quarters of 2012 increased 0.63%, with \$574 million being reported compared to \$570 million in the first and second quarters of 2011. These increases indicate the local economy has stabilized since the onset of the Great Recession of 2007-2008.



The number of building permits issued for new residential construction rose 15 percent from 357 in 2010 to 411 in 2011, and the value of this construction was \$113,902,984. The number of new commercial permits rose slightly from 53 in 2010 to 56 in 2011, with a total value of \$25,082,530.



As of June 2012, the median sales price of homes in the County of Albemarle was \$299,900. The median sales price of homes in the City of Charlottesville during the same period was \$247,500. This is an 8.7 percent and 6.0 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 achieved the highest credit and bond rating possible from both Moody's and S&P credit rating agencies, Aaa and AAA respectively. 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 2012, the County undertook or continued initiatives in the following areas:

- **Mobile Data Computers** - This project provides patrol vehicles with laptop computers and mobile data technology. The computers give officers access to motor vehicle and driver's license information, local criminal history information, warrants and wanted person checks nationwide. This technology also allows access to regional records managements systems and reporting templates for completing reports in police vehicles that can be reviewed by supervisors in the field and later uploaded. The goal of this project is to increase safety and efficiency for officers, allow dispatchers to determine patrol car locations, increase dispatch efficiency, and overall streamline operations.

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 began during FY 2012.
- 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 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. The first phase of engineering and planning is well underway. 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.
- 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

- ECC Emergency Telephone System - In 2000, the Regional Emergency Communications Center procured a new emergency 911 telephone system. The system is used to answer emergency 911 calls for service from the public. The system has been upgraded twice, but can no longer be upgraded to meet new technologies such as text messaging an emergency setting or video feeds.
- Police Department Firearms Range - Firearms use is one of the two largest areas of risk and liability for local government. The Police Department requires not only basic firearms training, but realistic scenario based training, as well as the ability to train frequently. The current facility being used is privately owned and operated by a board of directors. There are many limits to this range including: scheduled usage, not a private setting, and construction limitations for "real world" scenarios.
- Crozet Library - This project continues funding for the construction of a new library in downtown Crozet. The library will be a 23,000 square foot facility. The space that is beyond what the library currently needs will be used as a county/community space. The property acquisition, design phase, and parking lot have been completed. The organization known as Friends of Crozet Library have assumed responsibility for the book expenses and one-half of the cost of furniture (total contribution of \$1.6 million). The project is expected to be completed in CY 2013.

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, 2012. 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, 2011. This was the seventeenth 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,

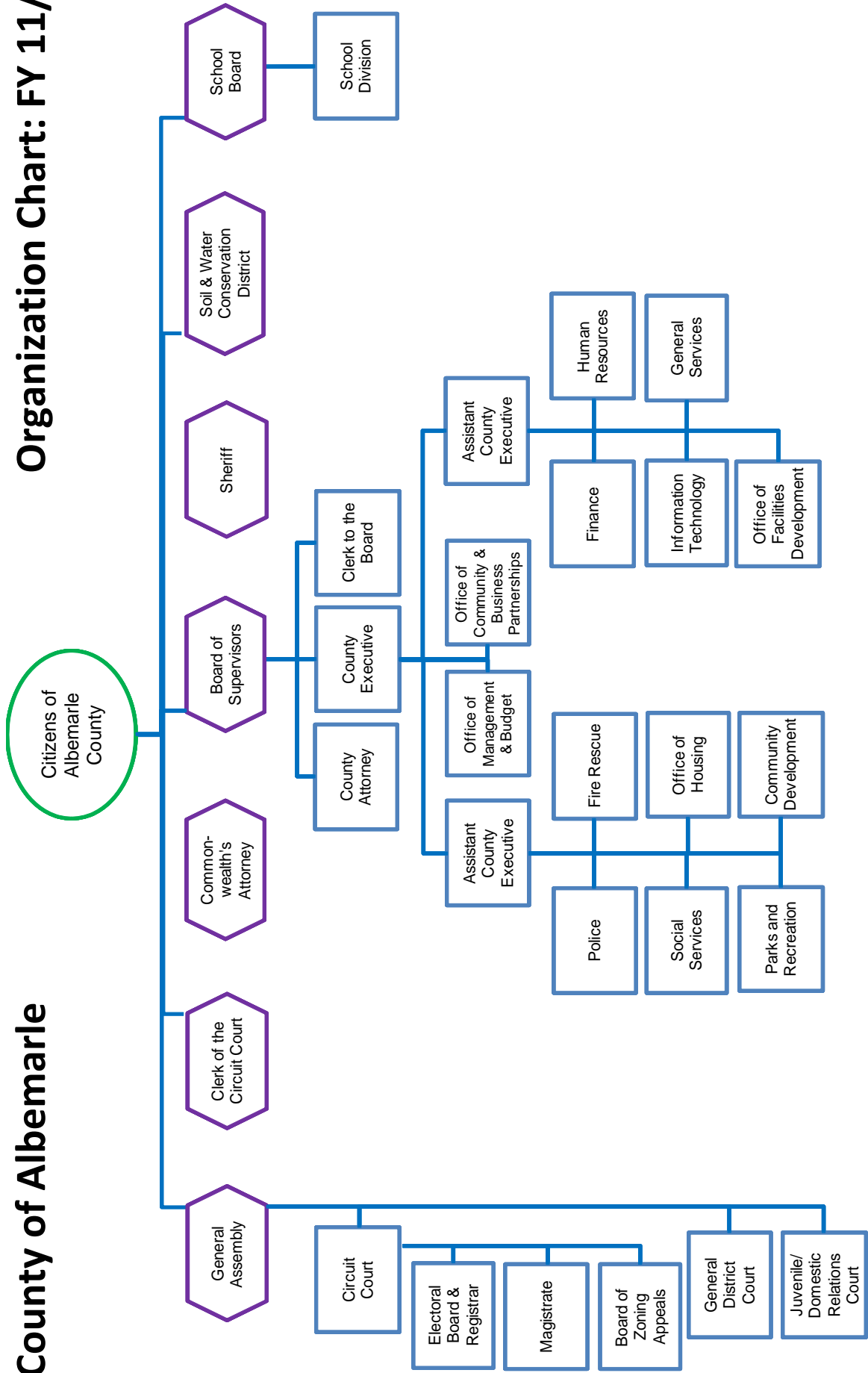


Betty J. Burrell
Director of Finance

This page intentionally left blank

County of Albemarle

Organization Chart: FY 11/12



In addition to the above chart, the Board of Supervisors appoints members to the Boards of Architectural Review and Equalization; the Authorities of Economic Development, Public Recreation Facilities, and Albemarle County Service; as well as the Planning Commission.

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 Transit Service, Thomas Jefferson Planning District Commission, Virginia Cooperative Extension).

This page intentionally left blank

COUNTY OF ALBEMARLE, VIRGINIA

BOARD OF SUPERVISORS

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

Kenneth C. Boyd
Rodney Thomas

Dennis S. Rooker
Christopher Dumler

Ella W. Jordan, Clerk

SCHOOL BOARD

Steve H. Koleszar, Chairperson
Diantha H. McKeel, Vice-Chair

Jason Buyaki
Ned Gallaway
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	Bryan Elliott
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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

This page intentionally left blank

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Board of Supervisors
County of Albemarle, Virginia

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Albemarle, Virginia (the "County"), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Albemarle, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Albemarle, Virginia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

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 as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 of the County of Albemarle, Virginia. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables 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.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. 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 \$247,822,636. Liabilities totaled \$155,676,153. Assets exceeded liabilities by \$92,146,483, of which \$45,235,853 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$445 thousand from the prior year. This decrease is primarily a result of increases in governmental expenses when compared to FY 2011, particularly in General Government and Public Safety.

Fund Financial Statements (Modified Accrual Accounting)

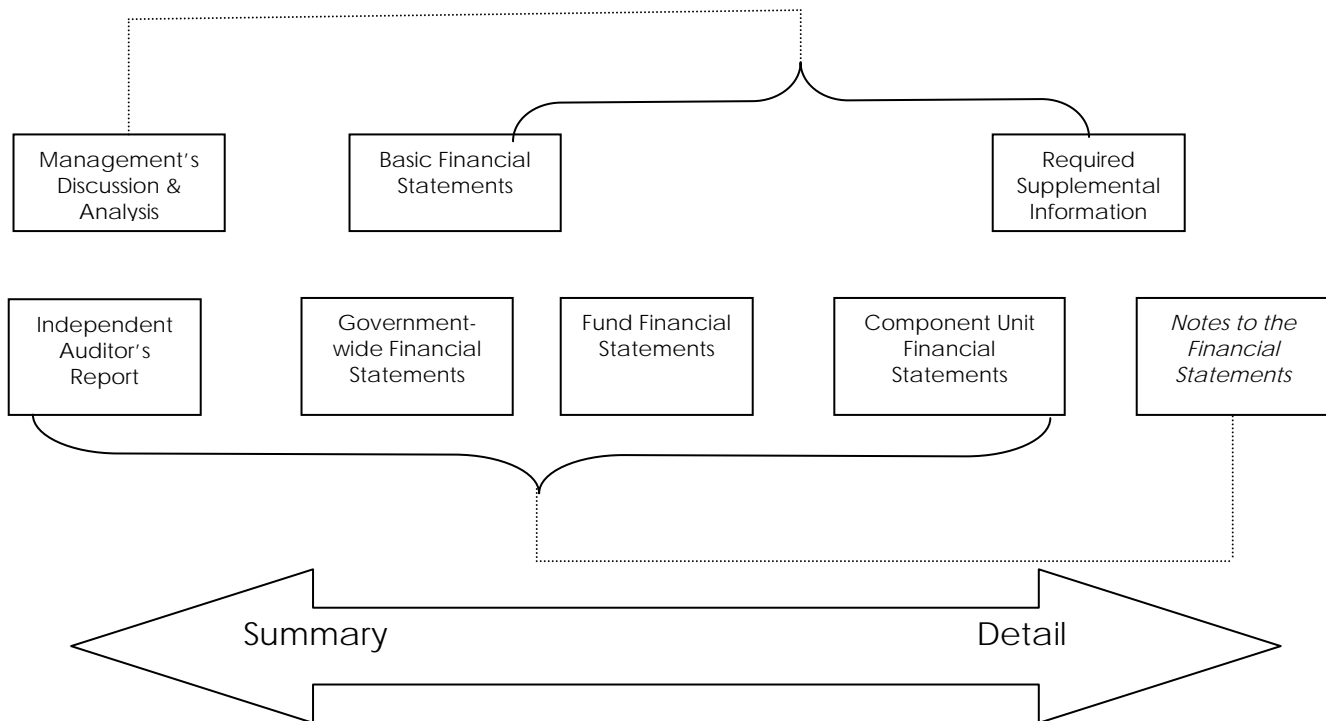
- As of June 30, 2012, the County's governmental funds reported combined fund balances of \$71,752,351, an increase of \$15,391,492 in comparison with the prior year. Approximately 54.05% of the combined fund balances, \$38,784,996, is unassigned and available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$39,794,593, an increase of \$7,813,028 from June 30, 2011. General Capital Improvements Fund reported a fund balance of \$26,271,386; and Other Governmental Funds reported \$5,686,372 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 2011 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.

Components of the Financial Section



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 assets and how they have changed during the fiscal year.

The first government-wide statement - the Statement of Net Assets - presents information on all of the County's assets and liabilities. The difference between assets and liabilities, net assets, can be used as one way to measure the County's financial condition. Over time, increases or decreases in the net assets 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 assets 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.

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 Assets:

The following table reflects the condensed Statement of Net Assets:

Summary of Net Assets As of June 30, 2012 and 2011 (\$ in thousands)						
	Governmental Activities		Component Unit		Total Entity	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 112,192	\$ 97,551	\$ 33,784	\$ 35,880	\$ 145,976	\$ 133,431
Capital Assets (net)	135,631	140,203	73,684	71,500	209,315	211,703
Total Assets	\$ 247,823	\$ 237,754	\$ 107,468	\$ 107,380	\$ 355,291	\$ 345,134
Liabilities:						
Other Liabilities	\$ 9,804	\$ 10,667	\$ 24,423	\$ 22,246	\$ 34,227	\$ 32,913
Long-term liabilities	145,873	134,495	6,514	5,254	152,387	139,749
Total Liabilities	\$ 155,677	\$ 145,162	\$ 30,937	\$ 27,500	\$ 186,614	\$ 172,662
Net Assets:						
Invested in capital assets, Net of related debt	\$ 21,445	\$ 17,753	\$ 73,684	\$ 71,500	\$ 95,129	\$ 89,253
Restricted	25,466	-	-	-	25,466	-
Unrestricted	45,236	74,838	2,846	8,379	48,082	83,217
Total net assets	\$ 92,147	\$ 92,591	\$ 76,530	\$ 79,879	\$ 168,677	\$ 172,470

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 thereof) 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 assets of the total financial reporting entity best represent the entity's financial position. In the case of the County's reporting entity, total assets exceeded liabilities by \$168,676,671 at June 30, 2012, a 2.25% decrease from June 30, 2011. The largest portion of the reporting entity's net assets, \$95,128,440, reflects investment in capital assets (e.g., land, building, and equipment), less the outstanding debt associated with the asset acquisition. Total assets increased \$10,156,497 from 2011 primarily as a result of investments during FY 2012. Total liabilities increased \$13,950,500 primarily as a result of obligations from the issuance of public facility revenue and refunding bonds.

On November 30, 2011 the County of Albemarle issued \$38,603,513 (\$34,315,000 par amount plus \$4,288,513 premium) of Public Facility Revenue and Refunding Bonds, Series 2011 to advance refund \$12,585,000 of outstanding Public Facility Revenue Bonds, Series 2003 and to refund \$5,909,892 of outstanding Lease Revenue Bonds Series 2009 and to fund other capital projects including County and Volunteer apparatus replacement, court expansion/renovation, streetscapes projects, voting machine replacement, and computer enhancements.

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

The following table presents revenues and expenses of governmental activities:

Changes in Net Assets For the Fiscal Year Ended June 30, 2012 and 2011 (\$ in thousands)			
	Governmental Activities		Total %
	2012	2011	Change
			2012-2011
Revenues:			
Program Revenues:			
Charges for Services	\$ 5,799	\$ 5,132	13.00%
Operating grants and contributions	20,194	21,964	-8.06%
Capital grants and contributions	631	282	123.76%
General Revenues:			
General property taxes, real and personal	137,642	136,848	0.58%
Other taxes	40,833	40,623	0.52%
Grants and contributions not restricted	20,845	20,418	2.09%
Use of Money and Property	608	806	-24.57%
Miscellaneous Revenue	319	204	56.37%
Total Revenues	\$ 226,871	\$ 226,277	0.26%
Expenses:			
General Government	\$ 13,496	\$ 10,817	24.77%
Judicial Administration	5,004	4,904	2.04%
Public Safety	33,923	32,684	3.79%
Public Works	7,008	8,792	-20.29%
Health and Welfare	23,234	23,218	0.07%
Education	104,558	103,577	0.95%
Parks, Recreation, and Cultural	6,739	7,192	-6.30%
Community Development	28,024	28,360	-1.18%
Interest on long-term debt	5,330	5,711	-6.67%
Total Expenses	\$ 227,316	\$ 225,255	0.91%
Increase (decrease) in net assets	\$ (445)	\$ 1,021	-143.58%
Beginning net assets	92,591	91,570	1.11%
Ending net assets	\$ 92,146	\$ 92,591	-0.48%

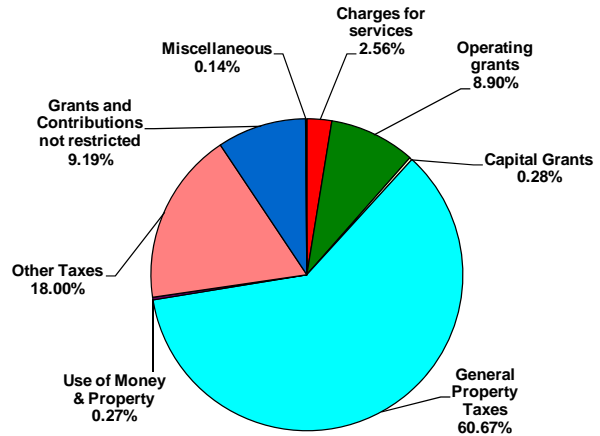
Revenues from charges for services rose 13% from 2011 primarily as a result of an increase in the EMS Billing, Fees of the Clerk, and Facilities Development Coordinator fees. Capital grants and contributions increased over 123% due to a grant from the Federal Highway Administration. Use of Money and Property decreased over 24% due to reduction in rent and interest on bank deposits. Miscellaneous Revenues increased over 56% primarily due to an increase in proffer revenues. Proffers are (i) any money voluntary proffered in writing signed by the owner of property subject to rezoning, submitted as part of a rezoning application and accepted by a locality pursuant to the authority granted by Va. Code 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 experienced a 25% increase in total expenses as a result of reorganization and the filling of several vacant positions. Public Works experienced a double-digit decrease in total expenditures during FY 2012 due to the completion/near completion of capital projects such as Crozet Streetscapes project and several sidewalk projects.

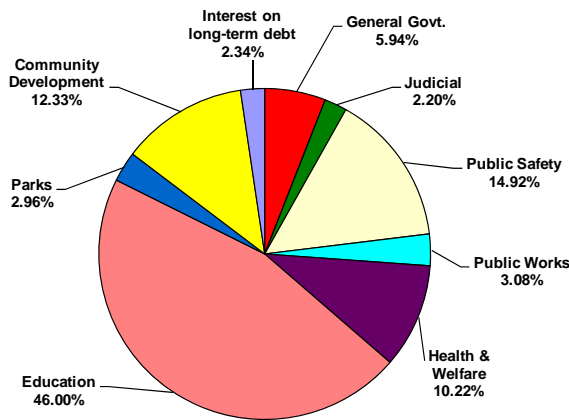
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)

Governmental Activities - Revenues by Source For the Fiscal Year Ended June 30, 2012

Governmental activities total net assets decreased by \$444,531. Revenues from governmental activities totaled \$226,872,630 for FY 2012 compared to FY 2011 revenues from governmental activities of \$226,277,376. Taxes comprise the largest source of these revenues, totaling \$178,475,577 or 79% of all governmental activities revenue. Of this amount, general property taxes comprise 77% of the taxes collected totaling \$137,642,494.



Governmental Activities - Expenses by Function For the Fiscal Year Ended June 30, 2012



The total cost of all governmental activities for this fiscal year was \$227,317,162. As the chart to the left illustrates, Education continues to be the County's largest program with expenses totaling \$104,558,364. Public Safety expenses, which total \$33,923,255 represents the second largest expense, followed by Community Development at \$28,023,779 and Health and Welfare at \$23,234,055.

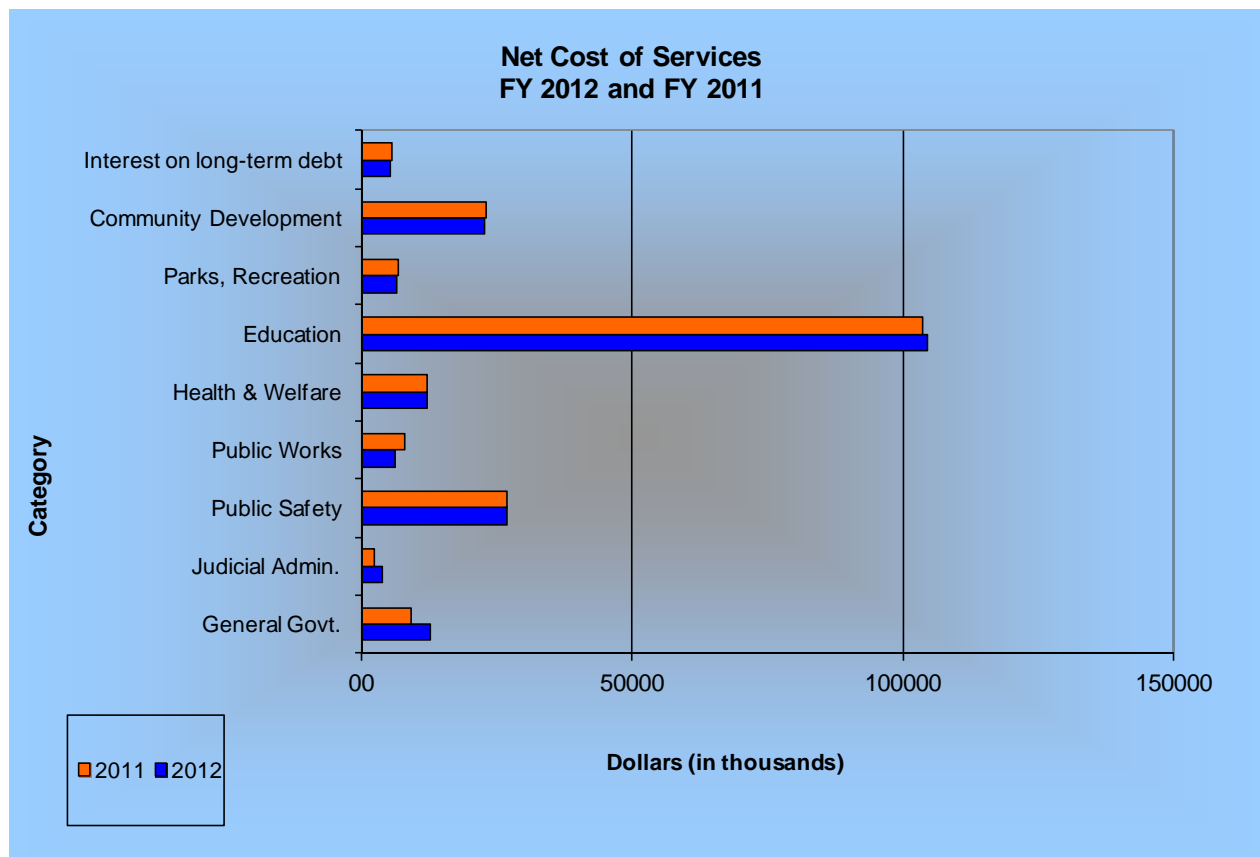
For the County's governmental activities, the net expense (total cost less associated fees and program-specific governmental aid) is illustrated in the following table.

Total Cost and Net Cost of Governmental Activities For the Fiscal Year Ended June 30, 2012 and 2011

	Total Cost of Services			Net Cost of Services		
	2012	2011	Percentage Change	2012	2011	Percentage Change
General Government	\$ 13,495,692	\$ 10,817,203	24.76%	\$ 12,589,401	\$ 9,114,963	38.12%
Judicial Administration	5,004,115	4,904,469	2.03%	3,780,295	2,443,946	54.68%
Public Safety	33,923,255	32,684,377	3.79%	26,828,224	26,966,545	-0.51%
Public Works	7,008,396	8,792,358	-20.29%	6,210,301	8,029,101	-22.65%
Health & Welfare	23,234,055	23,217,827	0.07%	12,180,179	12,090,642	0.74%
Education	104,558,364	103,576,934	0.95%	104,558,364	103,576,934	0.95%
Parks, Recreation & Culture	6,739,115	7,191,757	-6.29%	6,406,384	6,865,761	-6.69%
Community Development	28,023,779	28,360,299	-1.19%	22,809,082	23,079,341	-1.17%
Interest on long-term debt	5,330,390	5,711,478	-6.67%	5,330,390	5,711,478	-6.67%
Total	\$ 227,317,161	\$ 225,256,702	0.91%	\$ 200,692,620	\$ 197,878,711	1.42%

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

For the year ended June 30, 2012, governmental activities generated \$5,799,278 in program revenues from users of services provided by the activity, as compared to \$5,132,271 for FY 2011. The largest percent of charges were generated from Public Safety with 50.50%, while Community Development generated 29.89% of charges for services program revenue. Grants and contribution revenues totaled \$631,468 which increased by \$349,350 when compared with 2011.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2012, the County's governmental funds reported a combined ending fund balance of \$71,752,351, an increase of \$15,391,492 in comparison with the prior year. Approximately 54.05% (\$38,784,996) is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is nonspendable (\$189,801); restricted (\$25,465,981); committed (\$6,051,654); or assigned (\$1,259,919). For further details on Fund Balance, please refer to Exhibit 3 located in the Fund Financial statements section.

The General Fund contributed \$97.2 million in operating funds to finance the Schools operations as well as \$7.7 million to the School Capital Projects Fund.

In the General Capital Improvement Fund, the County expended \$13 with \$1 million for Parks and Recreation (including athletic field and park maintenance as well as greenways and trails), \$1 million for general facility maintenance for both County Office building locations, \$862 thousand for Volunteer/EMS apparatus, and \$520 thousand for the Crozet library. The General Capital Improvement spent \$6.8 million of VPSA 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:

Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2012			
	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$ 175,056,050	\$ 175,056,050	\$ 180,111,330
Other	5,124,407	5,925,752	6,703,733
Intergovernmental	33,029,067	33,154,991	32,533,419
Total	\$ 213,209,524	\$ 214,136,793	\$ 219,348,482
Expenditures:			
Expenditures	194,545,805	196,684,847	192,519,497
Excess (deficit) of revenues over expenditures	\$ 18,663,719	\$ 17,451,946	\$ 26,828,985
Other Financing Sources (Uses):			
Transfers In	\$ 2,372,294	\$ 3,978,867	\$ 1,886,879
Transfers Out	(21,036,013)	(21,430,813)	(20,902,836)
Total	\$ (18,663,719)	\$ (17,451,946)	\$ (19,015,957)
Change in Fund Balance	\$ -	\$ -	\$ 7,813,028
Fund balance, beginning of year	-	-	31,981,565
Fund balance, end of year	-	-	39,794,593

The final amended budget appropriations for expenditures exceeded the original appropriations by \$2,139,042. This increase is due primarily to re-appropriation of funds for incomplete projects and prior year purchase order commitments.

Actual revenues were \$5,211,689, or 2.43% more than final budget amounts and actual expenditures were \$4,165,350 or 2.12% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2012, include the following:

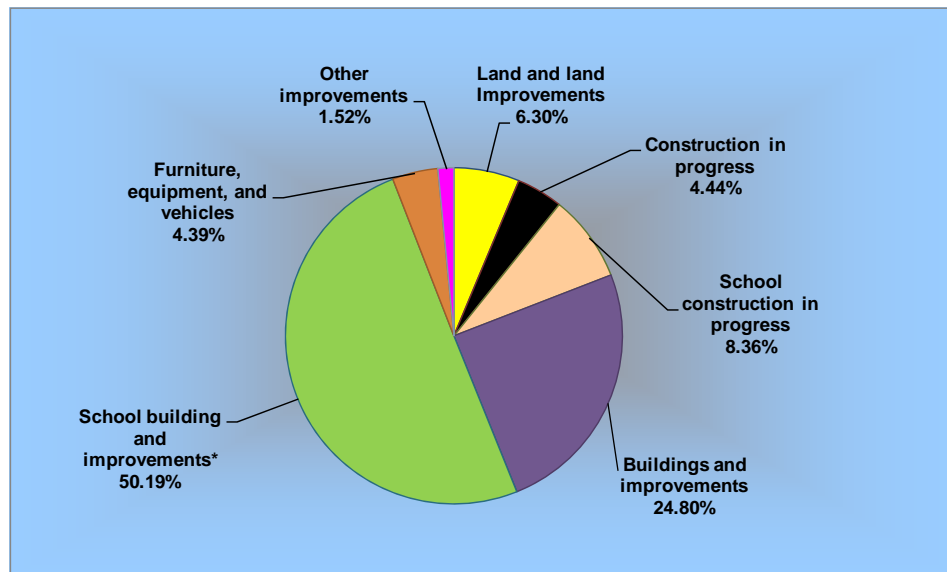
- Actual tax revenues exceeded budgeted amounts by \$5,055,280 primarily due to increased efforts of delinquent tax collection.
- Actual revenues from the Commonwealth and Federal Government were \$618,883 thousand less than budgeted due to reduced grant revenue.
- General government actual expenditures were \$505,295 less than budgeted, Public Safety actual expenditures were \$641,413 less than budgeted, Health and Welfare actual expenditures were \$1,055,392 less than budgeted, and Community Development actual expenditures were \$322,268 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 \$413,931 less than budgeted as a result primarily of uncompleted projects carried forward to FY 2013.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2012, the County's investment in capital assets totaled \$135,631,019 as summarized below:

Capital Assets as of June 30, 2012



During Fiscal Year 2012, the County's net capital assets (including additions, decreases, and depreciation) decreased \$4,571,670 as summarized below:

Change in Capital Assets Governmental Funds			
	Balance July 1, 2011	Net Additions and Deletions	Balance June 30, 2012
Land and land Improvements	\$ 8,837,348	\$ 656,796	\$ 9,494,144
Construction in progress	6,226,338	(483,575)	5,742,763
School land and construction in progress*	11,727,415	(7,058,257)	4,669,158
Buildings and improvements	54,372,866	587,840	54,960,706
School building and improvements*	87,739,880	1,738,740	89,478,620
Furniture, equipment, and vehicles	34,000,290	1,449,732	35,450,022
Other improvements	7,709,300	1,324,988	9,034,288
Total Capital Assets	\$ 210,613,437	\$ (1,783,736)	\$ 208,829,701
Less accumulated depreciation	(70,410,748)	(2,787,934)	(73,198,682)
Total capital assets, net	\$ 140,202,689	\$ (4,571,670)	\$ 135,631,019

* 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:

- Facility maintenance to both County Office buildings including brick repointing at the McIntire location.
- Parks and Recreation projects including athletic field studies, playground equipment replacement, and walking/bike trails in the Preddy Creek area, and additions to the Greenway program.
- Acquisition of an engine for Seminole Trail Volunteer Fire as well as engineering and planning for the Ivy fire station.
- Continued funding for the construction of a new library in Downtown Crozet. The property, acquisition, design phase, and parking lot have been completed.
- On-going renovations and additions to several Elementary schools including Crozet, Greer, and Hollymead. In addition to regular maintenance projects the replacement of gymnasium HVAC units and lighting are being continued to increase energy efficiency as well as replacement of playground equipment.

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

Long-term Debt

In November 2011, the County issued Public Facility revenue and refunding bonds in the amount of \$34,315,000, plus a premium on the debt issue totaling \$4,288,513. These bonds will mature incrementally over the next 20 years and will be used to finance several local government as well as school construction projects.

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

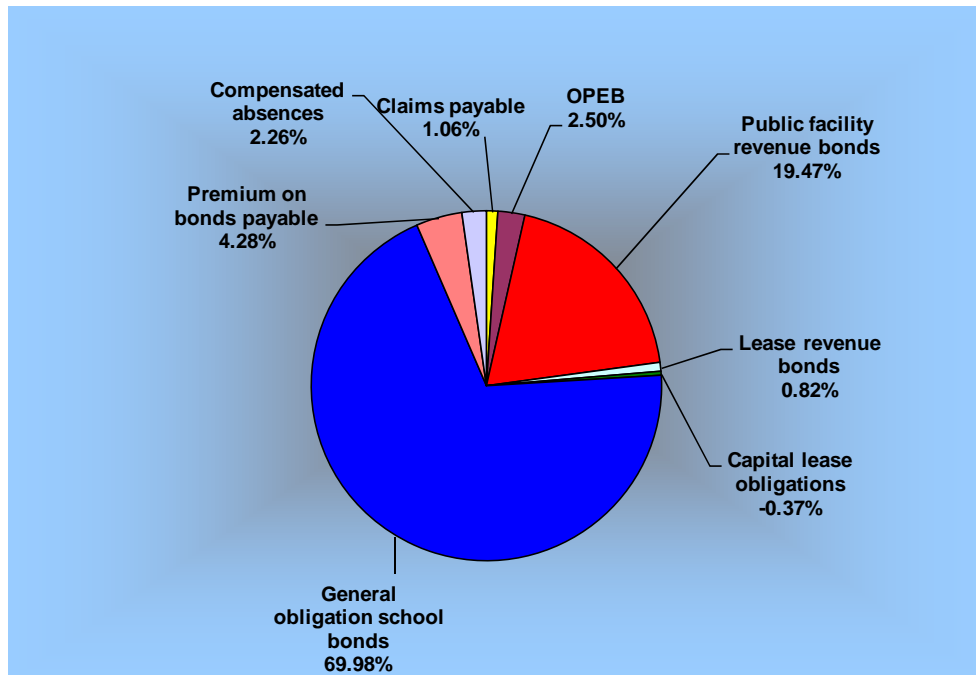
Summary of Long-Term Obligation Changes For the Fiscal Year Ended June 30, 2012			
	Amounts Payable July 1, 2011	Net Increase (Decrease)	Amounts Payable June 30, 2012
Primary Government			
Claims payable	\$ 1,323,435	\$ 221,053	\$ 1,544,488
OPEB	3,033,000	619,000	3,652,000
Public facility revenue and refunding bonds	12,585,000	15,808,730	28,393,730
Lease Revenue Bonds	5,909,892	(5,909,892)	-
Capital lease obligations	1,968,620	(768,315)	1,200,305
General obligation bonds - schools	104,335,000	(2,263,730)	102,071,270
Premium on bonds payable	2,518,559	3,723,093	6,241,652
Deferred amount on refunding	-	(533,257)	(533,257)
Compensated absences	2,821,941	480,398	3,302,339
Total	\$ 134,495,447	\$ 11,377,080	\$ 145,872,527

CAPITAL ASSETS AND LONG-TERM DEBT: (CONTINUED)

Long-term Debt (Continued)

As of June 30, 2012, the County's long-term obligations total \$145,872,527 and can be summarized as follows:

**Long-Term Obligations
Primary Government as of June 30, 2012**



The County achieved the highest credit and bond rating possible from both Moody's and S&P credit rating agencies, Aaa and AAA respectively. 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.
- 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.

CAPITAL ASSETS AND LONG-TERM DEBT: (CONTINUED)

Long-term Debt (Continued)

- The County's debt offering documents will provide full and complete public disclosure of financial condition and operating results and other pertinent credit information in compliance with municipal finance industry standards for similar issues.
- Recognizing the importance of underlying debt to its overall financial condition, the County will set target debt ratios, which will be calculated annually and included in the annual review of fiscal trends:
 - Net debt as a percentage of the estimated market value of taxable property should not exceed 2%.
 - The ratio of debt service expenditures as a percent of general fund and school fund revenues should not exceed 10%.

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 2012 was 4.5%, which is lower than the 5.1% in June 2011. This compares favorably to the state's rate of 5.6% and the national rate of 7.6%.
- According to the U.S. Census Bureau, the estimated population in Albemarle was 100,780, as of July 1, 2011, with an estimated 78.7% of individuals over the age of eighteen. The median was calculated at 37.9 years of age.
- The Fiscal Year 2013 Adopted Budget anticipates general fund revenues and expenditures to be \$221,811,866, a 2.89% increase over the fiscal year 2012 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 15%.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Assets

At June 30, 2012

	Governmental Activities	Component Unit School Board
Assets		
Cash and investments	\$ 56,885,073	\$ 25,565,389
Investments - restricted	23,187,330	-
Receivables (net of allowance for doubtful accounts) - Note 4	10,414,432	998,751
Due from other governments - Note 5	12,644,484	6,663,375
Prepaid items	12,040	89,147
Inventories	92,477	467,261
Unamortized debt issuance costs	855,151	-
Due from component unit	8,100,630	-
Capital assets - Note 7:		
Land and construction in progress	19,906,065	6,096,992
Other capital assets (net of accumulated depreciation)	115,724,954	67,586,799
Total capital assets, net	<u>\$ 135,631,019</u>	<u>\$ 73,683,791</u>
Total assets	<u>\$ 247,822,636</u>	<u>\$ 107,467,714</u>
Liabilities		
Accounts payable and accrued expenses	\$ 5,479,367	\$ 16,242,348
Accrued interest payable	2,237,161	-
Due to primary government	-	8,100,630
Unearned revenue - Note 9	2,087,098	80,195
Long-term liabilities - Note 8:		
Due within one year	12,508,540	22,803
Due in more than one year	133,363,987	6,491,550
Total liabilities	<u>\$ 155,676,153</u>	<u>\$ 30,937,526</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 21,444,649	\$ 73,683,791
Restricted:		
Capital projects	23,187,330	-
Other	2,278,651	-
Unrestricted	<u>45,235,853</u>	<u>2,846,397</u>
Total net assets	<u>\$ 92,146,483</u>	<u>\$ 76,530,188</u>

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

Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Primary Government						
Governmental activities						
General government administration	\$ 13,495,692	\$ 427,114	\$ 479,177	\$ -	\$ (12,589,401)	\$ -
Judicial administration	5,004,115	342,246	881,574	-	(3,780,295)	-
Public safety	33,923,255	2,928,839	4,166,192	-	(26,828,224)	-
Public works	7,008,396	40,095	160,855	597,145	(6,210,301)	-
Health and welfare	23,234,055	-	11,053,876	-	(12,180,179)	-
Education	104,558,364	-	-	-	(104,558,364)	-
Parks, recreation and cultural	6,739,115	327,731	5,000	-	(6,406,384)	-
Community development	28,023,779	1,733,253	3,447,121	34,323	(22,809,082)	-
Interest on long-term debt	5,330,390	-	-	-	(5,330,390)	-
Total governmental activities	\$ 227,317,162	\$ 5,799,278	\$ 20,193,795	\$ 631,468	\$ (200,692,620)	\$ -
Component Unit						
Albemarle County Public Schools	\$ 169,495,198	\$ 6,227,087	\$ 50,950,750	\$ 752,000	\$ -	\$ (111,565,361)
General Revenues						
Taxes:						
General property taxes, real and personal				\$ 137,642,494	\$ -	
Local sales and use taxes				12,227,842	-	
Business licenses tax				10,068,058	-	
Consumer utility taxes				4,143,933	-	
Meals tax				5,965,206	-	
Motor vehicle licenses tax				3,720,119	-	
Other taxes				4,707,925	-	
Payment from County of Albemarle:						
Education				-	104,535,840	
Grants and contributions not restricted to specific programs				20,844,755	-	
Unrestricted use of money and property				608,377	885,422	
Miscellaneous				319,380	2,794,627	
Total general revenues				\$ 200,248,089	\$ 108,215,889	
Change in net assets				\$ (444,531)	\$ (3,349,472)	
Net assets, beginning of year				92,591,014	79,879,660	
Net assets, end of year				\$ 92,146,483	\$ 76,530,188	

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

Fund Financial Statements

This page intentionally left blank

Balance Sheet
 Governmental Funds
 At June 30, 2012

	General Fund	General Capital Improve- ments	Other Govern- mental Funds	Total Govern- mental Funds
Assets				
Cash and investments	\$ 30,266,556	\$ 3,478,331	\$ 6,077,112	\$ 39,821,999
Investments - restricted	-	23,187,330	-	23,187,330
Property taxes receivable, (net of allowance for uncollectibles) - Note 4	8,084,214	-	-	8,084,214
Receivables, (net of allowance for uncollectibles) - Note 4	1,790,856	347,393	174,697	2,312,946
Due from other governments - Note 5	11,114,232	-	1,530,252	12,644,484
Prepaid items	12,040	-	-	12,040
Inventories	92,477	-	-	92,477
Total assets	<u>\$ 51,360,375</u>	<u>\$ 27,013,054</u>	<u>\$ 7,782,061</u>	<u>\$ 86,155,490</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 2,598,635	\$ 741,668	\$ 2,095,689	\$ 5,435,992
Unearned revenue - Note 9	2,087,098	-	-	2,087,098
Deferred revenue - property taxes - Note 9	6,880,049	-	-	6,880,049
Total liabilities	<u>\$ 11,565,782</u>	<u>\$ 741,668</u>	<u>\$ 2,095,689</u>	<u>\$ 14,403,139</u>
Fund Balance				
Nonspendable:				
Inventories and prepaids	\$ 104,517	\$ -	\$ -	\$ 104,517
Loan receivable	-	85,284	-	85,284
Restricted:				
Grant compliance	-	-	1,776,167	1,776,167
GO Bond proceeds	-	23,187,330	-	23,187,330
Debt service	-	-	502,484	502,484
Committed:				
General government - various	248,711	-	-	248,711
Sheriff contributions	14,111	-	-	14,111
Public safety - various	344,784	-	-	344,784
Public works - various	18,874	-	-	18,874
Health and welfare	16,600	-	-	16,600
Economic and job opportunity funds	250,000	-	-	250,000
Community development - various	12,000	-	-	12,000
Ivy Fire Station	-	1,901,059	-	1,901,059
General capital projects - various	-	1,097,713	-	1,097,713
Storm water projects	-	-	1,735,741	1,735,741
Special revenue	-	-	412,061	412,061
Assigned:				
Storm water projects	-	-	1,259,919	1,259,919
Unassigned:				
General	38,784,996	-	-	38,784,996
Total fund balance	<u>\$ 39,794,593</u>	<u>\$ 26,271,386</u>	<u>\$ 5,686,372</u>	<u>\$ 71,752,351</u>
Total liabilities and fund balance	<u>\$ 51,360,375</u>	<u>\$ 27,013,054</u>	<u>\$ 7,782,061</u>	<u>\$ 86,155,490</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 Assets
At June 30, 2012

Total fund balances for governmental funds (Exhibit 3) \$ 71,752,351

Total net assets reported for governmental activities in the statement of net assets 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	\$ 9,494,144	
Construction in progress	5,742,763	
School Board construction in progress	4,669,158	
Buildings and improvements, net of accumulated depreciation	33,640,460	
Other improvements, net of accumulated depreciation	3,068,215	
Furniture, equipment and vehicles, net of accumulated depreciation	5,581,694	
School Board capital assets, net of accumulated depreciation	<u>73,434,585</u>	
Total capital assets		135,631,019

Debt issuance costs net of amortization 855,151

School bond proceeds for which capital assets have not been constructed or acquired. This adjustment is required to properly report actual debt used to construct or acquire capital assets. 8,100,630

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 assets. The internal service funds net assets are: 15,492,483

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 deferred revenue in the funds. 6,880,049

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 assets are as follows:

Accrued interest on debt	\$ (2,237,161)	
General obligation bonds	(102,071,270)	
Public facility revenue bonds	(28,393,730)	
Capital lease obligations	(1,200,305)	
Other post employment benefits	(3,652,000)	
Unamortized bond premium	(6,241,652)	
Deferred amount on refunding	533,257	
Compensated absences	<u>(3,302,339)</u>	<u>(146,565,200)</u>

Total net assets of governmental activities (Exhibits 1 and 2) \$ 92,146,483

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, 2012

	General Fund	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 140,607,418	\$ -	\$ -	\$ 140,607,418
Other local taxes	39,503,912	-	1,329,171	40,833,083
Permits, privilege fees and regulatory licenses	1,878,265	-	41,115	1,919,380
Fines and forfeitures	990,216	-	-	990,216
Use of money and property	335,185	2,910	267,002	605,097
Charges for services	2,879,173	-	10,509	2,889,682
Miscellaneous	261,248	-	58,132	319,380
Recovered costs	359,646	57,287	251,818	668,751
Intergovernmental:				
Contribution from School Board	325,811	-	858,535	1,184,346
Revenue from the Commonwealth	27,817,524	274,274	4,838,270	32,930,068
Revenue from the Federal Government	4,390,084	15,283	4,373,777	8,779,144
Total revenues	\$ 219,348,482	\$ 349,754	\$ 12,028,329	\$ 231,726,565
Expenditures				
Current:				
General government administration	\$ 10,228,576	\$ -	\$ -	\$ 10,228,576
Judicial administration	3,859,998	-	739,711	4,599,709
Public safety	30,204,057	-	529,283	30,733,340
Public works	3,977,180	-	199,008	4,176,188
Health and welfare	14,701,722	-	8,197,145	22,898,867
Education - local community college	22,524	-	-	22,524
Education - public school system	98,120,832	6,843,408	-	104,964,240
Parks, recreation and cultural	6,242,770	-	-	6,242,770
Community development	24,269,227	-	3,408,949	27,678,176
Contingencies	892,611	-	-	892,611
Debt service:				
Principal payments	-	-	16,863,207	16,863,207
Interest and fiscal charges	-	-	6,835,239	6,835,239
Capital projects	-	6,174,742	1,136,400	7,311,142
Total expenditures	\$ 192,519,497	\$ 13,018,150	\$ 37,908,942	\$ 243,446,589
Excess (deficiency) of revenues over expenditures	\$ 26,828,985	\$ (12,668,396)	\$ (25,880,613)	\$ (11,720,024)
Other financing sources (uses)				
Issuance of debt	\$ -	\$ 21,928,804	\$ -	\$ 21,928,804
Issuance of refunding bonds	-	-	14,386,196	14,386,196
Bond premium	-	-	4,288,513	4,288,513
Payment to refunded bond escrow agent	-	-	(13,350,497)	(13,350,497)
Transfers in	1,886,879	1,446,319	19,356,638	22,689,836
Transfers (out)	(20,902,836)	(254,000)	(1,674,500)	(22,831,336)
Total other financing sources (uses)	\$ (19,015,957)	\$ 23,121,123	\$ 23,006,350	\$ 27,111,516
Net change in fund balance	\$ 7,813,028	\$ 10,452,727	\$ (2,874,263)	\$ 15,391,492
Fund balance, beginning of year	31,981,565	15,818,659	8,560,635	56,360,859
Fund balance, end of year	\$ 39,794,593	\$ 26,271,386	\$ 5,686,372	\$ 71,752,351

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, 2012

Net change in fund balances - total governmental funds (Exhibit 5) \$ 15,391,492

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	\$ 656,796	
Construction in progress additions	1,056,168	
Construction in progress deletions	(1,539,743)	
Building and improvements	587,840	
Other improvements	1,324,988	
Furniture, equipment and vehicle additions	<u>2,385,571</u>	4,471,620
Depreciation expense		(8,260,009) (3,788,389)

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (10,697)

Change in school bond proceeds for which capital assets have not been constructed or acquired 3,232,925

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	\$ 4,963,259	
School construction in progress deletions	(12,021,516)	
School buildings and improvements additions	11,678,885	
School buildings and improvements deletions	(9,940,145)	
Transfer of depreciation	<u>4,546,933</u>	(772,584)

Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and realizable to pay current obligations. However, in the statement of net assets revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis. (2,964,924)

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 assets, 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 assets.

Less debt proceeds	\$ (36,315,000)	
Less premium on debt issued	(4,288,513)	
Add deferred loss on refunding	549,284	
Less amortization of deferred loss on refunding	(16,027)	
Add issuance costs on debt proceeds	682,795	
Repayments:		
General obligation school bonds	9,107,138	
Public facility revenue bonds	13,662,862	
Capital leases	768,315	
Lease revenue bonds	<u>5,909,892</u>	
Net adjustment		(9,939,254)

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	\$ (480,398)	
Amortization of bond premium	565,420	
Amortization of debt issuance costs	(37,810)	
Other post employment benefits	(619,000)	
Accrued interest payable	<u>467,189</u>	
Net adjustment		(104,599)

Internal service funds are used by the County to charge the costs of health and dental insurance benefits, vehicle replacement and duplicating costs to individual funds. The change in net assets of internal service funds is reported with governmental activities. (1,488,501)

Change in net assets of governmental activities (Exhibit 2) \$ (444,531)

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

Statement of Net Assets
 Proprietary Funds
 At June 30, 2012

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 17,063,074
Receivables, (net of allowance for doubtful accounts)	<u>17,272</u>
Total assets	\$ <u><u>17,080,346</u></u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 43,375
Claims payable	<u>1,544,488</u>
Total liabilities	\$ <u><u>1,587,863</u></u>
Net Assets	
Unrestricted	\$ <u><u>15,492,483</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 Year Ended June 30, 2012

	Governmental Activities <u>Internal Service Funds</u>
Operating revenues	
Charges for services, net	\$ 28,161,239
Operating expenses	
Benefits and related expenses	\$ 28,808,625
Services and supplies	985,895
Total operating expenses	\$ 29,794,520
Operating income (loss)	\$ (1,633,281)
Nonoperating revenues (expenses)	
Interest income	\$ 3,280
Transfers	
Transfers in	\$ 141,500
Total transfers	\$ 141,500
Change in net assets	\$ (1,488,501)
Net assets, beginning of year	16,980,984
Net assets, end of year	\$ 15,492,483

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2012

	Governmental Activities Internal Service Funds
Cash flows from operating activities	
Receipts from insured	\$ 28,280,347
Receipts from services	858,579
Payments to suppliers	<u>(29,694,904)</u>
Net cash provided by (used for) operating activities	\$ <u>(555,978)</u>
Cash flows from noncapital financing activities	
Transfers	\$ <u>141,500</u>
Cash flows from investing activities	
Interest income	\$ <u>3,280</u>
Net increase (decrease) in cash and cash equivalents	\$ (411,198)
Cash and cash equivalents, beginning of year	<u>17,474,272</u>
Cash and cash equivalents, end of year	\$ <u><u>17,063,074</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (1,633,281)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in assets and liabilities:	
Receivables, net	977,687
Accounts payable and accrued expenses	(121,437)
Claims payable	<u>221,053</u>
Net cash provided by (used for) operating activities	\$ <u><u>(555,978)</u></u>

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

Statement of Fiduciary Net Assets
At June 30, 2012

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 2,299,841	\$ 6,305,131
Investments with trustee	276,188	-
Accounts receivable	22,903	1,997,490
Total assets	<u>\$ 2,598,932</u>	<u>\$ 8,302,621</u>
Liabilities		
Accounts payable	\$ -	\$ 2,987,822
Amounts held for others	-	5,314,799
Total liabilities	<u>\$ -</u>	<u>\$ 8,302,621</u>
Net Assets	<u>\$ 2,598,932</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 Year Ended June 30, 2012

	<u>Private Purpose Trust Funds</u>
Additions	
Investment earnings (losses)	\$ (7,360)
Proffers	<u>882,144</u>
Total additions	<u>\$ 874,784</u>
Deductions	
Contributions	\$ <u>118,223</u>
Total deductions	<u>\$ 118,223</u>
Change in net assets	\$ 756,561
Net assets, beginning of year	<u>1,842,371</u>
Net assets, end of year	<u><u>\$ 2,598,932</u></u>

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

This page intentionally left blank

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements June 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Albemarle, located in central Virginia and bordered by the counties of Augusta, Buckingham, Fluvanna, Greene, Louisa, Nelson, Orange and Rockingham, was founded in 1744. The County has a population of 98,970 and 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 Assets: The Statement of Net Assets 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 Assets and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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

A. Financial Reporting Entity: (Continued)

- Statement of Program Activities: The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
- Budgetary Comparison: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments will provide budgetary comparison information in their annual reports including the government's original budget to the current comparison of final budget and actual results for its major funds.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component 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.

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

A. Financial Reporting Entity: (Continued)

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.

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 \$3,220,283 in operating funds in fiscal year 2012. 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.

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

A. Financial Reporting Entity: (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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.

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 2012 the County contributed \$696,567 in operating grants to the Commission. The County has no equity interest in the Commission.

Commission on Children and Families

The Commission on Children and Families was created to improve services to children, youth and families and to be accountable for the efficient use of public/private resources and to be responsive to the changing needs of the community for the County of Albemarle and the City of Charlottesville. The Commission has twenty-eight voting members and neither locality appoints a majority of the Board Members. The participating localities contribute towards the operation of the Commission. In 2012 the County contributed \$96,591 in operating grants to the Commission. The County has no equity interest in the Commission.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

A. Financial Reporting Entity: (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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,
Commission on Children and Families and
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

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 Assets, 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 debt and 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 County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

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

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

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.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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 2012.

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

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

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 that accounts for and reports all financial resources not 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. 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 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.

- 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 are also used to report financial resources that are being accumulated for future debt service. Debt service funds include the following funds:

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

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

1. Governmental Funds: (Continued)

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.

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, Duplication 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.

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.

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

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

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

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

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.

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.

WAHS/AHS/MHS 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.

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

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

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

b. Agency Funds:

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.

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.

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

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

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 major 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 major fund of the School Board for financial reporting purposes.

C. Basis of Accounting

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

The government-wide statements of net assets 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 assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statements of net assets, 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.

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

C. Basis of Accounting: (Continued)

The fund financial statements of the General, Special Revenue, Debt Service and Capital Projects, (for the primary government and component unit School Board) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are 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.

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.

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

D. Budgets and Budgetary Accounting (Continued)

Encumbrances: (Continued)

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

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

General, Federal/State Grants, Courthouse Maintenance, 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, 2012, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. There were eleven budget amendments during the year that exceeded the 1% or \$500,000 limitations. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

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

E. Deposits and Investments

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.

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 \$1,286,128 at June 30, 2012 and is comprised of the following:

General Fund-Taxes receivable	\$ <u>1,286,128</u>
-------------------------------	---------------------

H. Prepaid Expenses

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.

I. Inventories

Inventories are reported at average cost using the consumption method.

J. Capital Assets

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

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

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

J. Capital Assets: (Continued)

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 claims and judgments and 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 \$3,302,339.

Component Unit School Board

Certain School Board employees accrue vacation and sick leave.

The School Board has outstanding accrued vacation and sick pay totaling \$2,280,353.

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. 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.

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

N. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors 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).

In the General Fund, the County strives to maintain an unassigned fund balance plus the committed fund balance to equal to no less than 8% of the County's total operating revenues.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Credit Risk

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, 2012 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	\$ -	\$ -	\$ 251,679
U.S. Treasury Money Market Fund	19,930,108	-	-
Virginia State Non-Arbitrage Program	-	3,276,902	-
Local Government Investment Pool	-	77,300,728	-
Total	\$ 19,930,108	\$ 80,577,630	\$ 251,679

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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, 2012, 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.

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		
Investment Type	Fair Value	Less Than 1 Year
U.S. Treasury Money Market Funds	\$ 19,930,108	\$ 19,930,108
Total	\$ 19,930,108	\$ 19,930,108

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, 2012 are comprised of the following:

Restricted Investments at June 30, 2012:

Primary Government:

Governmental Activities:

Capital Projects Fund:

General projects unexpended bond proceeds	\$ 15,086,701
School projects unexpended bond proceeds	8,100,629
Total	\$ 23,187,330

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 3—PROPERTY TAXES:

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

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

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

Property taxes for calendar year 2011 were levied by the County Board of Supervisors on April 6, 2011, on the assessed value listed as of January 1, 2011.

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 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, 2012 consist of the following:

	Primary Government Governmental Activities					Component Unit
	Other Governmental		General	Internal	Total	School Board
	General	Funds	Capital Improvements	Service		
Property taxes	\$ 9,370,342	\$ -	\$ -	\$ -	\$ 9,370,342	\$ -
Other	1,790,856	174,697	347,393	17,272	2,330,218	998,751
Total	\$ 11,161,198	\$ 174,697	\$ 347,393	\$ 17,272	\$ 11,700,560	\$ 998,751
Allowance for uncollectibles	(1,286,128)	-	-	-	(1,286,128)	-
Net receivables	<u>\$ 9,875,070</u>	<u>\$ 174,697</u>	<u>\$ 347,393</u>	<u>\$ 17,272</u>	<u>\$ 10,414,432</u>	<u>\$ 998,751</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 5—DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2012 consist of the following:

	Primary Government			Component Unit
	General	Special Revenue	Debt Service	School Board
Commonwealth of Virginia:				
Local sales taxes	\$ 2,132,574	\$ -	\$ -	\$ 2,132,574
State sales taxes	-	-	-	2,506,462
PPTRA	6,783,357	-	-	6,783,357
Communications tax	807,255	-	-	807,255
Recordation taxes	135,180	-	-	135,180
Comprehensive Services Act	-	908,316	-	908,316
Shared expenses	160,203	-	-	160,203
Public assistance grants	292,902	-	-	292,902
VPSA technology funds	-	-	-	752,000
Other state funds	401,429	37,172	-	438,601
Federal government:				
School funds	-	-	-	3,281,720
Public assistance grants	401,332	-	-	401,332
Other federal funds	-	173,539	-	173,539
Other governmental entities:				
Other	-	-	-	73,760
City of Charlottesville	-	-	375,095	375,095
Charlottesville-Albemarle Airport Authority	-	-	36,130	36,130
Total	\$ 11,114,232	\$ 1,119,027	\$ 411,225	\$ 12,644,484
				\$ 6,663,375

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 6—INTERFUND BALANCES AND ACTIVITY:

Primary Government

Balances Due To/From Other Funds

There are no balances due to or from other funds at June 30, 2012.

Transfers To/From Other Funds

General Fund

Federal/State Grants Fund for HUD Section 8 costs	\$ 278,869
Federal/State Grants Fund for other costs	41,510
General Capital improvements for costs expended	254,000
Tourism Fund for tourism program costs expended by General Fund	1,312,500
Total General Fund	<u>\$ 1,886,879</u>

Federal/State Grants Fund

General Fund for local match funds for various grant programs	\$ 2,781,228
Total Federal/State Grants Fund	<u>\$ 2,781,228</u>

General Debt Service

General Fund for debt service expenditures	<u>\$ 2,869,808</u>
--	---------------------

School Debt Service

General Fund for anticipated School debt service payments	<u>\$ 13,601,102</u>
---	----------------------

General Capital Projects

General Fund for capital projects	\$ 1,404,698
Courthouse Maintenance Fund for building renovations and other costs	41,621
Total General Capital Projects Fund	<u>\$ 1,446,319</u>

Stormwater Control Fund

General Fund for capital project expenditures	<u>\$ 104,500</u>
---	-------------------

Vehicle Replacement Fund

General Fund for vehicle replacements	<u>\$ 141,500</u>
---------------------------------------	-------------------

Total transfers	<u><u>\$ 22,831,336</u></u>
-----------------	-----------------------------

Component Unit School Board

Transfers To/From Other Funds

School Operating Fund:

School Capital Projects Fund for various school expenditures	\$ 144,000
School Cafeteria Fund for various school expenditures	75,000
Total school operating fund	<u>219,000</u>

School Capital Projects Fund:

School operating fund for capital expenditures	<u>\$ 192,000</u>
--	-------------------

Total transfers	<u><u>\$ 411,000</u></u>
-----------------	--------------------------

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2012:

Governmental Activities:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 8,837,348	\$ 656,796	\$ -	\$ 9,494,144
Construction in progress	6,226,338	1,056,168	1,539,743	5,742,763
School construction in progress*	11,727,415	4,963,259	12,021,516	4,669,158
Total capital assets not being depreciated	\$ 26,791,101	\$ 6,676,223	\$ 13,561,259	\$ 19,906,065
Capital assets being depreciated:				
Buildings and improvements	\$ 54,372,866	\$ 587,840	\$ -	\$ 54,960,706
Other improvements	7,709,300	1,324,988	-	9,034,288
School buildings and improvements *	87,739,880	11,678,885	9,940,145	89,478,620
Furniture, equipment and vehicles	34,000,290	2,385,571	935,839	35,450,022
Total capital assets being depreciated	\$ 183,822,336	\$ 15,977,284	\$ 10,875,984	\$ 188,923,636
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 19,606,634	\$ 1,713,612	\$ -	\$ 21,320,246
Other improvements	5,578,523	387,550	-	5,966,073
School buildings and improvements *	17,375,114	3,215,854	4,546,933	16,044,035
Furniture, equipment and vehicles	27,850,477	2,942,993	925,142	29,868,328
Total accumulated depreciation	\$ 70,410,748	\$ 8,260,009	\$ 5,472,075	\$ 73,198,682
Total capital assets being depreciated, net	\$ 113,411,588	\$ 7,717,275	\$ 5,403,909	\$ 115,724,954
Governmental activities capital assets, net	\$ 140,202,689	\$ 14,393,498	\$ 18,965,168	\$ 135,631,019
Depreciation expense was allocated as follows:				
General government administration		\$ 1,325,321		
Judicial administration		352,282		
Public safety		2,708,801		
Public works		79,839		
Health and welfare		53,793		
Education		3,216,287		
Parks, recreation and cultural		502,759		
Community development		20,927		
Total depreciation expense		\$ 8,260,009		

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Land and land improvements	\$ 6,096,992	\$ -	\$ -	\$ 6,096,992
Construction in progress	11,727,415	4,963,259	12,021,516	4,669,158
School construction in progress allocated to County *	(11,727,415)	(4,963,259)	(12,021,516)	(4,669,158)
Total capital assets not being depreciated	\$ 6,096,992	\$ -	\$ -	\$ 6,096,992
Capital assets being depreciated:				
Buildings and improvements	\$ 223,820,984	\$ 11,678,885	\$ -	\$ 235,499,869
Other improvements	9,256,914	1,624,542	54,881	10,826,575
School buildings and improvements*	(87,739,880)	(11,678,885)	(9,940,145)	(89,478,620)
Furniture, equipment and vehicles	34,073,952	3,168,794	1,198,228	36,044,518
Total capital assets being depreciated	\$ 179,411,970	\$ 4,793,336	\$ (8,687,036)	\$ 192,892,342
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 99,521,484	\$ 8,203,516	\$ -	\$ 107,725,000
Other improvements	4,335,409	562,101	12,729	4,884,781
School buildings and improvements *	(17,375,114)	(3,215,854)	(4,546,933)	(16,044,035)
Furniture, equipment and vehicles	27,526,801	2,379,799	1,166,803	28,739,797
Total accumulated depreciation	\$ 114,008,580	\$ 7,929,562	\$ (3,367,401)	\$ 125,305,543
Total capital assets being depreciated, net	\$ 65,403,390	\$ (3,136,226)	\$ (5,319,635)	\$ 67,586,799
School board capital assets, net	\$ 71,500,382	\$ (3,136,226)	\$ (5,319,635)	\$ 73,683,791
Depreciation expense allocated to education		\$ 7,929,562		

* 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.

Reconciliation of primary government net assets invested in capital assets, net of related debt:

Net capital assets	\$ 135,631,019
Long-term debt applicable to capital assets at June 30, 2012:	
General obligation school bonds	\$ 102,071,270
Public facility revenue bonds	28,393,730
Capital lease obligations	1,200,305
Premium on bonds payable	6,241,652
Deferred amount for issuance premiums	(533,257)
	\$ 137,373,700
Less - debt proceeds received but not expended on capital assets at June 30, 2012:	
Lease revenue debt	(23,187,330)
Net long-term debt, as adjusted	\$ 114,186,370
Net assets invested in capital assets, less related debt	\$ 21,444,649

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (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, 2012:

	Balance July 1, 2011	Issuances	Retirements	Balance June 30, 2012	Amounts Due Within One Year
General obligation school bonds	\$ 104,335,000	\$ 6,843,408	\$ 9,107,138	\$ 102,071,270	\$ 8,334,914
Public facility revenue and refunding bonds	12,585,000	29,471,592	13,662,862	28,393,730	760,086
Lease revenue bonds	5,909,892	-	5,909,892	-	-
Capital lease obligations	1,968,620	-	768,315	1,200,305	793,687
Premium on bonds payable	2,518,559	4,288,513	565,420	6,241,652	772,595
Deferred amount on refunding	-	(549,284)	(16,027)	(533,257)	(27,464)
Claims payable	1,323,435	1,544,488	1,323,435	1,544,488	1,544,488
OPEB	3,033,000	1,006,000	387,000	3,652,000	-
Compensated absences	2,821,941	642,415	162,017	3,302,339	330,234
Total primary government	<u>\$ 134,495,447</u>	<u>\$ 43,247,132</u>	<u>\$ 31,870,052</u>	<u>\$ 145,872,527</u>	<u>\$ 12,508,540</u>
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 12,508,540	
Long-term liabilities due in more than one year:				<u>133,363,987</u>	
Total long-term obligations				<u>\$ 145,872,527</u>	

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (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,	School Bonds		Public Facility Revenue & Refunding Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 8,334,914	\$ 4,708,505	\$ 760,086	\$ 1,325,207	\$ 793,687	\$ 32,869
2014	8,421,585	4,316,716	1,713,415	1,294,804	406,619	6,659
2015	8,419,861	3,912,485	2,220,139	1,209,133	-	-
2016	8,382,158	3,505,091	2,142,842	1,098,126	-	-
2017	8,132,757	3,099,735	1,842,243	990,984	-	-
2018	7,601,658	2,708,542	1,318,342	898,872	-	-
2019	6,826,273	2,359,367	2,228,727	832,955	-	-
2020	6,539,562	2,037,703	2,370,438	721,518	-	-
2021	6,415,088	1,739,987	2,464,912	602,996	-	-
2022	6,304,142	1,451,696	2,580,858	479,751	-	-
2023	5,079,228	1,181,927	1,820,772	350,708	-	-
2024	4,478,502	955,024	751,498	259,669	-	-
2025	4,147,737	755,886	777,263	236,185	-	-
2026	3,701,971	574,444	803,029	209,952	-	-
2027	3,341,911	412,497	833,089	180,843	-	-
2028	2,596,146	277,529	858,855	150,643	-	-
2029	2,037,497	173,299	897,503	116,289	-	-
2030	595,859	118,446	644,141	80,389	-	-
2031	600,093	58,222	669,906	54,623	-	-
2032	114,328	4,573	695,672	27,827	-	-
	<u>\$ 102,071,270</u>	<u>\$ 34,351,674</u>	<u>\$ 28,393,730</u>	<u>\$ 11,121,474</u>	<u>\$ 1,200,305</u>	<u>\$ 39,529</u>

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations outstanding at June 30, 2012 are as follows:

	<u>Amount Outstanding</u>
Public Facilities Revenue and Refunding Bonds:	
 \$34,315,000, Public Facility Revenue and Refunding Bonds, (General portion \$29,471,592), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	 \$ 28,393,730
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 \$4,843,408), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	 4,666,270
 \$2,885,000, 1992B Series, issued December 17, 1992, maturing in various annual installments through December 15, 2012, interest payable semi-annually at various interest rates from 5.85% to 8.1%	 85,000
 \$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%	 150,000
 \$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%	 60,000
 \$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%	 1,560,000
 \$5,900,000, 1996B Series, issued November 14, 1996, maturing in annual installments of \$295,000 through July 15, 2017, interest payable semi-annually at rates from 5.1% to 6.1%	 1,475,000

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (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)	
\$20,455,000, 1997I Series, issued November 20, 1997, maturing in various annual installments through January 15, 2018, interest payable semi-annually at rates from 4.35% to 5.35%	\$ 6,120,000
\$7,245,000, 1998B Series, issued November 19, 1998, maturing in various annual installments through July 15, 2019, interest payable semi-annually at rates from 3.6% to 5.1%	2,520,000
\$2,835,000, 1999B, Series issued November 19, 1999, maturing in various annual installments through July 15, 2020, interest payable semi-annually at rates from 5.10% to 6.10%	1,120,000
\$2,605,000, 2000B Series, issued November 16, 2000, maturing in various annual installments through July 15, 2021, interest payable semi-annually at rates from 4.975% to 5.85%	1,170,000
\$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%	10,150,000
\$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%	4,585,000
\$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%	4,040,000
\$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%	5,800,000

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (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)	
\$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%	\$ 5,160,000
\$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%	11,250,000
\$11,325,000, 2007A Series, issued November 8, 2007, maturing in various annual installments through July 15, 2028, interest payable semi-annually at 5.10%	9,045,000
\$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%	23,830,000
\$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%	7,285,000
Total general obligation school bonds	\$ <u>102,071,270</u>
Capital Lease Agreement:	
\$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>1,200,305</u>
Compensated absences	\$ <u>3,302,339</u>
Claims payable	\$ <u>1,544,488</u>
OPEB	\$ <u>3,652,000</u>
Unamortized bond premiums	\$ <u>6,241,652</u>
Total long-term obligations	\$ <u><u>146,405,784</u></u>

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Debt Defeasance:

On November 30, 2011 the County of Albemarle issued \$38,603,513 (\$34,315,000 par amount plus \$4,288,513 premium) of Public Facility Revenue and Refunding Bonds, Series 2011 to advance refund \$12,585,000 of outstanding Public Facility Revenue Bonds, Series 2003 and to refund \$5,909,892 of outstanding Lease Revenue Bonds Series 2009 and to fund other capital projects. As a result, the Public Facility Revenue Bonds, Series 2003 which mature between January 15, 2013 and January 15, 2023 and the Lease Revenue Bonds Series 2009 which mature between January 1, 2013 and January 1, 2029 are considered to be defeased and the liability for these bonds has been removed from the Statement of Net Assets. The County advanced refunded the 2003 bonds to reduce its total debt service payments by \$812,695 and to obtain an economic gain (net present value savings) of \$705,097 and refunded the 2009 bonds to reduce its total debt service payments by \$650,813 and to obtain an economic gain (net present value savings) of \$589,349. The carrying value of the old debt exceeded the reacquisition price by \$549,284. This amount is deferred and amortized over the life of the bonds.

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.

Component Unit—School Board:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2012.

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Amounts Due Within One Year
Compensated absences	\$ 2,074,466	\$ 324,484	\$ 118,597	\$ 2,280,353	\$ 22,803
OPEB	3,180,000	2,875,000	1,821,000	4,234,000	-
Total	<u>\$ 5,254,466</u>	<u>\$ 3,199,484</u>	<u>\$ 1,939,597</u>	<u>\$ 6,514,353</u>	<u>\$ 22,803</u>

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 22,803
Long-term liabilities due in more than one year	6,491,550
Total long-term debt	<u>\$ 6,514,353</u>

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 9—DEFERRED REVENUE:

The following is a summary of deferred revenue for the year ended June 30, 2012.

	Government- wide Statements <u>Governmental Activities</u>	Balance Sheet <u>Governmental Funds</u>	Component Unit School Board <u>Board</u>
Primary Government:			
Deferred property tax revenue:			
Deferred 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	\$ -	\$ 6,880,049	\$ -
Prepaid summer school tuition	-	-	43,280
Miscellaneous school grants	-	-	36,915
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	<u>2,087,098</u>	<u>2,087,098</u>	<u>-</u>
Total primary government	<u>\$ 2,087,098</u>	<u>\$ 8,967,147</u>	<u>\$ 80,195</u>

NOTE 10—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

- A. Federal programs in which the County and School Board participate were audited in accordance with the provisions of 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.

NOTE 10—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

Primary Government and Component Unit School Board: (Continued)

- 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 refiled. The County has no identified insurance coverage for the claim if it is refiled. 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 \$3,555,000 at June 30, 2012.
- D. On June 27, 2003 the County entered into an agreement with Motorola, Inc. for the purchase of a communication system (basic emergency services radio system and communications towers). The City of Charlottesville and University of Virginia are also parties to this agreement. The financing of the project was provided by a lease/purchase agreement with Motorola in the amount of \$7,000,000 in which the County was the bearer of the debt. The City of Charlottesville received a grant from the federal government in the amount of \$6,000,000 for the project and will pass through a portion of these funds to the County as fiscal agent for the Emergency Communications Center (the operator of the system) as the project is completed. Each locality will be responsible for the purchase and maintenance of the radio equipment that will be installed in their law enforcement and emergency services facilities and vehicles. The County has committed to provide its share of the local funding for this project and for the purchase and maintenance of radio equipment to be installed in the County's law enforcement and emergency services facilities and vehicles.
- E. There are a number of matters of litigation involving the County Police Department and certain police officers. All of these matters have been referred to the County's insurance carriers which are handling the matters. Counsel is of the opinion that the County has no liability in the matters other than the financial responsibilities to the insurance carriers.
- F. 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 2012 was \$789,191.
- 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 PLANS:

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 2012 were \$17,211 and \$247,229, respectively. Total payroll for covered County employees was \$229,580 and for School Board employees was \$4,132,452. The contribution averaged 7.45% and 5.98% of the covered payrolls of the County and School Board, respectively. The County and School Board had no investments with the plan at any time during the year.

NOTE 12—ANNEXATION AND REVENUE SHARING AGREEMENT:

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

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

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

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

During the fiscal year, the County paid \$18,089,812 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:

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 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 have service credits before July 1, 2010 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 who have no service credits before July 1, 2010 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.
- 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. 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

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 Web site at <http://www.varetire.org/Pdf/Publications/2011-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. 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 2012 were 10.14% and 6.48% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$4,671,000, \$2,872,887 and \$4,688,633 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010, respectively and these contributions represented 6.33%, 3.93% and 8.81% from 2012, 2011, and July 2009 through March 2010 and 0% for April 2010 to June 2010, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2012, the County's annual pension cost of \$3,160,641 was equal to the County's required and actual contributions.

For fiscal year 2012, the County School Board's annual pension cost for the Board's non-professional employees was \$483,985 which was equal to the Board's required and actual contributions.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2012	\$ 3,160,641	100%	\$ -
June 30, 2011	3,164,984	100%	-
June 30, 2010	2,733,110	100%	-

(1) Employer portion only

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
School Board:			
Non-professional:			
June 30, 2012	\$ 483,985	100%	\$ -
June 30, 2011	461,234	100%	-
June 30, 2010	445,906	100%	-

(1) Employer portion only

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees 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% per year. 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 71.74% funded. The actuarial accrued liability for benefits was \$131,982,287, and the actuarial value of assets was \$94,679,558, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,302,729. The covered payroll (annual payroll of active employees covered by the plan) was \$30,990,933, and ratio of the UAAL to the covered payroll was 120.37%.

As of June 30, 2011, the most recent actuarial valuation date, the County School Board's plan was 84.54% funded. The actuarial accrued liability for benefits was \$23,747,871, and the actuarial value of assets was \$20,076,240, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,671,631. The covered payroll (annual payroll of active employees covered by the plan) was \$7,087,817, and ratio of the UAAL to the covered payroll was 51.80%.

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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 14—LEGAL COMPLIANCE:

A. Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2012.

B. Fund Deficits

There are no funds with deficit balances at June 30, 2012.

NOTE 15—SELF INSURANCE/RISK MANAGEMENT:

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

Employee Health Insurance:

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

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

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

Fiscal Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Other Payments	Claims Liability End of Year
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
2010	1,221,818	25,380,010	25,364,274	1,237,554

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

Employee Health Insurance: (Continued)

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

Fiscal Year	Operating Revenue	Non-operating Revenue	Claims and Related Expenses
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
2003	12,750,485	35,888	12,278,717

Employee Dental Insurance:

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

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

Fiscal Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Other Payments	Claims Liability End of Year
2012	\$ 81,417	\$ 1,422,812	\$ 1,390,703	\$ 113,526
2011	81,767	1,286,264	1,286,614	81,417
2010	104,357	1,241,579	1,264,169	81,767

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

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>
2012	\$	1,660,495	\$	252	\$	1,390,703
2011		1,637,338		1,047		1,286,614
2010		1,550,765		1,187		1,264,169

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.

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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 16—SURETY BONDS:

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:

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 \$2,465,495. During the fiscal year ended June 30, 2012, the County paid \$472,167 to the Rivanna Solid Waste Authority under the terms and contributions of the Cost Sharing Agreement.

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

A. Plan Description

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

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:**A. Plan Description: (Continued)**

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

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated cost for OPEB benefits is \$1,006,000 for the County and \$2,875,000 for the Component Unit School Board for fiscal year 2012. 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	\$ 1,006,000	\$ 2,875,000
Interest on net OPEB obligation	121,000	128,000
Adjustment to annual required contribution	(121,000)	(128,000)
Annual OPEB cost (expense)	\$ 1,006,000	\$ 2,875,000
Contributions made	387,000	1,821,000
Increase (decrease) in net OPEB obligation	\$ 619,000	\$ 1,054,000
Net OPEB obligation - beginning of year	3,033,000	3,180,000
Net OPEB obligation - end of year	<u>\$ 3,652,000</u>	<u>\$ 4,234,000</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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

Annual OPEB Cost. For 2012, the County's expected cash payment of \$387,000 and School Board's expected cash payment of \$1,821,000 are less than the OPEB cost (expense) of \$1,006,000 and \$2,875,000 respectively and were \$619,000 and \$1,054,000 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 2012 and the preceding two years are as follows:

Fiscal Year Ended	Primary Government			
	Annual OPEB Cost	Estimated Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 1,006,000	\$ 387,000	38%	\$ 3,652,000
June 30, 2011	1,025,000	409,000	40%	3,033,000
June 30, 2010	962,000	402,000	55%	2,417,000

Fiscal Year Ended	Component Unit School Board			
	Annual OPEB Cost	Estimated Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
June 30, 2010	2,951,000	2,088,000	55%	2,184,000

Funded Status and Funding Progress.

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 38,478,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	38,478,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	123,942,040
UAAL as a percentage of covered payroll	31.05%

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 POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)*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 12 is \$7,045. 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 8.50% in FY 12 to 6.40% in FY 20.

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

	Percentage
Discount rate	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 28 year period (as of July 1, 2010) as a level percentage of payroll.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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

Medical Trend Assumption

Based on the Society of Actuaries long-term medical trend model, as revised April 2010, trends for the next ten years are as follows:

<u>Fiscal Year Ended</u>	<u>Percentage</u>	<u>Fiscal Year Ended</u>	<u>Percentage</u>
2011	8.50%	2016	6.60%
2012	8.00%	2017	6.50%
2013	7.50%	2018	6.50%
2014	7.00%	2019	6.50%
2015	6.60%	2020	6.40%

<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, 2012 (Continued)

NOTE 19—SUBSEQUENT EVENT:

The County has entered into a Virginia Water Facilities Revolving Fund agreement with the Department of Environmental Quality and Virginia Resources Authority on a disbursement of loan and principal forgiveness arrangement in the total amount of \$400,000. Total loan proceeds are \$400,000 and total principal forgiveness are \$400,000 on this project. As of June 30, 2012 loan proceeds total \$363,380 and are not recorded in the long-term obligations as the County may repay the entire obligation prior to project completion. This project will extend into fiscal year 2013 before it is completed.

NOTE 20—CONSTRUCTION COMMITMENTS:

At June 30, 2012 the County has several major construction contracts which are summarized as follows:

Project Name	Contract Amount	Expended To date	Balance
Crozet Library	\$ 6,597,454	\$ 709,696	\$ 5,887,758
Greer Elementary	3,388,300	2,511,652	876,648
Downtown Crozet Improvements	883,635	806,335	77,300
Other projects	<u>1,578,627</u>	<u>971,367</u>	<u>607,260</u>
Total	<u>\$ 12,448,016</u>	<u>\$ 4,999,050</u>	<u>\$ 7,448,966</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.

This page intentionally left blank

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 136,633,800	\$ 136,633,800	\$ 140,607,418	\$ 3,973,618
Other local taxes	38,422,250	38,422,250	39,503,912	1,081,662
Permits, privilege fees and regulatory licenses	1,516,350	1,516,350	1,878,265	361,915
Fines and forfeitures	578,600	611,100	990,216	379,116
Use of money and property	518,138	518,138	335,185	(182,953)
Charges for services	2,106,591	2,753,751	2,879,173	125,422
Miscellaneous	182,478	304,163	261,248	(42,915)
Recovered costs	222,250	222,250	359,646	137,396
Intergovernmental:				
Contribution from School Board	328,500	328,500	325,811	(2,689)
Revenue from the Commonwealth	28,027,060	28,081,257	27,817,524	(263,733)
Revenue from the Federal Government	4,673,507	4,745,234	4,390,084	(355,150)
Total revenues	<u>\$ 213,209,524</u>	<u>\$ 214,136,793</u>	<u>\$ 219,348,482</u>	<u>\$ 5,211,689</u>
Expenditures				
Current:				
General Government Administration				
Board of supervisors	\$ 577,562	\$ 577,562	\$ 528,765	\$ 48,797
County executive	960,995	960,995	952,127	8,868
Human resources	662,770	666,270	658,137	8,133
County attorney	911,527	911,527	892,795	18,732
Finance	4,117,239	4,207,258	4,137,216	70,042
Management and budget	290,222	290,222	278,855	11,367
Information technology	2,487,297	2,487,297	2,200,265	287,032
Voter registration	547,543	632,740	580,416	52,324
Total general government administration	<u>\$ 10,555,155</u>	<u>\$ 10,733,871</u>	<u>\$ 10,228,576</u>	<u>\$ 505,295</u>
Judicial Administration				
Circuit court	\$ 110,945	\$ 132,912	\$ 130,376	\$ 2,536
General district court	23,894	59,394	59,392	2
Magistrate	4,425	4,642	4,642	-
Juvenile and domestic relations court	119,229	119,229	119,229	-
Clerk of the circuit court	669,016	669,016	644,332	24,684
Sheriff	2,006,798	2,051,651	1,999,413	52,238
Commonwealth attorney	910,408	910,408	902,614	7,794
Total judicial administration	<u>\$ 3,844,715</u>	<u>\$ 3,947,252</u>	<u>\$ 3,859,998</u>	<u>\$ 87,254</u>
Public Safety				
Police department	\$ 13,023,658	\$ 13,021,454	\$ 12,780,096	\$ 241,358
E-911 service	2,066,831	2,066,831	2,066,831	-
Fire and rescue services	9,473,137	9,751,281	9,546,637	204,644
Regional jail	3,378,990	3,428,165	3,306,119	122,046
Inspections	1,060,583	1,060,583	1,035,150	25,433
Contributions - various	1,517,156	1,517,156	1,469,224	47,932
Total public safety	<u>\$ 30,520,355</u>	<u>\$ 30,845,470</u>	<u>\$ 30,204,057</u>	<u>\$ 641,413</u>
Public Works				
Facilities development	\$ 866,608	\$ 866,608	\$ 750,803	\$ 115,805
Sanitation and waste removal	475,810	475,810	421,382	54,428
Maintenance of buildings and grounds	3,048,693	3,048,693	2,804,995	243,698
Total public works	<u>\$ 4,391,111</u>	<u>\$ 4,391,111</u>	<u>\$ 3,977,180</u>	<u>\$ 413,931</u>

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued)				
Health and Welfare				
Family Services	\$ 1,001,653	\$ 1,001,653	\$ 965,764	\$ 35,889
Contribution human development	4,303,950	4,361,950	4,299,030	62,920
Social services	10,393,511	10,393,511	9,436,928	956,583
Total health and welfare	\$ 15,699,114	\$ 15,757,114	\$ 14,701,722	\$ 1,055,392
Education				
Appropriation to public school system	\$ 97,334,361	\$ 98,120,832	\$ 98,120,832	\$ -
Community college	22,524	22,524	22,524	-
Total education	\$ 97,356,885	\$ 98,143,356	\$ 98,143,356	\$ -
Parks, Recreation and Cultural				
Parks and recreation	\$ 2,194,476	\$ 2,194,476	\$ 2,014,562	\$ 179,914
Towe park	152,262	152,262	138,013	14,249
Regional library	3,220,283	3,220,283	3,220,283	-
Miscellaneous contributions	669,912	869,912	869,912	-
Total parks, recreation and cultural	\$ 6,236,933	\$ 6,436,933	\$ 6,242,770	\$ 194,163
Community Development				
Planning and community development	\$ 3,864,334	\$ 3,876,334	\$ 3,676,906	\$ 199,428
Housing	516,952	603,107	599,256	3,851
Contributions to other agencies	1,335,252	1,342,252	1,342,252	-
Economic development	-	150,000	150,000	-
Revenue sharing agreement - City of Charlottesville	18,089,812	18,089,812	18,089,812	-
Soil and Water Conservation District	96,355	96,355	95,800	555
Cooperative extension program	203,859	203,859	85,425	118,434
Other	173,500	229,776	229,776	-
Total community development	\$ 24,280,064	\$ 24,591,495	\$ 24,269,227	\$ 322,268
Contingencies				
Total contingencies	\$ 1,661,473	\$ 1,838,245	\$ 892,611	\$ 945,634
Total expenditures	\$ 194,545,805	\$ 196,684,847	\$ 192,519,497	\$ 4,165,350
Excess (deficiency) of revenues over expenditures	\$ 18,663,719	\$ 17,451,946	\$ 26,828,985	\$ 9,377,039
Other Financing Sources (Uses)				
Transfers in	\$ 2,372,294	\$ 3,978,867	\$ 1,886,879	\$ (2,091,988)
Transfers (out)	(21,036,013)	(21,430,813)	(20,902,836)	527,977
Total other financing sources (uses)	\$ (18,663,719)	\$ (17,451,946)	\$ (19,015,957)	\$ (1,564,011)
Net change in fund balance	\$ -	\$ -	\$ 7,813,028	\$ 7,813,028
Fund balance, beginning of year	-	-	31,981,565	31,981,565
Fund balance, end of year	\$ -	\$ -	\$ 39,794,593	\$ 39,794,593

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

Schedule of Funding Progress for the Virginia Retirement System and Other Post Employment Benefits
Last Three Fiscal Years

County - Virginia Retirement System:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
6/30/2009	89,252,513	108,874,977	19,622,464	81.98%	33,006,099	59.45%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
6/30/2009	19,473,921	20,584,039	1,110,118	94.61%	7,570,996	14.66%

County and School Board - Other Post-Employment Benefits

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll *	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ -	\$ 38,478,000	\$ 38,478,000	0.00%	\$ 123,942,040	31.05%
6/30/2010	-	38,919,000	38,919,000	0.00%	123,942,040	31.40%
6/30/2009	-	37,159,000	37,159,000	0.00%	123,942,040	29.98%

* Information provided by the Department of Finance

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2012

	Special Revenue	Debt Service	Storm Water Control Fund	Total
Assets				
Cash and investments	\$ 2,458,113	\$ 91,259	\$ 3,527,740	\$ 6,077,112
Receivables, (net of allowance for uncollectibles) - Note 4	31,077	-	143,620	174,697
Due from other governments - Note 5	1,119,027	411,225	-	1,530,252
Total assets	<u>\$ 3,608,217</u>	<u>\$ 502,484</u>	<u>\$ 3,671,360</u>	<u>\$ 7,782,061</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 1,419,989	\$ -	\$ 675,700	\$ 2,095,689
Total liabilities	<u>\$ 1,419,989</u>	<u>\$ -</u>	<u>\$ 675,700</u>	<u>\$ 2,095,689</u>
Fund Balance				
Restricted:				
Debt service	\$ -	\$ 502,484	\$ -	\$ 502,484
Grant compliance	1,776,167	-	-	1,776,167
Committed:				
Stormwater projects	-	-	1,735,741	1,735,741
Special revenue	412,061	-	-	412,061
Assigned:				
Stormwater projects	-	-	1,259,919	1,259,919
Total fund balance	<u>\$ 2,188,228</u>	<u>\$ 502,484</u>	<u>\$ 2,995,660</u>	<u>\$ 5,686,372</u>
Total liabilities and fund balance	<u>\$ 3,608,217</u>	<u>\$ 502,484</u>	<u>\$ 3,671,360</u>	<u>\$ 7,782,061</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2012

	Special Revenue	Debt Service	Storm Water Control Fund	Total
Revenues				
Other local taxes	\$ 1,329,171	\$ -	\$ -	\$ 1,329,171
Use of money and property	62,108	204,224	670	267,002
Permits, fees, and licenses	41,115	-	-	41,115
Charges for services	-	-	10,509	10,509
Miscellaneous	4,932	-	53,200	58,132
Recovered costs	109,518	20,300	122,000	251,818
Intergovernmental:				
Contribution from School Board	858,535	-	-	858,535
Revenue from the Commonwealth	4,457,165	39,194	341,911	4,838,270
Revenue from the Federal Government	4,373,777	-	-	4,373,777
Total revenues	\$ 11,236,321	\$ 263,718	\$ 528,290	\$ 12,028,329
Expenditures				
Current:				
Judicial administration	\$ 739,711	\$ -	\$ -	\$ 739,711
Public safety	529,283	-	-	529,283
Public works	199,008	-	-	199,008
Health and Welfare	8,197,145	-	-	8,197,145
Community Development	3,408,949	-	-	3,408,949
Debt service:				
Principal payments	-	16,863,207	-	16,863,207
Interest and fiscal charges	-	6,835,239	-	6,835,239
Capital projects	-	-	1,136,400	1,136,400
Total expenditures	\$ 13,074,096	\$ 23,698,446	\$ 1,136,400	\$ 37,908,942
Excess (deficiency) of revenues over expenditures	\$ (1,837,775)	\$ (23,434,728)	\$ (608,110)	\$ (25,880,613)
Other financing sources (uses)				
Bond premium	\$ -	\$ 4,288,513	\$ -	\$ 4,288,513
Payment to refunded bond escrow agent	-	(13,350,497)	-	(13,350,497)
Issuance of refunding bonds	-	14,386,196	-	14,386,196
Transfers in	2,781,228	16,470,910	104,500	19,356,638
Transfers (out)	(1,674,500)	-	-	(1,674,500)
Total other financing sources (uses)	\$ 1,106,728	\$ 21,795,122	\$ 104,500	\$ 23,006,350
Net change in fund balance	\$ (731,047)	\$ (1,639,606)	\$ (503,610)	\$ (2,874,263)
Fund balance, beginning of year	2,919,275	2,142,090	3,499,270	8,560,635
Fund balance, end of year	\$ 2,188,228	\$ 502,484	\$ 2,995,660	\$ 5,686,372

Combining Balance Sheet
Nonmajor Special Revenue Funds
At June 30, 2012

	Federal/ State Grants Fund	E-911 Fund	Courthouse Maintenance Fund	Visitor Center Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
Assets								
Cash and investments	\$ 2,045,272	\$ 2,041	\$ 32,095	\$ 36	\$ 3,063	\$ 359,305	\$ 16,301	\$ 2,458,113
Receivables, (net of allowance for uncollectibles) - Note 4	31,077	-	-	-	-	-	-	31,077
Due from other governments - Note 5	<u>1,119,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,119,027</u>
Total assets	<u>\$ 3,195,376</u>	<u>\$ 2,041</u>	<u>\$ 32,095</u>	<u>\$ 36</u>	<u>\$ 3,063</u>	<u>\$ 359,305</u>	<u>\$ 16,301</u>	<u>\$ 3,608,217</u>
Liabilities								
Accounts payable and accrued liabilities	\$ 1,419,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780	\$ 1,419,989
Total liabilities	<u>\$ 1,419,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780</u>	<u>\$ 1,419,989</u>
Fund Balance								
Restricted:								
Grant compliance	\$ 1,776,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,776,167
Committed:								
Special revenue	<u>-</u>	<u>2,041</u>	<u>32,095</u>	<u>36</u>	<u>3,063</u>	<u>359,305</u>	<u>15,521</u>	<u>412,061</u>
Total fund balance	<u>\$ 1,776,167</u>	<u>\$ 2,041</u>	<u>\$ 32,095</u>	<u>\$ 36</u>	<u>\$ 3,063</u>	<u>\$ 359,305</u>	<u>\$ 15,521</u>	<u>\$ 2,188,228</u>
Total liabilities and fund balance	<u>\$ 3,195,376</u>	<u>\$ 2,041</u>	<u>\$ 32,095</u>	<u>\$ 36</u>	<u>\$ 3,063</u>	<u>\$ 359,305</u>	<u>\$ 16,301</u>	<u>\$ 3,608,217</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2012

	Federal/ State Grants Fund	E-911 Fund	Courthouse Maintenance Fund	Visitor Center Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Total
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,329,171	\$ -	\$ 1,329,171
Use of money and property	128	-	-	-	-	-	61,980	62,108
Permits, fees, and licenses	-	-	41,115	-	-	-	-	41,115
Miscellaneous	4,932	-	-	-	-	-	-	4,932
Recovered costs	109,518	-	-	-	-	-	-	109,518
Intergovernmental:								
Contribution from School Board	858,535	-	-	-	-	-	-	858,535
Revenue from the Commonwealth	4,457,165	-	-	-	-	-	-	4,457,165
Revenue from the Federal Government	4,373,777	-	-	-	-	-	-	4,373,777
Total revenues	\$ 9,804,055	\$ -	\$ 41,115	\$ -	\$ -	\$ 1,329,171	\$ 61,980	\$ 11,236,321
Expenditures								
Current:								
Judicial administration	\$ 739,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 739,711
Public safety	529,283	-	-	-	-	-	-	529,283
Public works	152,549	-	-	-	-	-	46,459	199,008
Health and Welfare	8,197,145	-	-	-	-	-	-	8,197,145
Community Development	3,408,949	-	-	-	-	-	-	3,408,949
Total expenditures	\$ 13,027,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,459	\$ 13,074,096
Excess (deficiency) of revenues over expenditures	\$ (3,223,582)	\$ -	\$ 41,115	\$ -	\$ -	\$ 1,329,171	\$ 15,521	\$ (1,837,775)
Other financing sources (uses)								
Transfers in	\$ 2,781,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,781,228
Transfers (out)	(320,379)	-	(41,621)	-	-	(1,312,500)	-	(1,674,500)
Total other financing sources (uses)	\$ 2,460,849	\$ -	\$ (41,621)	\$ -	\$ -	\$ (1,312,500)	\$ -	\$ 1,106,728
Net change in fund balance	\$ (762,733)	\$ -	\$ (506)	\$ -	\$ -	\$ 16,671	\$ 15,521	\$ (731,047)
Fund balance, beginning of year	2,538,900	2,041	32,601	36	3,063	342,634	-	2,919,275
Fund balance, end of year	\$ 1,776,167	\$ 2,041	\$ 32,095	\$ 36	\$ 3,063	\$ 359,305	\$ 15,521	\$ 2,188,228

Combining Balance Sheet
 Nonmajor Debt Service Funds
 At June 30, 2012

	Debt Service		
	General	School	Total
Assets			
Cash and investments	\$ -	\$ 213,869	\$ 213,869
Due from other governments	411,225	-	411,225
Total assets	<u>\$ 411,225</u>	<u>\$ 213,869</u>	<u>\$ 625,094</u>
Liabilities			
Reconciled overdraft	\$ 122,610	\$ -	\$ 122,610
Total liabilities	<u>\$ 122,610</u>	<u>\$ -</u>	<u>\$ 122,610</u>
Fund Balance			
Restricted for:			
Debt service	\$ 288,615	\$ 213,869	\$ 502,484
Total fund balances	<u>\$ 288,615</u>	<u>\$ 213,869</u>	<u>\$ 502,484</u>
Total liabilities and fund balances	<u>\$ 411,225</u>	<u>\$ 213,869</u>	<u>\$ 625,094</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Year Ended June 30, 2012

	Debt Service		
	General	School	Total
Revenues			
Use of money and property	\$ -	\$ 204,224	\$ 204,224
Recovered costs	20,300	-	20,300
Intergovernmental:			
Revenue from the Federal government	-	39,194	39,194
Total revenues	\$ 20,300	\$ 243,418	\$ 263,718
Expenditures			
Debt service:			
Principal payments	\$ 7,933,207	\$ 8,930,000	\$ 16,863,207
Interest and fiscal charges	1,245,188	4,914,330	6,159,518
Debt issuance costs	675,721	-	675,721
Total expenditures	\$ 9,854,116	\$ 13,844,330	\$ 23,698,446
Excess (deficiency) of revenues over expenditures	\$ (9,833,816)	\$ (13,600,912)	\$ (23,434,728)
Other financing sources (uses)			
Bond premium	\$ 4,288,513	\$ -	\$ 4,288,513
Payment to refunded bond escrow agent	(13,350,497)	-	(13,350,497)
Issuance of refunding bonds	14,386,196	-	14,386,196
Transfers in	2,869,808	13,601,102	16,470,910
Total other financing sources (uses)	\$ 8,194,020	\$ 13,601,102	\$ 21,795,122
Net change in fund balance	\$ (1,639,796)	\$ 190	\$ (1,639,606)
Fund balance, beginning of year	1,928,411	213,679	2,142,090
Fund balance, end of year	\$ 288,615	\$ 213,869	\$ 502,484

Combining Statement of Net Assets
Internal Service Funds
At June 30, 2012

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Vehicle Replacement Fund	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 15,278,949	\$ 1,543,016	\$ 5,639	\$ 235,470	\$ 17,063,074
Accounts receivable	<u>15,507</u>	<u>-</u>	<u>1,765</u>	<u>-</u>	<u>17,272</u>
Total assets	<u>\$ 15,294,456</u>	<u>\$ 1,543,016</u>	<u>\$ 7,404</u>	<u>\$ 235,470</u>	<u>\$ 17,080,346</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	\$ 2,400	\$ 9,326	\$ 7,404	\$ 24,245	\$ 43,375
Claims payable	<u>1,430,962</u>	<u>113,526</u>	<u>-</u>	<u>-</u>	<u>1,544,488</u>
Total liabilities	\$ 1,433,362	\$ 122,852	\$ 7,404	\$ 24,245	\$ 1,587,863
Net assets					
Unrestricted	<u>\$ 13,861,094</u>	<u>\$ 1,420,164</u>	<u>\$ -</u>	<u>\$ 211,225</u>	<u>\$ 15,492,483</u>
Total net assets	<u>\$ 13,861,094</u>	<u>\$ 1,420,164</u>	<u>\$ -</u>	<u>\$ 211,225</u>	<u>\$ 15,492,483</u>

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2012

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Vehicle Replacement Fund	Total Internal Service Funds
Operating revenues					
Charges for services, net	\$ 25,641,754	\$ 1,660,495	\$ 155,778	\$ 703,212	\$ 28,161,239
Operating expenses					
Benefits and related expenses	\$ 27,417,922	\$ 1,390,703	\$ -	\$ -	\$ 28,808,625
Services and supplies	-	-	155,778	830,117	985,895
Total operating expenses	\$ 27,417,922	\$ 1,390,703	\$ 155,778	\$ 830,117	\$ 29,794,520
Operating income (loss)	\$ (1,776,168)	\$ 269,792	\$ -	\$ (126,905)	\$ (1,633,281)
Nonoperating revenues (expenses)					
Interest income	\$ 2,994	\$ 252	\$ -	\$ 34	\$ 3,280
Transfers					
Transfers in	\$ -	\$ -	\$ -	\$ 141,500	\$ 141,500
Net transfers	\$ -	\$ -	\$ -	\$ 141,500	\$ 141,500
Change in net assets	\$ (1,773,174)	\$ 270,044	\$ -	\$ 14,629	\$ (1,488,501)
Net assets, beginning of year	15,634,268	1,150,120	-	196,596	16,980,984
Net assets, end of year	\$ 13,861,094	\$ 1,420,164	\$ -	\$ 211,225	\$ 15,492,483

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2012

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Vehicle Replacement Fund	Total Internal Service Funds
Cash flows from operating activities					
Receipts from insured	\$ 26,619,802	\$ 1,660,545	\$ -	\$ -	\$ 28,280,347
Receipts from services	-	-	155,367	703,212	858,579
Payments to suppliers	(27,234,037)	(1,358,577)	(154,891)	(947,399)	(29,694,904)
Net cash provided by (used for) operating activities	\$ (614,235)	\$ 301,968	\$ 476	\$ (244,187)	\$ (555,978)
Cash flows from noncapital financing activities					
Transfers	\$ -	\$ -	\$ -	\$ 141,500	\$ 141,500
Cash flows from investing activities					
Interest income	\$ 2,994	\$ 252	\$ -	\$ 34	\$ 3,280
Net increase (decrease) in cash and cash equivalents	\$ (611,241)	\$ 302,220	\$ 476	\$ (102,653)	\$ (411,198)
Cash and cash equivalents, beginning of year	15,890,190	1,240,796	5,163	338,123	17,474,272
Cash and cash equivalents, end of year	<u>\$ 15,278,949</u>	<u>\$ 1,543,016</u>	<u>\$ 5,639</u>	<u>\$ 235,470</u>	<u>\$ 17,063,074</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ (1,776,168)	\$ 269,792	\$ -	\$ (126,905)	\$ (1,633,281)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Change in assets and liabilities:					
Receivables, net	978,048	50	(411)	-	977,687
Accounts payable and accrued expenses	(5,059)	17	887	(117,282)	(121,437)
Claims payable	188,944	32,109	-	-	221,053
Net cash provided by (used for) operating activities	<u>\$ (614,235)</u>	<u>\$ 301,968</u>	<u>\$ 476</u>	<u>\$ (244,187)</u>	<u>\$ (555,978)</u>

Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
At June 30, 2012

	H & L Graves Trust Fund	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund
Assets					
Cash and investments	\$ 2,933	\$ -	\$ 12,402	\$ 83,443	\$ 14,763
Investments with trustee	-	276,188	-	-	-
Accounts receivable	-	-	-	-	-
Total assets	<u>\$ 2,933</u>	<u>\$ 276,188</u>	<u>\$ 12,402</u>	<u>\$ 83,443</u>	<u>\$ 14,763</u>
Net Assets	\$ 2,933	\$ 276,188	\$ 12,402	\$ 83,443	\$ 14,763

AHS Synthetic Turf Field Fund	WAHS Synthetic Turf Field Fund	MHS Synthetic Turf Field Fund	Proffer Trust Fund	Total
\$ 2,634	\$ 2,073	\$ 908	\$ 2,180,685	\$ 2,299,841
-	-	-	-	276,188
-	-	-	22,903	22,903
<u>\$ 2,634</u>	<u>\$ 2,073</u>	<u>\$ 908</u>	<u>\$ 2,203,588</u>	<u>\$ 2,598,932</u>
<u>\$ 2,634</u>	<u>\$ 2,073</u>	<u>\$ 908</u>	<u>\$ 2,203,588</u>	<u>\$ 2,598,932</u>

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
Year Ended June 30, 2012

	H & L Graves Trust Fund	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Additions				
Investment earnings (losses)	\$ 4	\$ (7,679)	\$ 2	\$ 9
Proffers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>\$ 4</u>	<u>\$ (7,679)</u>	<u>\$ 2</u>	<u>\$ 9</u>
Deductions				
Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deductions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ 4	\$ (7,679)	\$ 2	\$ 9
Net assets, beginning of year	<u>\$ 2,929</u>	<u>\$ 283,867</u>	<u>\$ 12,400</u>	<u>\$ 83,434</u>
Net assets, end of year	<u><u>\$ 2,933</u></u>	<u><u>\$ 276,188</u></u>	<u><u>\$ 12,402</u></u>	<u><u>\$ 83,443</u></u>

Crozet Crossings Trust Fund	AHS Synthetic Turf Field Fund	WAHS Synthetic Turf Field Fund	MHS Synthetic Turf Field Fund	Proffer Trust Fund	Total
\$ 3	\$ -	\$ -	\$ -	\$ 301	\$ (7,360)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>882,144</u>	<u>882,144</u>
\$ 3	\$ -	\$ -	\$ -	\$ 882,445	\$ 874,784
\$ -	\$ -	\$ -	\$ -	\$ 118,223	\$ 118,223
\$ -	\$ -	\$ -	\$ -	\$ 118,223	\$ 118,223
\$ 3	\$ -	\$ -	\$ -	\$ 764,222	\$ 756,561
\$ 14,760	\$ 2,634	\$ 2,073	\$ 908	\$ 1,439,366	\$ 1,842,371
\$ 14,763	\$ 2,634	\$ 2,073	\$ 908	\$ 2,203,588	\$ 2,598,932

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Fiduciary Net Assets

Agency Funds

At June 30, 2012

	Special Welfare Fund	Hunting and Fishing License Fund	Drug Fund	Payroll Suspense Fund	HUD Family Self Sufficiency Fund	County Contribution Fund	Ace Contribution Fund
Assets							
Cash and investments	\$ 41,829	\$ 171	\$ 108,496	\$ 2,849,844	\$ 24,127	\$ 37,952	\$ 20,032
Accounts receivable	-	-	-	915	-	95	-
Total assets	<u>\$ 41,829</u>	<u>\$ 171</u>	<u>\$ 108,496</u>	<u>\$ 2,850,759</u>	<u>\$ 24,127</u>	<u>\$ 38,047</u>	<u>\$ 20,032</u>
Liabilities							
Accounts payable	\$ -	\$ 171	\$ -	\$ 2,850,759	\$ -	\$ -	\$ -
Amounts held for others	<u>41,829</u>	<u>-</u>	<u>108,496</u>	<u>-</u>	<u>24,127</u>	<u>38,047</u>	<u>20,032</u>
Total liabilities	<u>\$ 41,829</u>	<u>\$ 171</u>	<u>\$ 108,496</u>	<u>\$ 2,850,759</u>	<u>\$ 24,127</u>	<u>\$ 38,047</u>	<u>\$ 20,032</u>

CATEC Fund	Appeal Bond Fund	Sheriff Reserve Fund	Performance Bond Fund	Natural Heritage Fund	Commonwealth Attorney Commission Fund	Total
\$ (1,856,832)	\$ 4,250	\$ 11,441	\$ 4,881,972	\$ 1,086	\$ 180,763	\$ 6,305,131
<u>1,993,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,756</u>	<u>1,997,490</u>
<u>\$ 136,892</u>	<u>\$ 4,250</u>	<u>\$ 11,441</u>	<u>\$ 4,881,972</u>	<u>\$ 1,086</u>	<u>\$ 183,519</u>	<u>\$ 8,302,621</u>
\$ 136,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,987,822
<u>-</u>	<u>4,250</u>	<u>11,441</u>	<u>4,881,972</u>	<u>1,086</u>	<u>183,519</u>	<u>5,314,799</u>
<u>\$ 136,892</u>	<u>\$ 4,250</u>	<u>\$ 11,441</u>	<u>\$ 4,881,972</u>	<u>\$ 1,086</u>	<u>\$ 183,519</u>	<u>\$ 8,302,621</u>

This page intentionally left blank

Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Special Welfare Fund:				
Assets:				
Cash and investments	\$ <u>28,559</u>	\$ <u>148,412</u>	\$ <u>135,142</u>	\$ <u>41,829</u>
Liabilities:				
Amounts held for others	\$ <u>28,559</u>	\$ <u>148,412</u>	\$ <u>135,142</u>	\$ <u>41,829</u>
Hunting and Fishing License Fund:				
Assets:				
Cash and investments	\$ <u>171</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>171</u>
Liabilities:				
Accounts payable	\$ <u>171</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>171</u>
Drug Fund:				
Assets:				
Cash and investments	\$ <u>96,145</u>	\$ <u>14,745</u>	\$ <u>2,394</u>	\$ <u>108,496</u>
Liabilities:				
Accounts payable	667	-	667	-
Amounts held for others	\$ <u>95,478</u>	\$ <u>14,745</u>	\$ <u>1,727</u>	\$ <u>108,496</u>
Total liabilities	\$ <u>96,145</u>	\$ <u>14,745</u>	\$ <u>2,394</u>	\$ <u>108,496</u>
Payroll Suspense Fund:				
Assets:				
Cash and investments	\$ <u>204,996</u>	\$ <u>2,849,844</u>	\$ <u>204,996</u>	\$ <u>2,849,844</u>
Accounts receivable	<u>600</u>	<u>915</u>	<u>600</u>	<u>915</u>
Total assets	\$ <u>205,596</u>	\$ <u>2,850,759</u>	\$ <u>205,596</u>	\$ <u>2,850,759</u>
Liabilities:				
Accounts payable	\$ <u>205,596</u>	\$ <u>2,850,759</u>	\$ <u>205,596</u>	\$ <u>2,850,759</u>
Total liabilities	\$ <u>205,596</u>	\$ <u>2,850,759</u>	\$ <u>205,596</u>	\$ <u>2,850,759</u>

Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2012 (Continued)

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
HUD Family Self Sufficiency Fund:				
Assets:				
Cash and investments	\$ <u>24,128</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>24,127</u>
Liabilities:				
Amounts held for others	\$ <u>24,128</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>24,127</u>
County Contribution Fund:				
Assets:				
Cash and investments	\$ 35,083	\$ 6,090	\$ 3,221	\$ 37,952
Accounts receivable	<u>45</u>	<u>95</u>	<u>45</u>	<u>95</u>
Total assets	\$ <u>35,128</u>	\$ <u>6,185</u>	\$ <u>3,266</u>	\$ <u>38,047</u>
Liabilities:				
Amounts held for others	\$ <u>35,128</u>	\$ <u>6,185</u>	\$ <u>3,266</u>	\$ <u>38,047</u>
Ace Contribution Fund:				
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>
CATEC:				
Assets:				
Cash and investments	\$ (451,607)	\$ 451,607	\$ 1,856,832	\$ (1,856,832)
Accounts receivable	<u>626,165</u>	<u>1,993,724</u>	<u>626,165</u>	<u>1,993,724</u>
Total assets	\$ <u>174,558</u>	\$ <u>2,445,331</u>	\$ <u>2,482,997</u>	\$ <u>136,892</u>
Liabilities:				
Accounts payable	\$ <u>174,558</u>	\$ <u>2,445,331</u>	\$ <u>2,482,997</u>	\$ <u>136,892</u>
Appeal Bond Fund:				
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>
Sheriff Reserve Fund:				
Assets:				
Cash and investments	\$ <u>5,975</u>	\$ <u>11,966</u>	\$ <u>6,500</u>	\$ <u>11,441</u>
Liabilities:				
Amounts held for others	\$ <u>5,975</u>	\$ <u>11,966</u>	\$ <u>6,500</u>	\$ <u>11,441</u>

Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2012 (Continued)

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Performance Bond Fund:				
Assets:				
Cash and investments	\$ <u>5,061,572</u>	\$ <u>1,074,440</u>	\$ <u>1,254,040</u>	\$ <u>4,881,972</u>
Liabilities:				
Amounts held for others	\$ <u>5,061,572</u>	\$ <u>1,074,440</u>	\$ <u>1,254,040</u>	\$ <u>4,881,972</u>
Natural Heritage Fund:				
Assets:				
Cash and investments	\$ <u>1,086</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,086</u>
Liabilities:				
Amounts held for others	\$ <u>1,086</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,086</u>
Economic Development Authority Fund:				
Assets:				
Cash and investments	\$ <u>100,000</u>	\$ <u>150,000</u>	\$ <u>250,000</u>	\$ <u>-</u>
Liabilities:				
Amounts held for others	\$ <u>100,000</u>	\$ <u>150,000</u>	\$ <u>250,000</u>	\$ <u>-</u>
Commonwealth Attorney Commission Fund:				
Assets:				
Cash and investments	\$ 123,576	\$ 118,415	\$ 61,228	\$ 180,763
Accounts receivable	<u>-</u>	<u>2,756</u>	<u>-</u>	<u>2,756</u>
Total assets	\$ <u>123,576</u>	\$ <u>121,171</u>	\$ <u>61,228</u>	\$ <u>183,519</u>
Liabilities:				
Amounts held for others	\$ <u>123,576</u>	\$ <u>121,171</u>	\$ <u>61,228</u>	\$ <u>183,519</u>
Totals--All Agency Funds:				
Assets:				
Cash and investments	\$ 5,253,966	\$ 4,825,519	\$ 3,774,354	\$ 6,305,131
Accounts receivable	<u>626,810</u>	<u>1,997,490</u>	<u>626,810</u>	<u>1,997,490</u>
Total assets	\$ <u>5,880,776</u>	\$ <u>6,823,009</u>	\$ <u>4,401,164</u>	\$ <u>8,302,621</u>
Liabilities:				
Accounts payable	\$ 380,992	\$ 5,296,090	\$ 2,750,488	\$ 2,987,822
Amounts held for others	<u>5,499,784</u>	<u>1,526,919</u>	<u>1,650,676</u>	<u>5,314,799</u>
Total liabilities	\$ <u>5,880,776</u>	\$ <u>6,823,009</u>	\$ <u>4,401,164</u>	\$ <u>8,302,621</u>

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

	Special Revenue Funds			
	Courthouse Maintenance Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-
Charges for services	41,621	41,621	41,115	(506)
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Contribution from School Board	-	-	-	-
Revenue from the Commonwealth	-	-	-	-
Revenue from the Federal Government	-	-	-	-
Total revenues	\$ 41,621	\$ 41,621	\$ 41,115	\$ (506)
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Public Works				
Energy efficiency	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Day care program	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-
Bond issue costs	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Bond premium	\$ -	\$ -	\$ -	\$ -
Payment to refunded bond escrow agent	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(41,621)	(41,621)	(41,621)	-
Total other financing sources (uses)	\$ (41,621)	\$ (41,621)	\$ (41,621)	\$ -
Net changes in fund balances	\$ -	\$ -	\$ (506)	\$ (506)
Fund balances at beginning of year	-	-	32,601	32,601
Fund balances at end of year	\$ -	\$ -	\$ 32,095	\$ 32,095

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)
\$ -	\$ -	\$ -	\$ -	\$ 1,312,500	\$ 1,312,500	\$ 1,329,171	\$ 16,671
-	-	128	128	-	-	-	-
-	-	-	-	-	-	-	-
5,000	13,008	4,932	(8,076)	-	-	-	-
35,000	95,577	109,518	13,941	-	-	-	-
858,535	858,535	858,535	-	-	-	-	-
4,152,206	4,201,529	4,457,165	255,636	-	-	-	-
3,101,362	5,565,988	4,373,777	(1,192,211)	-	-	-	-
\$ 8,152,103	\$ 10,734,637	\$ 9,804,055	\$ (930,582)	\$ 1,312,500	\$ 1,312,500	\$ 1,329,171	\$ 16,671
\$ 751,590	\$ 781,532	\$ 739,711	\$ 41,821	\$ -	\$ -	\$ -	\$ -
\$ 110,606	\$ 683,405	\$ 529,283	\$ 154,122	\$ -	\$ -	\$ -	\$ -
\$ (27,625)	\$ 166,217	\$ 152,549	\$ 13,668	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 25,127	\$ 25,127	\$ -	\$ -	\$ -	\$ -	\$ -
6,752,793	6,752,793	6,643,783	109,010	-	-	-	-
1,085,545	1,085,545	1,047,487	38,058	-	-	-	-
17,000	1,124,996	480,748	644,248	-	-	-	-
\$ 7,855,338	\$ 8,988,461	\$ 8,197,145	\$ 791,316	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 710,736	\$ 587,141	\$ 123,595	\$ -	\$ -	\$ -	\$ -
2,706,000	2,706,000	2,821,808	(115,808)	-	-	-	-
\$ 2,706,000	\$ 3,416,736	\$ 3,408,949	\$ 7,787	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 11,395,909	\$ 14,036,351	\$ 13,027,637	\$ 1,008,714	\$ -	\$ -	\$ -	\$ -
\$ (3,243,806)	\$ (3,301,714)	\$ (3,223,582)	\$ 78,132	\$ 1,312,500	\$ 1,312,500	\$ 1,329,171	\$ 16,671
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,628,566	3,626,660	2,781,228	(845,432)	-	-	-	-
(329,510)	(337,510)	(320,379)	17,131	(1,312,500)	(1,312,500)	(1,312,500)	-
\$ 3,299,056	\$ 3,289,150	\$ 2,460,849	\$ (828,301)	\$ (1,312,500)	\$ (1,312,500)	\$ (1,312,500)	\$ -
\$ 55,250	\$ (12,564)	\$ (762,733)	\$ (750,169)	\$ -	\$ -	\$ 16,671	\$ 16,671
-	12,564	2,538,900	2,526,336	-	-	342,634	342,634
\$ -	\$ -	\$ 1,776,167	\$ 1,776,167	\$ -	\$ -	\$ 359,305	\$ 359,305

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	
Revenues:				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	283,178	283,178	20,300	(262,878)
Intergovernmental:				
Contribution from School Board	-	-	-	-
Revenue from the Commonwealth	-	-	-	-
Revenue from the Federal Government	-	-	-	-
Total revenues	\$ 283,178	\$ 283,178	\$ 20,300	\$ (262,878)
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Public Works				
Energy efficiency	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Day care program	\$ -	\$ -	\$ -	\$ -
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	\$ 2,906,781	\$ 7,933,207	\$ 7,933,207	\$ -
Interest and fiscal charges	1,285,444	1,245,188	1,245,188	-
Bond issue costs	-	675,721	675,721	-
Capital projects	-	-	-	-
Total expenditures	\$ 4,192,225	\$ 9,854,116	\$ 9,854,116	\$ -
Excess (deficiency) of revenues over expenditures	\$ (3,909,047)	\$ (9,570,938)	\$ (9,833,816)	\$ (262,878)
Other financing sources (uses):				
Bond premium	\$ -	\$ 4,288,513	\$ 4,288,513	\$ -
Payment to refunded bond escrow agent	-	(13,350,498)	(13,350,497)	1
Issuance of refunding bonds	-	14,386,196	14,386,196	-
Transfers in	3,909,047	2,869,807	2,869,807	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ 3,909,047	\$ 8,194,018	\$ 8,194,019	\$ 1
Net changes in fund balances	\$ -	\$ (1,376,920)	\$ (1,639,797)	\$ (262,877)
Fund balances at beginning of year	-	1,376,920	1,928,411	551,491
Fund balances at end of year	\$ -	\$ -	\$ 288,614	\$ 288,614

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
204,224	204,224	204,224	-	-	-	670	670
-	-	-	-	-	-	10,509	10,509
-	-	-	-	-	-	53,200	53,200
-	-	-	-	-	-	122,000	122,000
-	-	-	-	-	-	-	-
-	-	-	-	-	378,531	341,911	(36,620)
-	-	39,194	39,194	-	160,200	-	(160,200)
\$ 204,224	\$ 204,224	\$ 243,418	\$ 39,194	\$ -	\$ 538,731	\$ 528,290	\$ (10,441)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,275,000	\$ 8,275,000	\$ 8,930,000	\$ (655,000)	\$ -	\$ -	\$ -	\$ -
4,869,958	4,869,958	4,914,329	(44,371)	-	-	-	-
-	-	-	-	-	-	-	-
15,494	15,494	-	15,494	104,500	2,872,141	1,136,400	1,735,741
\$ 13,160,452	\$ 13,160,452	\$ 13,844,329	\$ (683,877)	\$ 104,500	\$ 2,872,141	\$ 1,136,400	\$ 1,735,741
\$ (12,956,228)	\$ (12,956,228)	\$ (13,600,911)	\$ (644,683)	\$ (104,500)	\$ (2,333,410)	\$ (608,110)	\$ 1,725,300
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,956,228	12,956,228	13,601,102	644,874	104,500	2,333,410	104,500	(2,228,910)
-	-	-	-	-	-	-	-
\$ 12,956,228	\$ 12,956,228	\$ 13,601,102	\$ 644,874	\$ 104,500	\$ 2,333,410	\$ 104,500	\$ (2,228,910)
\$ -	\$ -	\$ 191	\$ 191	\$ -	\$ -	\$ (503,610)	\$ (503,610)
-	-	213,679	213,679	-	-	3,499,270	3,499,270
\$ -	\$ -	\$ 213,870	\$ 213,870	\$ -	\$ -	\$ 2,995,660	\$ 2,995,660

Component Unit School Board
Combining Balance Sheet
At June 30, 2012

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 21,204,326	\$ 1,301,403	\$ 3,059,660	\$ 25,565,389
Accounts receivable	981,895	16,856	-	998,751
Due from other governments	5,861,378	49,997	752,000	6,663,375
Prepaid items	88,912	235	-	89,147
Inventories	374,297	92,964	-	467,261
Total assets	\$ 28,510,808	\$ 1,461,455	\$ 3,811,660	\$ 33,783,923
Liabilities				
Accounts payable and accrued liabilities	\$ 15,031,619	\$ 345,916	\$ 864,813	\$ 16,242,348
Deferred revenue	80,195	-	-	80,195
Total liabilities	\$ 15,111,814	\$ 345,916	\$ 864,813	\$ 16,322,543
Fund Balance				
Nonspendable:				
Inventories and prepaids	\$ 463,209	\$ 92,964	\$ -	\$ 556,173
Committed:				
School maintenance projects	-	-	385,824	385,824
Brownsville Elementary School construction	-	-	65,713	65,713
Greer Elementary School construction	-	-	1,342,174	1,342,174
Special revenue	12,935,785	1,022,575	-	13,958,360
Assigned:				
Capital projects	-	-	1,153,136	1,153,136
Total fund balance	\$ 13,398,994	\$ 1,115,539	\$ 2,946,847	\$ 17,461,380
Total liabilities and fund balance	\$ 28,510,808	\$ 1,461,455	\$ 3,811,660	\$ 33,783,923

Component Unit School Board

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

At June 30, 2012

Total fund balances for governmental funds	\$ 17,461,380
--	---------------

Total net assets reported for governmental activities in the statement of net assets
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 and land improvements	\$ 6,096,992
Buildings and improvements, net of depreciation	133,716,663
Furniture, equipment and vehicles, net of depreciation	7,304,721
School Board capital assets in primary government, net of depreciation	<u>(73,434,585)</u>

Total capital assets	73,683,791
----------------------	------------

School bond proceeds for which capital assets have not been constructed or acquired.

This adjustment is required to properly report actual debt unexpended

which will be used to construct or acquire capital assets.	(8,100,630)
--	-------------

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 assets consist of the following:

Compensated absences	(2,280,353)
Other post employment benefits	<u>(4,234,000)</u>

Total net assets of governmental activities (Exhibit 1)	<u>\$ 76,530,188</u>
---	----------------------

Component Unit School Board

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2012

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
Revenues				
Use of money and property	\$ 873,552	\$ 199	\$ 11,671	\$ 885,422
Charges for services	3,684,679	2,542,408	-	6,227,087
Miscellaneous	2,726,013	68,614	-	2,794,627
Recovered costs	645,978	-	27,643	673,621
Intergovernmental:				
Appropriation from primary government	97,245,582	-	7,718,658	104,964,240
Revenue from the Commonwealth	39,472,904	58,348	752,000	40,283,252
Revenue from the Federal Government	9,149,032	2,270,466	-	11,419,498
Total revenues	\$ 153,797,740	\$ 4,940,035	\$ 8,509,972	\$ 167,247,747
Expenditures				
Current:				
Education:				
Instruction	\$ 104,861,280	\$ -	\$ -	\$ 104,861,280
Administration, attendance and health	8,495,157	-	-	8,495,157
Transportation	8,930,848	-	-	8,930,848
Special Programs	14,895,335	-	-	14,895,335
Facilities operations	13,403,358	-	-	13,403,358
School food services		4,678,275	-	4,678,275
Building improvements	162,117	-	-	162,117
Technology	2,025,988	-	-	2,025,988
Contribution to primary government	1,184,346	-	-	1,184,346
Capital projects	-	-	9,651,112	9,651,112
Total expenditures	\$ 153,958,429	\$ 4,678,275	\$ 9,651,112	\$ 168,287,816
Excess (deficiency) of revenues over expenditures	\$ (160,689)	\$ 261,760	\$ (1,141,140)	\$ (1,040,069)
Other financing sources (uses)				
Transfers in	\$ 219,000	\$ -	\$ 192,000	\$ 411,000
Transfers (out)	(192,000)	(75,000)	(144,000)	(411,000)
Total other financing sources (uses)	\$ 27,000	\$ (75,000)	\$ 48,000	\$ -
Net change in fund balance	\$ (133,689)	\$ 186,760	\$ (1,093,140)	\$ (1,040,069)
Fund balance, beginning of year	13,532,683	928,779	4,039,987	18,501,449
Fund balance, end of year	\$ 13,398,994	\$ 1,115,539	\$ 2,946,847	\$ 17,461,380

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, 2012

Net change in fund balances - total governmental funds \$ (1,040,069)

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	\$ 4,963,259	
Construction in progress deletions	(12,021,516)	
Buildings and improvements additions	11,678,885	
Other improvement additions	1,624,542	
Other improvement deletions, net of accumulated depreciation	(42,152)	
Furniture, equipment and vehicle additions	3,168,794	
Furniture, equipment and vehicle deletions, net of accumulated depreciation	<u>(31,425)</u>	9,340,387
Depreciation expense (total \$7,929,562 less allocated to primary government \$3,216,287)		(7,929,562)

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	(4,963,259)	
Construction in progress deletions	12,021,516	
School buildings and improvements additions	(11,678,885)	
School buildings and improvements deletions	9,940,145	
Transfer of depreciation	<u>(4,546,933)</u>	772,584

Change in School bond proceeds for which capital assets have not been constructed or acquired. (3,232,925)

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:

Other post employment benefits	(1,054,000)
Compensated absences	<u>(205,887)</u>

Change in net assets of governmental activities (Exhibit 2) \$ (3,349,472)

COUNTY OF ALBEMARLE, VIRGINIA

Component Unit School Board
 School Funds
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	School Operating Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Use of money and property	\$ 798,181	\$ 798,181	\$ 873,552	\$ 75,371
Charges for services	3,769,760	3,769,760	3,684,679	(85,081)
Miscellaneous	2,155,155	2,497,772	2,726,013	228,241
Recovered costs	510,735	510,735	645,978	135,243
Intergovernmental:				
Appropriation from primary government	97,245,582	97,245,582	97,245,582	-
Revenue from the Commonwealth	40,185,015	40,242,212	39,472,904	(769,308)
Revenue from the Federal Government	9,313,934	11,206,293	9,149,032	(2,057,261)
Total revenues	\$ 153,978,362	\$ 156,270,535	\$ 153,797,740	\$ (2,472,795)
Expenditures				
Current:				
Education:				
Instruction	\$ 108,998,641	\$ 109,516,248	\$ 104,861,280	\$ 4,654,968
Administration, attendance and health	6,480,443	6,479,843	8,495,157	(2,015,314)
Transportation	8,716,178	8,716,178	8,930,848	(214,670)
Special Programs	15,074,103	18,517,081	14,895,335	3,621,746
Facilities operations	13,927,018	13,930,074	13,403,358	526,716
Food service operations	-	-	-	-
Building improvements	162,100	162,100	162,117	(17)
Capital projects	-	-	-	-
Technology	2,214,256	2,214,256	2,025,988	188,268
Contribution to primary government	1,197,550	1,197,550	1,184,346	13,204
Total expenditures	\$ 156,770,289	\$ 160,733,330	\$ 153,958,429	\$ 6,774,901
Excess (deficiency) of revenues over expenditures	\$ (2,791,927)	\$ (4,462,795)	\$ (160,689)	\$ 4,302,106
Other financing sources (uses)				
Transfers in	\$ 5,911,925	\$ 7,774,793	\$ 219,000	\$ (7,555,793)
Transfers (out)	(3,119,998)	(3,311,998)	(192,000)	3,119,998
Total other financing sources (uses)	\$ 2,791,927	\$ 4,462,795	\$ 27,000	\$ (4,435,795)
Net change in fund balance	\$ -	\$ -	\$ (133,689)	\$ (133,689)
Fund balance, beginning of year	-	-	13,532,683	13,532,683
Fund balance, end of year	\$ -	\$ -	\$ 13,398,994	\$ 13,398,994

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)
\$ 1,066	\$ 1,066	\$ 199	\$ (867)	\$ 20,000	\$ 20,000	\$ 11,671	\$ (8,329)
3,185,053	3,185,053	2,542,408	(642,645)	-	-	-	-
-	-	68,614	68,614	-	24,016	-	(24,016)
-	-	-	-	-	-	27,643	27,643
-	-	-	-	6,927,133	7,713,604	7,718,658	5,054
76,000	76,000	58,348	(17,652)	752,000	778,000	752,000	(26,000)
1,874,684	1,874,684	2,270,466	395,782	-	-	-	-
\$ 5,136,803	\$ 5,136,803	\$ 4,940,035	\$ (196,768)	\$ 7,699,133	\$ 8,535,620	\$ 8,509,972	\$ (25,648)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,061,803	5,061,803	4,678,275	383,528	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,779,403	11,536,056	9,651,112	1,884,944
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 5,061,803	\$ 5,061,803	\$ 4,678,275	\$ 383,528	\$ 9,779,403	\$ 11,536,056	\$ 9,651,112	\$ 1,884,944
\$ 75,000	\$ 75,000	\$ 261,760	\$ 186,760	\$ (2,080,270)	\$ (3,000,436)	\$ (1,141,140)	\$ 1,859,296
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,000	\$ 192,000	\$ -
(75,000)	(75,000)	(75,000)	-	(144,000)	(144,000)	(144,000)	-
(75,000)	(75,000)	(75,000)	-	(144,000)	48,000	48,000	-
\$ -	\$ -	\$ 186,760	\$ 186,760	\$ (2,224,270)	\$ (2,952,436)	\$ (1,093,140)	\$ 1,859,296
-	-	928,779	928,779	2,224,270	2,952,436	4,039,987	1,087,551
\$ -	\$ -	\$ 1,115,539	\$ 1,115,539	\$ -	\$ -	\$ 2,946,847	\$ 2,946,847

This page intentionally left blank

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.

15 - 17

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

This page intentionally left blank

COUNTY OF ALBEMARLE, VIRGINIA

Table 1

Net Assets by Component

Last Ten Fiscal Years

(full accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,459,023	\$ 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
Restricted:										
Capital projects	-	-	-	-	-	-	-	-	-	23,187,330
Grant compliance	-	-	-	-	-	-	-	-	-	1,776,167
Debt service	-	-	-	-	-	-	-	-	-	502,484
Unrestricted	44,530,557	46,049,765	53,372,954	67,524,755	71,036,209	68,831,778	76,990,400	73,771,675	74,837,691	45,235,853
Total governmental activities net assets	\$ 49,989,580	\$ 53,926,091	\$ 61,362,390	\$ 75,281,098	\$ 81,544,360	\$ 86,102,979	\$ 80,782,030	\$ 87,448,821	\$ 92,591,014	\$ 92,146,483
Component Unit - School Board										
Invested in capital assets, net of related debt	\$ 60,740,476	\$ 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
Unrestricted	4,289,448	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
Total component unit activities net assets	\$ 65,029,924	\$ 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

COUNTY OF ALBEMARLE, VIRGINIA

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government administration	\$ 7,899,554	\$ 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
Judicial administration	3,178,415	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
Public safety	18,022,164	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
Public works	4,172,779	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
Health and welfare	15,393,448	15,420,194	17,207,907	19,332,236	20,787,939	22,348,922	22,623,545	22,711,257	23,217,827	23,234,055
Education	67,303,304	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
Parks, recreation and cultural	5,392,060	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
Community development	13,577,113	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
Interest on long-term debt	4,572,113	4,730,758	5,076,267	5,012,540	5,111,066	5,206,440	5,670,737	6,037,722	5,711,478	5,330,390
Total governmental activities expenses	\$ 139,510,950	\$ 160,530,019	\$ 165,572,256	\$ 181,445,320	\$ 203,826,307	\$ 221,921,942	\$ 233,566,814	\$ 227,827,066	\$ 225,256,702	\$ 227,317,161
Component unit activities:										
Albemarle County Public Schools	\$ 110,241,366	\$ 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
Total component unit activities expenses	\$ 110,241,366	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 285,382	\$ 231,776	\$ 293,598	\$ 20,601	\$ 14,398	\$ 296,899	\$ 327,307	\$ 66,288	\$ 37,049	\$ 427,114
Judicial administration	624,375	664,415	741,021	844,012	767,257	1,148,419	1,163,869	888,120	493,144	342,246
Public safety	2,015,349	2,039,252	721,319	1,195,111	1,460,803	637,758	477,246	1,148,738	1,997,033	2,928,839
Public works	149,165	60,282	1,161,680	1,473,921	116,888	91,163	59,982	20,345	621,781	40,095
Health and welfare	31,100	36,964	30,150	-	-	-	-	-	-	-
Education	-	-	-	12,000	-	-	-	-	-	-
Parks, recreation and cultural	243,808	248,991	263,401	287,448	308,022	329,600	351,174	346,209	320,996	327,731
Community development	5,235	9,595	159,897	14,694	1,371,704	1,229,831	1,362,863	1,451,072	1,662,268	1,733,253
Operating grants and contributions	16,826,848	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
Capital grants and contributions	126,557	267,078	8,296	71,104	-	587,914	470,606	207,078	282,118	631,468
Total governmental activities program revenues	\$ 20,307,819	\$ 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
Component unit activities:										
Albemarle County Public Schools:										
Charges for services	\$ 4,827,876	\$ 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
Operating grants and contributions	36,298,040	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
Capital grants and contributions	871,705	897,783	900,607	875,221	1,028,689	847,098	895,867	700,000	700,000	752,000
Total component unit activities program revenues	\$ 41,997,621	\$ 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
Net (expense) / revenue										
Governmental activities	\$ (119,203,131)	\$ (139,692,809)	\$ (143,900,012)	\$ (157,837,264)	\$ (180,088,966)	\$ (196,986,873)	\$ (209,652,579)	\$ (202,934,950)	\$ (197,878,711)	\$ (200,692,620)
Component unit activities	\$ (68,243,745)	\$ (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)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2
Page 2 of 2

Changes in Net Assets

Last Ten Fiscal Years

(full accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
General property taxes, real and personal	\$ 76,052,503	\$ 84,349,826	\$ 96,257,563	\$ 107,171,539	\$ 118,295,816	\$ 133,597,874	\$ 142,649,142	\$ 140,241,324	\$ 136,848,200	\$ 137,642,494
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
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
Consumer utility taxes	-	6,769,416	6,993,297	7,291,340	6,117,754	9,389,438	9,051,996	9,181,669	4,346,372	4,143,933
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
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
Other local taxes	33,782,441	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
Unrestricted grants and contributions	14,760,835	14,877,134	15,668,486	16,755,870	16,275,000	15,730,484	15,603,533	15,556,934	20,516,007	20,844,755
Unrestricted revenues from use of money and property	721,570	1,041,538	1,757,424	3,149,905	3,989,448	3,284,263	1,563,093	846,649	805,955	608,377
Investment Earnings	438,509	-	-	-	-	-	-	-	-	-
Miscellaneous	263,791	277,330	68,023	321,231	1,917,885	1,292,537	469,286	937,284	203,873	319,380
Total governmental activities	\$ 126,019,649	\$ 137,226,928	\$ 153,336,311	\$ 171,755,972	\$ 186,352,228	\$ 201,327,456	\$ 204,545,742	\$ 201,071,522	\$ 198,899,385	\$ 200,248,089
Component Unit - School Board activities:										
Payment from COA- Education	\$ 65,330,729	\$ 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
Unrestricted revenues from use of money and property	464,051	593,110	898,312	685,750	1,189,784	1,048,805	873,647	799,208	811,439	885,422
Investment Earnings	91,754	-	-	-	-	-	-	-	-	-
Miscellaneous	213,708	911,823	632,146	1,814,805	683,906	2,613,064	3,144,786	2,745,318	2,862,527	2,794,627
Total component unit activities	\$ 66,100,242	\$ 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
Change in Net Assets										
Governmental activities	\$ 6,816,518	\$ (2,465,881)	\$ 9,436,299	\$ 13,918,708	\$ 6,263,262	\$ 4,340,582	\$ (5,106,838)	\$ (1,863,429)	\$ 1,020,675	\$ (444,531)
Component Unit activities	(2,143,503)	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)
Total reporting entity	\$ 4,673,015	\$ 4,015,974	\$ 15,501,696	\$ 14,407,718	\$ 11,172,682	\$ 7,004,453	\$ (3,563,509)	\$ 3,088,714	\$ 1,299,579	\$ (3,794,003)

COUNTY OF ALBEMARLE, VIRGINIA

Table 3

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

Fiscal Year	General Property Tax	Local sales and use Tax	Meals Tax	Motor				Record- ation and Wills Tax	Business License Tax	Utility		Seller's Tax	Other	Total
				Consumer Utility Tax	Vehicle License Tax	Bank Franchise Tax	Business License Tax			Company Tax	Company Tax			
2003 \$	76,053 \$	10,305 \$	3,929 \$	6,399 \$	1,959 \$	277 \$	1,065 \$	6,558 \$	457 \$	355 \$	2,478 \$	\$	109,835	
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	

COUNTY OF ALBEMARLE, VIRGINIA

Table 4

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Nonspendable	\$ 58,624	\$ 103,082	\$ 79,634	\$ 68,505	\$ 62,697	\$ 60,143	\$ 46,984	\$ 63,614	\$ 114,626	\$ 104,517
Committed	-	-	-	-	-	-	-	-	715,565	905,080
Unassigned	18,186,784	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
Total general fund	\$ 18,245,408	\$ 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
All other governmental funds										
Nonspendable										
Loan receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,468	\$ 85,284
Restricted										
Grant compliance	-	-	-	-	-	-	-	-	2,538,900	1,776,167
Debt service funds	2,923,459	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
Committed										
Capital projects funds	1,835,677	1,460,476	-	-	-	-	-	-	10,247,313	4,734,513
Assigned										
Special revenue	-	-	-	-	-	-	-	-	380,375	412,061
Capital projects funds	-	-	-	-	-	-	-	-	8,973,148	1,259,919
Unreserved										
Designated										
Subsequent year's expenditures:										
Special revenue funds	2,330,012	528,210	463,907	254,568	402,257	2,931,104	3,153,769	2,997,406	-	-
Capital projects funds	27,937,654	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	1,079,300	1,125,173	1,350,718	913,412	1,736,611	-	-	-	-	-
Other governmental funds	-	-	57,785	-	-	-	-	-	-	-
Total all other governmental funds	\$ 36,106,102	\$ 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

COUNTY OF ALBEMARLE, VIRGINIA

Table 5

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
General property taxes	\$ 75,809,882	\$ 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
Other local taxes	33,782,441	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
Permits, privilege fees and regulatory licenses	1,315,973	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
Fines and forfeitures	228,064	295,096	280,386	303,707	494,194	441,600	547,198	476,500	622,358	990,216
Revenue from use of money and property	1,124,191	1,011,658	1,757,424	2,831,809	3,447,049	2,787,863	1,360,326	879,118	787,407	605,097
Charges for services	1,810,377	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
Miscellaneous	263,791	277,330	92,777	321,231	368,385	1,292,537	469,286	504,648	147,857	319,380
Recovered costs	2,246,685	1,910,031	1,697,914	2,857,739	2,479,160	623,070	398,641	399,889	1,017,954	668,751
Intergovernmental:										
Contribution from School Board	-	-	-	-	-	1,549,542	1,581,723	1,569,148	2,662,976	1,184,346
Contribution from Crozet Crossings Trust	-	-	-	-	-	-	-	430,800	44,559	-
Contribution from other entities	-	-	-	-	-	-	-	1,836	11,457	-
Commonwealth	23,976,624	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
Federal	7,737,616	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
Total revenues	\$ 148,295,644	\$ 160,374,064	\$ 174,665,901	\$ 197,980,752	\$ 210,254,033	\$ 227,050,068	\$ 226,893,133	\$ 226,037,566	\$ 229,998,093	\$ 231,726,565
Expenditures										
General government administration	\$ 7,046,659	\$ 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
Judicial administration	2,887,108	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
Public safety	17,370,544	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
Public works	3,140,146	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
Health and welfare	16,412,125	16,528,022	18,511,080	19,835,619	20,299,219	22,245,602	22,558,259	22,284,450	22,754,657	22,898,867
Education - local community college	22,060	22,060	22,060	22,060	22,060	23,475	23,475	23,475	22,301	22,524
Education - public school system	73,570,779	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
Education - trust funds	-	-	-	-	-	-	-	-	150,000	-
Parks, recreation and cultural	4,365,255	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
Community development	13,466,710	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
Contingencies	-	-	-	-	-	-	-	-	594,970	892,611
Capital outlay	12,316,768	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
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	6,723,740	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
Interest and other fiscal charges	4,550,555	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
Total expenditures	\$ 161,872,749	\$ 168,838,265	\$ 186,244,652	\$ 199,380,909	\$ 223,184,511	\$ 238,620,574	\$ 260,686,410	\$ 232,629,990	\$ 236,162,180	\$ 243,446,589
Excess of revenues over (under) expenditures	\$ (13,577,105)	\$ (8,464,201)	\$ (11,578,751)	\$ (1,400,157)	\$ (12,930,478)	\$ (11,570,506)	\$ (33,793,277)	\$ (6,592,424)	\$ (6,164,087)	\$ (11,720,024)
Other financing sources (uses)										
Transfers in	\$ 20,845,312	\$ 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
Transfers out	(20,845,312)	(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)
Bonds issued	27,090,000	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	335,577	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	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 27,425,577	\$ 14,210,333	\$ 8,988,109	\$ 7,853,159	\$ 15,273,018	\$ 11,851,450	\$ 35,565,060	\$ -	\$ 7,908,717	\$ 27,111,516
Net change in fund balances	\$ 13,848,472	\$ 5,746,132	\$ (2,590,642)	\$ 6,453,002	\$ 2,342,540	\$ 280,944	\$ 1,771,783	\$ (6,592,424)	\$ 1,744,630	\$ 15,391,492
Debt service as a percentage of noncapital expenditures	6.96%	7.24%	7.03%	6.80%	6.17%	6.33%	5.99%	8.04%	7.20%	9.92%

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	
2003	\$ 7,814,136	\$ 667,234	\$ 218,342	\$ 8,699,712	\$	0.964
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

(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	
2003	\$.76/.76	\$ 4.28/4.28	\$.76/.76	\$ 4.28/4.28	0.964
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

(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 2012				Fiscal Year 2003			
		2012 Assessed Valuation (1)	Rank	% of Total Assessed Valuation		2003 Assessed Valuation (2)	Rank	% of Total Assessed Valuation	
University Real Estate Foundation	Office Park	\$ 284,917	1	1.77%		\$ 130,166	1	1.50%	
Wendell W Wood	Developer	112,929	2	0.70%		-	-	-	
Westminster - Canterbury	Retirement Village	108,574	3	0.68%		55,332	2	0.64%	
Charles W. Hurt	Developer	84,416	4	0.53%		55,177	3	0.63%	
Charles Rotgin Jr	Developer	78,007	5	0.49%		-	-	-	
Shopping Center Associates	Shopping Mall	74,894	6	0.47%		40,968	4	0.47%	
PJP Buildings, LC	Developer	61,387	7	0.38%		-	-	-	
March Mountain Properties, LLC	Developer	54,138	8	0.34%		-	-	-	
Neighborhood Investments, LLC	Developer	49,971	9	0.31%		-	-	-	
University Real Estate Foundation	Retirement Village	48,521	10	0.30%		30,797	7	0.35%	
Glenmore Associates	Developer	-	-	-		35,819	5	0.41%	
Keswick Corporation	Developer	-	-	-		32,341	6	0.37%	
First Interstate - Charlottesville	Shopping Mall	-	-	-		23,291	10	0.27%	
University of Virginia Host Properties	Hotel and Sports Club	-	-	-		24,533	9	0.28%	
State Farm Insurance Company	Insurance	-	-	-		24,571	8	0.28%	
		\$ 957,754		5.96%		\$ 452,995		5.21%	

(1) Based on January 1, 2012 real estate tax assessment records

(2) Based on January 1, 2003 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
2003	\$ 90,220,820	\$ 87,589,917	97.08%	2,522,446	\$ 90,112,363	99.88%
2004	100,293,625	95,028,250	94.75%	5,125,596	100,153,846	99.86%
2005	108,050,010	103,614,626	95.90%	4,258,015	107,872,641	99.84%
2006	121,597,994	116,827,411	96.08%	4,513,357	121,340,768	99.79%
2007	132,958,629	126,368,127	95.04%	6,170,090	132,538,217	99.68%
2008	146,208,175	139,626,124	95.50%	5,887,424	145,513,548	99.52%
2009	151,579,976	143,841,132	94.89%	6,748,597	150,589,729	99.35%
2010	151,047,966	141,669,613	93.79%	7,658,889	149,328,502	98.86%
2011	149,277,570	140,932,395	94.41%	7,176,980	148,109,375	99.22%
2012	150,892,028	144,024,192	95.45%	-	144,024,192	95.45%

(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:

2003	13,365,836
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.

COUNTY OF ALBEMARLE, VIRGINIA

Table 10

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities								Total Outstanding Debt	Percentage of Personal Income (1)	Per Capita (1)
	General	Pub. Facility	Literary		Other	Capital					
	Obligation Bonds	Revenue Bonds	Fund Loans	Notes/ Bonds	Leases						
2003	\$ 80,005,000	\$ 18,535,000	\$ 1,090,616	\$ 190,000	\$ 72,991	\$ 99,893,607	2.30%	\$ 1,156			
2004	80,710,000	17,835,000	820,858	6,855,665	9,826	106,231,349	2.34%	1,215			
2005	83,165,000	17,135,000	600,000	6,206,827	-	107,106,827	2.19%	1,206			
2006	83,730,000	16,420,000	400,000	5,536,628	-	106,086,628	2.09%	1,172			
2007	91,640,000	15,690,000	200,000	4,844,365	-	112,374,365	2.11%	1,219			
2008	95,205,000	14,945,000	100,000	4,129,311	-	114,379,311	2.06%	1,228			
2009	114,935,000	14,180,000	-	3,432,350	6,841,021	139,388,371	2.30%	1,488			
2010	105,410,000	13,395,000	-	2,712,373	6,316,772	127,834,145	2.00%	1,347			
2011	104,335,000	12,585,000	-	1,968,620	5,909,892	124,798,512	1.97%	1,261			
2012	102,071,270	28,393,730	-	1,200,305	-	131,665,305	1.94%	1,306			

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 11

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

Fiscal Year	Real Estate Assessed Value	Net Bonded Debt (2)	Net General Bonded		Net Bonded Debt per Capita (1)
			Debt as % of Assessed Value		
2003	\$ 7,814,136,074	\$ 99,630,616	1.28%	\$	1,153
2004	8,774,918,584	99,365,858	1.13%		1,137
2005	10,203,793,403	100,900,000	0.99%		1,136
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

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

(2) Includes all long-term general obligation bonded debt, public facility revenue and refunding bonds and state literary fund loans.

COUNTY OF ALBEMARLE, VIRGINIA

Table 12

Legal Debt Margin Information
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 781,413,607	\$ 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
Total net debt applicable to limit	99,630,616	99,365,858	100,900,000	100,550,000	107,530,000	110,250,000	129,115,000	118,805,000	116,920,000	130,465,000
Legal debt margin	\$ 681,782,991	\$ 778,126,000	\$ 919,479,340	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	12.75%	11.32%	9.89%	8.61%	7.88%	7.09%	8.27%	7.74%	7.75%	8.77%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 14,875,587,841
Debt limit (10% of total assessed value)	\$ 1,487,558,784
Net debt applicable to limit	130,465,000
Legal debt margin	\$ 1,357,093,784

COUNTY OF ALBEMARLE, VIRGINIA

Table 13

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita		Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
		Personal Income (2)(5)	Personal Income (2)(5)			
2003	86,408	\$	4,334,369,000	\$	34,015	37.4
2004	87,404		4,535,348,000		35,343	37.4
2005	88,826		4,884,039,000		37,638	37.4
2006	90,484		5,082,982,000		36,909	36.0
2007	92,180		5,337,131,100		38,845	35.9
2008	93,117		5,554,915,000		41,709	36.2
2009	93,668		6,059,782,000		45,275	36.2
2010	94,908		6,383,281,000		46,969	37.4
2011	98,970		6,330,202,000		46,163	37.4
2012	100,780		6,778,562,000		47,052	37.9

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

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

(3) Albemarle County Public Schools

(4) Virginia Employment Commission

(5) Includes the City of Charlottesville

COUNTY OF ALBEMARLE, VIRGINIA

Table 14

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2012		Fiscal Year 2003	
	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 +
UVA Health Services Foundation	3	1,000 +	3	1,000 +
State Farm Mutual Automobile Insurance	4	1,000 +	4	1,000 +
Northrup Grumman Corporation	5	500 to 999	5	500 to 999
U.S. Department of Defense	6	500 to 999		
Wal Mart	7	250 to 499		
Lakeland Tours	8	250 to 499		
Piedmont Virginia Community College	9	250 to 499	8	250 to 499
Atlantic Coast Athletic Club	10	250 to 499		
GE Fanuc Automation Manufacturing			6	250 to 499
Crutchfield Corporation			7	250 to 499
FIC Staff Services			9	250 to 499
State Farm Fire and Casualty Insurance			10	250 to 499

Source: Virginia Employment Commission

COUNTY OF ALBEMARLE, VIRGINIA

Table 15

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government Administration										
Board of Supervisors	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0
County Executive (3)	12.0	13.0	13.5	13.5	14.5	14.0	11.5	11.5	7.0	7.0
Human Resources	0.0	1.0	1.0	1.0	2.5	3.0	3.0	3.0	2.0	2.0
County Attorney	6.0	6.0	6.0	6.0	7.0	8.0	8.0	8.0	8.0	8.0
Finance (3)	52.0	50.0	51.0	51.0	51.0	51.0	53.5	53.5	49.8	49.8
Management & Budget (4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	3.5
Information Technology	20.0	20.0	21.0	21.0	23.0	23.0	23.0	23.0	21.0	21.0
Board of Elections (Registrar)	4.6	4.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.5
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	10.0	11.0	11.0	11.0	10.0	10.0	10.0
Commonwealth's Attorney	8.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0
Sheriff	21.0	21.0	21.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Public safety										
Police	131.5	132.0	136.0	140.0	147.5	149.5	151.5	152.0	147.5	149.5
Fire/Rescue	38.0	41.0	49.0	53.0	75.0	80.0	80.0	80.0	80.0	80.0
General Services (1)										
General Services	18.8	27.8	27.8	34.8	31.0	30.5	30.5	30.7	21.6	22.4
Facilities Development (2)	0.0	0.0	0.0	0.0	8.0	8.0	8.0	10.0	10.0	9.0
Human Development										
Social Services	88.1	87.1	90.6	91.6	97.2	97.2	98.2	104.2	103.2	103.2
Bright Stars	14.4	14.4	14.4	14.4	17.8	18.5	19.5	18.5	18.5	18.3
Parks, Recreation, and Culture										
Parks and Recreation	16.0	16.0	18.0	18.0	19.0	19.0	19.0	19.0	17.0	17.0
Towe Park	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Community Development (1)										
Community Development	85.5	80.0	81.0	81.0	83.0	84.0	84.0	83.0	59.0	59.0
Housing	9.0	9.0	9.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
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	543.4	549.4	571.4	588.4	640.6	648.8	652.8	658.0	609.7	611.2

(1) Reorganization of General Services and Community Development in FY 02/03 and 03/04

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

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

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

Operating Indicators by Function
Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police department:										
Physical arrests	3,517	3,479	3,440	3,873	3,904	4,180	2,282	2,607	2,495	3,480
Traffic violations	6,481	7,344	7,363	7,573	9,309	11,412	13,373	13,454	13,779	13,573
Fire and rescue:										
Number of calls answered	7,602	9,450	11,656	12,672	12,232	12,364	12,370	12,680	13,127	n/a
Zoning & Current development										
New residential construction (unit #)	669	536	581	734	513	741	403	313	357	411
New commercial construction (unit #)	44	37	52	89	55	53	45	48	53	56
Health and welfare										
Department of Social Services:										
Caseload	N/A	N/A	N/A	8,125	10,533	12,348	12,636	14,619	18,188	18,640
Culture and recreation										
Parks and recreation:										
Middle school sports program participants	892	735	843	943	1,014	968	1,008	929	1,160	1,100
Fee based classes/camps	2,453	2,530	2,672	2,731	2,705	2,677	2,629	1,971	1,698	1,888
Summer playground program	649	552	583	597	478	447	465	504	411	393
Men's Basketball	-	-	-	-	-	-	-	-	320	320
Component Unit - School Board										
Education:										
School enrollment	12,287	12,356	12,378	12,446	12,491	12,531	12,742	12,914	12,800	13,104
Number of central office instructors (1)	-	-	-	-	-	-	-	-	35	37
Number of elementary instructors	474	459	479	488	495	501	496	518	545	541
Number of secondary instructors	531	542	546	553	547	549	553	551	578	593

Source: Individual county departments

(1) New indicator for FY 10/11

n/a - not available at publication

COUNTY OF ALBEMARLE, VIRGINIA

Table 17

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Administration vehicles	9	7	8	8	8	8	8	8	9	8
Judicial										
Sheriff's department patrol units	25	24	24	30	29	31	33	31	33	37
Public safety										
Police department patrol units	151	153	151	150	155	162	167	177	180	189
Fire/Rescue department vehicles	23	21	27	31	34	39	34	35	36	34
Building codes:										
Inspections vehicles	7	12	12	12	12	13	13	12	12	12
Planning	1	1	1	1	1	1	1	1	1	1
Zoning vehicles	6	6	6	6	6	6	6	4	3	3
Public works										
Engineering vehicles (2)	13	9	3	-	-	-	-	-	-	-
General Services:										
General maintenance vehicles	1	1	8	15	10	12	12	11	12	8
Facilities Development (2)	-	-	-	-	4	5	5	5	5	3
Pool vehicles	8	8	8	9	10	10	11	11	10	11
Health and welfare										
Social Services vehicles	17	17	17	16	16	18	18	18	18	18
Parks and recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Vehicles	25	28	29	32	34	33	33	32	27	29
Parks (1)	33	34	34	34	34	34	36	36	36	37
Parks acreage (1)	2,905	2,905	2,905	2,905	2,967	2,967	4,034	4,034	4,034	4,634
Tennis courts	36	36	36	36	36	36	36	36	36	36
Community development										
Housing vehicles	1	1	1	2	2	2	2	2	2	2

Source: Individual county departments

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

(2) Reorganization of Engineering, General services, and Community development

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Board of Supervisors
County of Albemarle, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Albemarle, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Albemarle, Virginia's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County of Albemarle, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Albemarle, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Albemarle, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Albemarle, Virginia's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 30, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Supervisors
County of Albemarle, Virginia

Compliance

We have audited the County of Albemarle, Virginia's Compliance with the types of compliance requirements described in the 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, 2012. The County of Albemarle, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Albemarle, Virginia's management. Our responsibility is to express an opinion on the County of Albemarle, Virginia's compliance based on our audit.

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 the 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Albemarle, Virginia complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the County of Albemarle, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Albemarle, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the County's internal control over compliance.

Internal Control Over Compliance: (Continued)

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.

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 deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 30, 2012

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government:			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
SNAP:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ 926,047
Total Department of Agriculture			\$ 926,047
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770110	\$ 333,030
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	150,872
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	n/a	5,660
Foster Care - Title IV-E	93.658	1100111	789,784
Adoption Assistance	93.659	1120111	467,782
Temporary Assistance for Needy Families	93.558	0400111	566,507
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	4,181
Low-Income Home Energy Assistance	93.568	0600411	24,820
Chafee Education and Training Vouchers Program (ETV)	93.599	9160110	16,076
Stephanie Tubbs Jones Child Welfare Services	93.645	0900110	1,614
Social Services Block Grant	93.667	1000111	372,175
Chafee Foster Care Independence Program	93.674	9150110	20,346
Childrens Health Insurance Program	93.767	0540111	24,041
Medical Assistance Program	93.778	1200111	559,990
Total Department of Health and Human Services			\$ 3,336,878
Department of Housing and Urban Development:			
Direct Payments:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 2,754,781
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/States' Program and Non-Entitlement Grants	14.228	53305-50798	615,352
Total Department of Housing and Urban Development			\$ 3,370,133
Department of the Interior:			
Direct Payments:			
Bureau of Land Management:			
Payment in lieu of taxes	15.226	N/A	\$ 35,627

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Primary Government: (Continued)			
Department of Justice:			
Direct Payments:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 7,401
State Criminal Alien Assistance Program	16.606	N/A	49,175
Bulletproof Vest Partnership Program	16.607	N/A	11,128
Drug Court Discretionary Grant Program	16.585	N/A	22,008
Pass Through Payments:			
Department of Criminal Justice Services:			
Missing Children's Assistance	16.543	N/A	11,946
Crime Victim Assistance	16.575	39001-46000 39001-66000	52,802
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000 39001-51000 39001-61000	162,549
Total Department of Justice			\$ 317,009
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	45504-52273	\$ 9,120
ARRA Highway Planning and Construction	20.205	N/A	361,438
Alcohol Open Container Requirements	20.607	154AL-11-51263 154AL-11-51211	61,351
Total Department of Transportation			\$ 431,909
Department of Energy:			
Direct Payments:			
ARRA Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 160,855
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	\$ 111,802
Law Enforcement Terrorism Prevention Program	97.074	N/A	526
State Homeland Security Grant Program	97.004	N/A	49,784
Total Department of Homeland Security			\$ 162,112
Total Federal Expenditures - Primary Government			\$ 8,740,570
Component Unit - School Board:			
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	17901-40591	\$ 24,963
Food Distribution	10.555	N/A	\$ 285,372
National School Lunch Program	10.555	17901-40623	1,960,131
Fresh Fruit and Vegetable Program	10.582	17901-40599	28,952
Total Department of Agriculture			\$ 2,299,418

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Component Unit - School Board: (Continued)			
Department of Energy:			
Direct Payments:			
ARRA State Energy Program	81.041	N/A	\$ 211,872
Total Department of Energy			\$ 211,872
Department of Education:			
Pass Through Payments:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 1,634,191
ARRA - Title I Grants to Local Educational Agencies	84.389	17901-42913	41,321
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	17901-43071	3,195,942
ARRA - Special Education - Grants to States	84.391	17901-61245	101,314
Special Education - Preschool Grants	84.173	17901-62521	74,167
ARRA - Special Education - Preschool Grants	84.392	17901-61247	11,542
Educational Technology State Grants Cluster:			
Education Technology State Grants	84.318	17901-61600	5,749
ARRA - Education Technology State Grants	84.386	17901-60897	28,437
Adult Education - Basic Grants to States	84.002	17901-42801	129,898
		17901-61380	
Migrant Education-State Grant Program	84.011	17901-42910	103,471
Career and Technical Education - Basic Grants to States	84.048	17901-61095	138,326
Safe and drug-free Schools and Communities - National Program	84.184	Q184L090484	1,475,110
Education for Homeless Children and Youth	84.196	17901-42940	57,556
Twenty-First Century Community Learning Centers	84.287	17901-60565	8,162
English Language Acquisition State Grants	84.365	17901-60512	130,783
Improving Teacher Quality State Grants	84.367	17901-61480	318,552
ARRA School Improvement Grants	84.388	17901-43040	77,222
ARRA - State Fiscal Stabilization Funds (SFSF), Education State Grants	84.394	17901-62532	33,948
Education Jobs Fund	84.410	17901-62700	1,342,519
Total Department of Education			\$ 8,908,210
Total Federal Expenditures - Component Unit- School Board			\$ 11,419,500
Total Expenditures of Federal Awards			\$ 20,160,070

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, 2012

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, 2012. 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 assets 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	\$ 4,390,084
General Capital Improvements	15,283
Federal/State Grants Fund	<u>4,373,777</u>
Total primary government	<u>\$ 8,779,144</u>

Component Unit School Board:

School Operating Fund	\$ 9,149,032
School Food Services Fund	<u>2,270,466</u>
Total Component Unit School Board	<u>\$ 11,419,498</u>
Total federal expenditures per basic financial statements	\$ 20,198,642

Amounts required to reconcile federal revenues to expenditures:

Less: FEMA funds for prior year expenditures	<u>(38,572)</u>
--	-----------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 20,160,070</u>
---	----------------------

COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
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 auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster
10.553 / 10.555	Child Nutrition Cluster
84.184	Safe and Drug-Free Schools and Communities National Program
84.410	Education Jobs Fund
93.558	Temporary Assistance for Needed Families
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs.	\$ 604,802
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.

This page intentionally left blank

ACKNOWLEDGEMENTS

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

Tammy Critzer, Management Analyst

Lindsay Harris, Budget/Management Analyst

Donna Hixon, Buyer

Renee Hoover, Chief Accountant-Payroll

Jonathan Kern, Financial Systems Manager

Ed Koonce, Chief of Financial Management

Sheila Minor, Minor and Associates

Ann Murray, Chief Accountant

Vicky Pannell, Senior Accountant

Robert Walters, Manager of Business Division

A special thank you is given to the following for the use of their wonderful photos for the cover of this report. The photographers are listed in order of their photographs (clockwise, beginning with top left).

Greg Kamptner

James Beeler

Greg Kamptner

Charletta Anderson

This page intentionally left blank