

City of Charlottesville, Virginia
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2013



Celebrate! 250
Charlottesville
1762-2012

CITY OF CHARLOTTESVILLE, VIRGINIA

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013**

**Prepared by
Department of Finance**

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CITY OF CHARLOTTESVILLE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION

CITY OF CHARLOTTESVILLE

"A World Class City"

Office of Director of Finance

P.O. Box 911 • Charlottesville, Virginia 22902

Telephone 434-970-3200 • Fax 434-970-3232



November 26, 2013

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

Dear Council Members:

We are pleased to submit to you the comprehensive annual financial report of the City of Charlottesville (the City) for the fiscal year ended June 30, 2013, in accordance with Section 11-96 of the City Code. This report was prepared by the City's Finance Department. It has been audited by the City's independent auditors, Cherry Bekaert LLP. Their opinions are included in this report. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are contained in a separate report, which is available upon request from the Director of Finance.

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

ECONOMIC CONDITION AND OUTLOOK

A number of key economic indicators continued to show positive growth. Meals tax revenue increased by 10.73% in fiscal year 2013 and 6.7% in fiscal year 2012. Lodging tax revenue increased by 4.45% in fiscal year 2013 and 14.12% in fiscal year 2012.

In fiscal year 2011 and 2012 real estate assessments were essentially level or decreasing slightly. Fiscal year 2013 experienced a 2.44% decrease in residential property. However, the fair market value of commercial property increased by 6.25% from fiscal year 2012. The total value of existing property increased by 1.35%. In addition, the City's unemployment rate has stabilized from its high in 2010 and, as of July 2013, is at 6.4%. That rate is below the national unemployment rate of 7.7%, but slightly higher than the state's rate of 5.8%. The unemployment rate for the Charlottesville MSA stood at 5.3% during this same period.

Despite continued uncertainty at the national level, the City's situation is more stable than the outlook of many other local governments. In fact, the City's sound financial policies were confirmed again in May 2013, when both Moody's Investor Services and Standard & Poor's evaluated the City and conferred their top rating (Aaa and AAA, respectively) on the City's latest bond issue. The relative strength of the Charlottesville area is due in large part to its central Virginia location and the nature of the local economy. Charlottesville is the commercial and marketing center for a metropolitan area population of over 190,000. The predominant economic sectors are healthcare, service related industries, leisure and hospitality, and education. An emerging sector involves defense related businesses, with the relocation of 800 Defense Intelligence Agency personnel and 100 National Geospatial-Intelligence Agency employees to the area in 2010. The City has also attracted companies specializing in financial institution analysis, electronics equipment, biotechnology and software development.

The University of Virginia and its Medical Center continue to be the area's largest employer by providing over 17,000 jobs and making the City a regional center for quality education and healthcare. The University has avoided layoffs to date and continues its plans to grow student enrollment at an increased rate over the next decade. This plan could signal moderate growth in the education, service and construction sectors. In addition, the University enjoys nationally ranked men's and women's teams in many major sports, including baseball, lacrosse, and soccer. The University's John Paul Jones Arena, which at 15,000 seats is the largest arena in the Commonwealth of Virginia, annually attracts over 500,000 visitors from around the state to the area.

The City's downtown has shown dramatic changes during the past decade, in particular during the past five years, as a result of both on-going public and private investment in new construction and renovation/restoration projects. The Downtown Mall is thriving, with an exciting combination of residential and retail units, restaurants, a movie complex, music venues, an ice

skating rink, and the Charlottesville Pavilion, as well as a number of office complexes and financial institutions, all of which draw local residents and tourists to the area. While access to capital and concerns over the national economy has hampered some projects, a number of significant buildings are in various stages of planning and construction.

Mixed use development continues to see high demand in the downtown area. In 2010, Norcross Station Phase Three, which features 30 studio apartments, was completed along with the Gleason's Building, a major mixed use project featuring over 100,000 square feet of retail, office and condominium units. The Gleason, which represents one of the largest single buildings ever constructed in the City, began construction in September 2008 just as the recession began. Also recently completed, 455 2nd Street, is a 40,000 square foot, Class A commercial office building – the first in downtown Charlottesville in a decade. Within two months of opening, this building was fully leased to credit-worthy tenants.

Despite the challenging financial environment, construction began in December 2009 on the City's first Whole Foods grocery store. The 45,000 square foot store opened in June 2011 and has already bolstered sales and meals tax revenue in addition to the creation of over 100 jobs in the City. The citywide retail vacancy rate dropped again this year and remains near its all-time low at 3.67% in July of 2013.

SNL Financial (SNL), a growing investment research firm, continues to be a major city employer (with over 370 employees) in the downtown area. In 2012, SNL was recognized again by *Inc. Magazine* as one of the 5,000 fastest growing private companies in the United States. The 2013 *Inc. 5000* list included a number of other Charlottesville firms, RKG, Willow Tree Apps, and Nest Realty.

Arts and entertainment continue to draw large numbers of visitors to Charlottesville. The Paramount Theater, a 1,200-seat multi-purpose auditorium and the Jefferson Theater, a 1,000-seat music venue, play host too many events. Also attracting people downtown is the Charlottesville Pavilion, which has an annual attendance of nearly 100,000 patrons. The Pavilion recently completed another season featuring a number of national caliber artists. The covered, 3,500-seat facility is expected to play a key role in continuing to attract those seeking entertainment.

The City maintains controlling interest in over 1,500 parking spaces at two facilities downtown. Every effort is made to keep parking available and affordable for residents, workers and visitors alike. In 2012, over 1,000,000 people used these parking facilities. At current usage levels, parking supply exceeds demand, allowing opportunity for continued growth in the entertainment, retail and tourism sectors.

The West Main Street corridor continues to experience new private developments. On the corner of West Main and Ridge/McIntire, a planned Residence Inn hotel is moving ahead, with the property currently under contract. At the opposite end of the corridor, construction for an eight story, 595-bedroom apartment complex has already begun and is expected to be completed early next year. Throughout the corridor, building redevelopments have brought new life to West Main Street. The completion of the Jefferson School City Center, several new restaurants opening, and a toy store relocating to the area are bringing more people to West Main. Also, during the past year, the City continued free, daily Charlottesville Trolley service connecting the University grounds to the Downtown Mall along these corridors.

The Preston Avenue area represents opportunity for additional development in the future. The former Coca Cola bottling facility has new ownership and they are currently forming redevelopment plans for that space. A new brewery has moved into vacant space in the Monticello Dairy Building at the western end of the corridor. The City will continue to look for opportunities to collaborate with private developers as redevelopment occurs along this corridor.

Despite the economic challenges faced by communities throughout the country in the past several years, new developments have given us reason to be optimistic about the continued prosperity of the City of Charlottesville. Waterhouse, a 90,000 square foot mixed-use downtown development is now completing its final phase of construction, featuring 12 luxury condominiums. Construction on the former Martha Jefferson Hospital, which was purchased by CFA, is progressing. By the end of 2013, CFA will relocate 400 employees to the City and breathe new life into the downtown area. Additionally, construction has begun on a 147-room Homewood Suites which is located on India Road and is scheduled to open in 2014. Finally, large residential developments such as Citywalk, a 300-unit apartment complex off Carlton Road, and The Pavilion at North Grounds, a 568-apartment

complex on Arlington Boulevard, demonstrate the continued interest in the City of Charlottesville. The City's proactive approach in welcoming investment continues to prove effective with support from a zoning ordinance that encourages denser, mixed-use development to help provide opportunities to expand the tax base and encourage quality commercial development. This activity provides a vibrant environment allowing us to continue to improve our city and the services it can provide to citizens, in an orderly and financially responsible manner.

MAJOR INITIATIVES

For the Year The fiscal year 2013 budget, with a General Fund increase of 2.07% over the fiscal year 2012 budget, focused on the continued delivery of efficient and effective government services to the City residents, businesses, and visitors, with no tax increases to our residents or businesses. The real estate tax rate remained unchanged at \$.95 per \$100 of assessed value for the calendar year. The budget reflected the City's emphasis on outreach to the community by enhancing neighborhoods, improving education, creating more and better jobs, creating an environmentally sustainable community, building and expanding all modes of transportation, and delivering quality services to all. In 2012, City Council adopted a new set of priorities for 2012-2014:

- Reduce poverty by increasing sustainable employment among less skilled and educated residents
- Provide a comprehensive support system for children
- Build an interconnected network of multi-modal transportation including bikeways, trails and transit system
- Thoroughly research the feasibility of a City Market District in Downtown
- Redevelop the City's corridors
- Cultivate healthy streams and rivers through effective Stormwater management practices

Other recent acknowledgements of Charlottesville's success include the following:

- #2 Metro Area for Overall Well-Being – *Gallup*, 2012
- #5 Tastiest Town in the South – *Southern Living*, 2012

- AAA Bond Rating – *Moody's and Standard and Poor's*, 2013
- Top 100 Places to Live (#26) – *Livability.com* 2013
- America's Smartest City – *Luminosity.com* 2013
- Top Ten Book-Loving Cities (#4) – *Livability.com* 2013
- Best Small Cities for Working Women (#4) – *nerdwallet.com* 2013
- Most Romantic Cities (#4) – *Livability.com* 2013
- One of "America's Best Intergenerational Communities" – *Met Life & Generations United* 2012
- Top Beer City (#8) – *Livability.com* 2012
- Small Community City for Overall Well-Being – *Gallup* 2012

For the Future Our emphasis for fiscal year 2014 will be to ensure that Charlottesville continues to provide high quality services, create innovative approaches to service delivery, provide good value to our citizens, explore possibilities for public/private partnerships as well as privatization opportunities, and is results-oriented, all guidelines for the directions in which we move. These efforts will continue throughout the year and for many years to come. We continue to monitor closely both the state budget and the local economy as they will impact our financial planning and budget strategy in the upcoming months. We also continue to face increasing capital funding demands for a variety of areas, including the City Schools, fire station needs, strategic economic opportunities and public facilities. These and many other requests will have to be prioritized and planned for in order to assure continued success of our City. The solid financial foundation coupled with our commitment to providing innovative services that make a difference in our community will help us achieve the goals established by the City Council.

OTHER INFORMATION

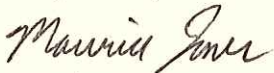
Independent Audit State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial

records of the City has been performed by the accounting firm of Cherry Bekaert LLP for the year ended June 30, 2013. The audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related U.S. Office of Management and Budget Circular A-133. The independent auditor's report on the government-wide financial statements and the fund financial statements and required supplementary information is included in the financial section of this report.

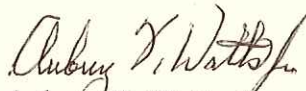
Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the thirty-third (33rd) consecutive such award received by the City. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements The preparation of this report on a timely basis could not have been accomplished without the dedicated service of each member of the Finance Department. Each deserves our appreciation for their contribution made in the preparation of this report. In closing, we would like to thank the members of City Council for your continued interest and support in planning and conducting the financial matters of the City in a responsible and progressive manner.

Respectfully submitted,



Maurice T. Jones, City Manager



Aubrey V. Watts, Jr.

Chief Operating Officer/Chief Financial Officer



Bernard Wray

Director of Finance



Government Finance Officers Association

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

Presented to

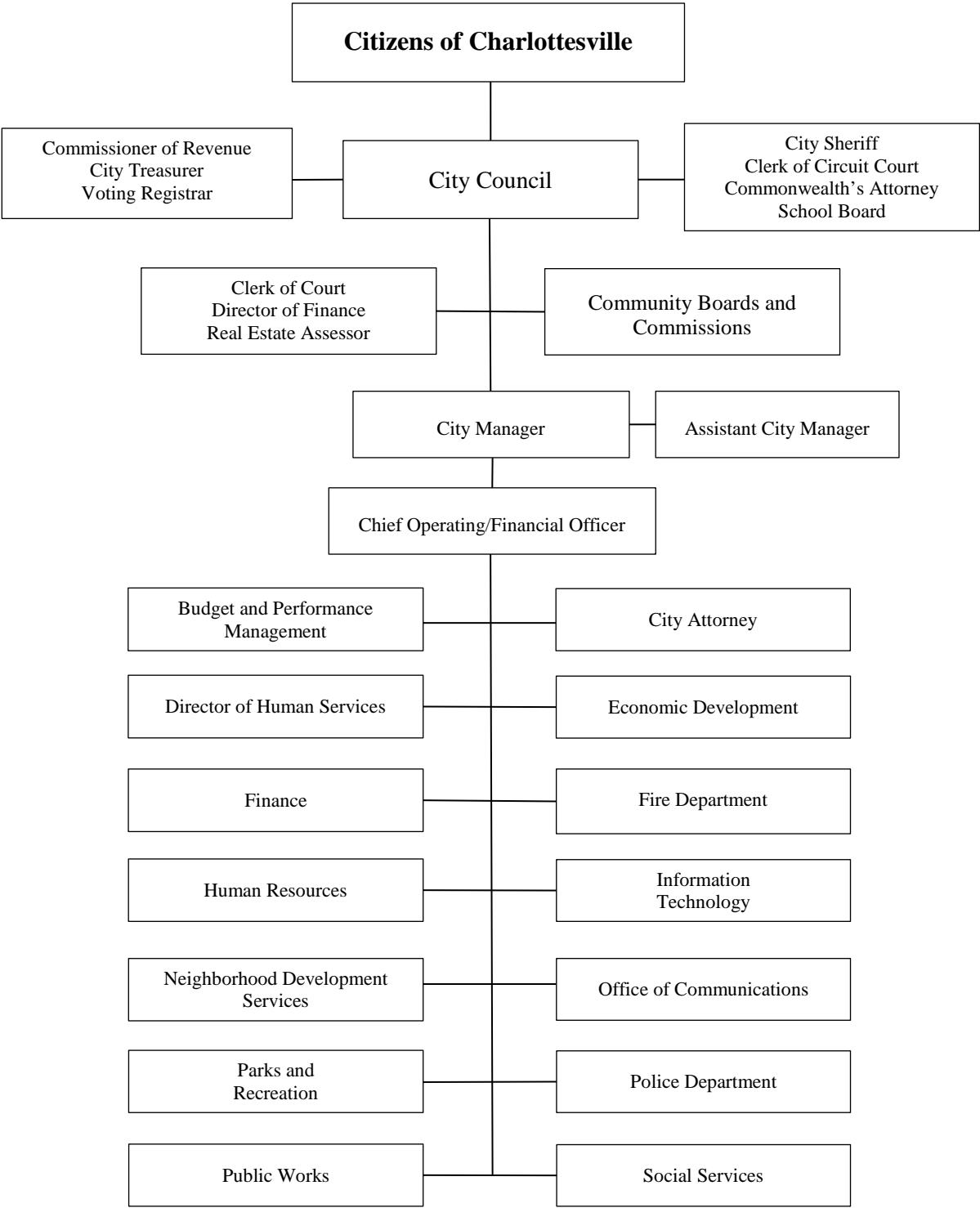
**City of Charlottesville
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City Organizational Chart



CITY OF CHARLOTTESVILLE, VIRGINIA

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2013

ELECTED OFFICIALS

Council Members:

| | |
|----------------------|----------------|
| Satyendra Singh Huja | Mayor |
| Kristin Szakos | Vice-Mayor |
| Kathy Galvin | Council Member |
| Dave Norris | Council Member |
| Dede Smith | Council Member |

Constitutional Officers:

| | |
|---------------------|-------------------------|
| Jason A. Vandever | City Treasurer |
| R. Lee Richards | Commissioner of Revenue |
| Warner D. Chapman | Commonwealth's Attorney |
| James E. Brown, III | City Sheriff |
| Llezelle A. Dugger | Clerk of Circuit Court |

APPOINTED OFFICIALS

| | |
|----------------------|-----------------------------------------------|
| Maurice T. Jones | City Manager |
| Aubrey V. Watts, Jr. | COO, CFO |
| David Ellis | Assistant City Manager |
| Leslie M. Beauregard | Director, Budget and Performance Management |
| S. Craig Brown | City Attorney |
| Paige Rice | Clerk of Council |
| Chris Engel | Director of Economic Development |
| Bernard Wray | Director of Finance |
| Charles Werner | Fire Chief |
| H. Galloway Beck | Director of Human Resources |
| Karen Parker | Director of Information Technology |
| James E. Tolbert | Director of Neighborhood Development Services |
| Timothy J. Longo Sr. | Chief of Police |
| Judith M. Mueller | Director of Public Works |
| Roosevelt Barbour | Real Estate Assessor |
| Brian Daly | Director of Parks and Recreation |
| Sheri L. Iachetta | General Registrar |
| Diane E. Kuknyo | Director of Social Services |
| Michael Murphy | Director of Human Services |
| Miriam Dickler | Director of Communications |

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FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the individual discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective July 1, 2012.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15-29 and 82-89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Richmond, Virginia
November 26, 2013

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2013

As management of the City of Charlottesville, Virginia, we offer readers this narrative overview and analysis of the financial activities of the City of Charlottesville, Virginia for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section. The intent of this discussion and analysis is to evaluate the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Government-wide

- The City's total net position, on a government-wide basis excluding component units, totaled \$242.1 million at June 30, 2013. Of this amount, \$96.5 million is unrestricted.
- The City's total net position increased by \$6.2 million over the prior year. This increase is the sum of a \$3.8 million increase for the governmental net position and a \$2.4 million increase in business-type net position.

Governmental Funds

- At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$64.7 million (a decrease of \$7.8 million over the prior year). Approximately 41.7 percent, or \$27 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported excess revenues over budget of \$832,328 due primarily to several of the tax revenues (meals, business license and personal property) performing better than expected. The expenditures and other financing sources (net) finished out the year under budget primarily due to several agencies – Comprehensive Services Act, The Blue Ridge Detention Center, the Charlottesville Albemarle Regional Jail and Transit all needing fewer local dollars than originally anticipated. Several City departments – Parks and Recreation, Treasurer and Public Works - finished the year under budget due to vacancy and attrition savings.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$27 million, or 19.6 percent of total General Fund expenditures and transfers, net.

Long-term Debt

- The City's total debt, consisting of general obligation bonds, literary loans and notes payable, increased by \$4.7 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

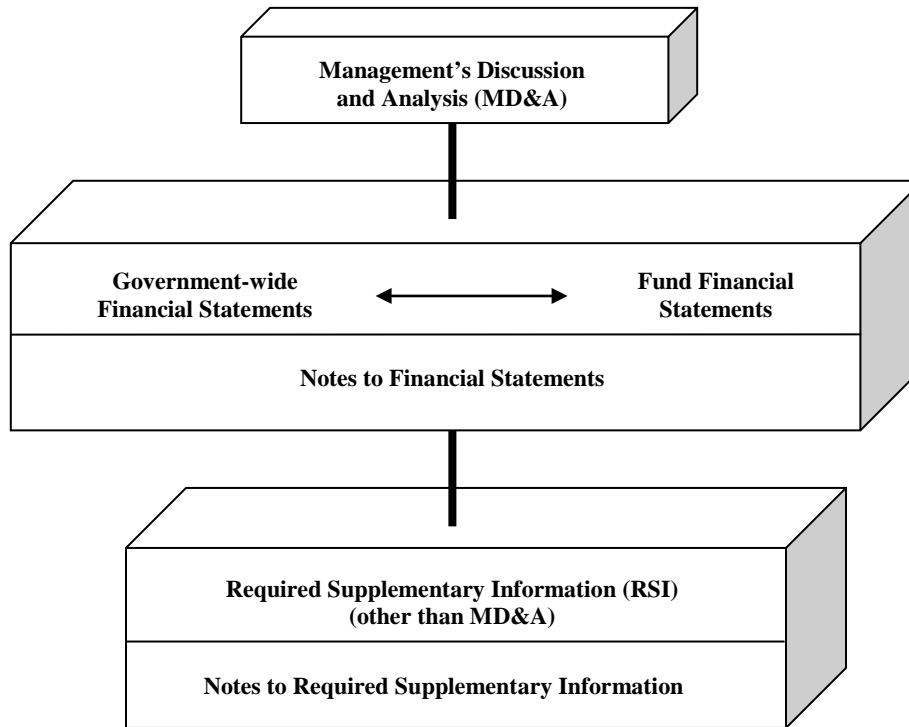
This report contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Figure A
Required Components of City's Financial Statements



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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

- * ***Proprietary Funds.*** Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide financial statements, provide both short-term and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, with the exception of the Internal Service Funds' allocation, but they provide more detail and additional information, such as a *statement of cash flows*. The City also uses internal service funds (another kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities – such as the Risk Management Fund and the Information Technology Fund.
- * ***Fiduciary Funds.*** Fiduciary funds are used to report assets held in a trustee or agency capacity for others outside the government. The City maintains two pension trust funds for retirement and post-employment benefits. These activities are reported in a separate statement of fiduciary net assets. The City excludes this activity from its government-wide financial statements because the City cannot use these assets to finance its operations.

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information and notes*. General and Social Service fund budget and actual reports are presented on a budgetary reporting basis as Exhibits G and H. Progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees is provided as Exhibit I. The supplementary section has combining and individual financial statements of non-major governmental funds, Exhibits J, K, K-1, K-2, K-3, K-4, K-5 and K-6 and internal service funds are presented as L-1, L-2, L-3 and L-4. Financial Statements for the Charlottesville School Board – Component unit are presented in Exhibits M-1, M-2, M-3, M-4, M-5, M-6 and M-7.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

City of Charlottesville, Virginia Condensed Statement of Net Position June 30, 2013 and 2012

Table I

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|----------------------------------|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|-------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2012-2013 |
| Assets: | | | | | | | |
| Current and other assets | \$ 118,730,524 | \$ 121,112,165 | \$ 37,059,160 | \$ 35,493,899 | \$ 155,789,684 | \$ 156,606,064 | (0.5) % |
| Capital assets | 203,690,956 | 194,061,621 | 62,999,055 | 55,332,589 | 266,690,011 | 249,394,210 | 6.9 |
| Total assets | 322,421,480 | 315,173,786 | 100,058,215 | 90,826,488 | 422,479,695 | 406,000,274 | 4.1 |
| Liabilities: | | | | | | | |
| Long-term liabilities | | | | | | | |
| outstanding | 79,625,798 | 80,531,511 | 42,290,011 | 36,779,678 | 121,915,809 | 117,311,189 | 3.9 |
| Other liabilities | 49,868,500 | 45,510,979 | 8,633,745 | 7,301,636 | 58,502,245 | 52,812,615 | 10.8 |
| Total liabilities | 129,494,298 | 126,042,490 | 50,923,756 | 44,081,314 | 180,418,054 | 170,123,804 | 6.1 |
| Net position: | | | | | | | |
| Net investment in capital assets | 105,462,444 | 122,164,890 | 37,760,064 | 21,862,917 | 143,222,508 | 144,027,807 | (0.6) |
| Restricted | | | | | | | |
| General government | 291,453 | 77,957 | - | - | 291,453 | 77,957 | 273.9 |
| Public safety | 321,917 | 458,127 | - | - | 321,917 | 458,127 | (29.7) |
| Parks, recreation & culture | 56,303 | 17,299 | - | - | 56,303 | 17,299 | 225.5 |
| Health and welfare | 1,272 | 521,103 | - | - | 1,272 | 521,103 | (99.8) |
| Conservation and development | 1,520,702 | 5,327,678 | - | - | 1,520,702 | 5,327,678 | (71.5) |
| Permanent fund, nonexpendable | 162,501 | 162,501 | - | - | 162,501 | 162,501 | - |
| Unrestricted | 85,110,590 | 60,401,741 | 11,374,395 | 24,882,257 | 96,484,985 | 85,283,998 | 13.1 |
| Total net position | \$ 192,927,182 | \$ 189,131,296 | \$ 49,134,459 | \$ 46,745,174 | \$ 242,061,641 | \$ 235,876,470 | 2.6 |

Net position (the difference between assets and liabilities) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, assets exceeded liabilities by \$242.1 million at the close of fiscal year 2013. The largest portion of the City's net position (59.2%) reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

Approximately 1% of the City's net position is subject to external restrictions. The remaining balance of unrestricted net position (\$96.5 million or 39.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

The net position of the City's governmental activities increased from \$189.1 million to \$192.9 million as shown by the increase by \$3.8 million on the Statement of Activities. The increase is primarily due to an increase in net position in the internal service funds – governmental type activities.

Business-type Activities

The net position of the City's business-type activities increased by \$2.4 million primarily due to higher gas consumption by the University of Virginia's power plant. These resources are not to be used to make up for any net position deficit in governmental activities. In general, the City can only use the unrestricted net position to finance the continued operations of its enterprise operations, which include the Water, Sewer, Gas and Meadowcreek Golf Course enterprise funds.

Statement of Activities

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

City of Charlottesville, Virginia

Changes in Net Position

For the Years Ended June 30, 2013 and 2012

Table II

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|-----------------------------------------|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|-------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2012-2013 |
| Revenues: | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for services | \$ 21,637,752 | \$ 20,171,167 | \$ 50,241,223 | \$ 46,604,268 | \$ 71,878,975 | \$ 66,775,435 | 7.6 % |
| Operating grants and contributions | 29,528,159 | 30,093,632 | - | - | 29,528,159 | 30,093,632 | (1.9) |
| Capital grants and contributions | 6,848,481 | 6,377,173 | - | 18,800 | 6,848,481 | 6,395,973 | 7.1 |
| General Revenues: | | | | | | | |
| Property taxes | 56,060,959 | 55,819,958 | - | - | 56,060,959 | 55,819,958 | 0.4 |
| Other taxes | 39,539,573 | 38,252,689 | - | - | 39,539,573 | 38,252,689 | 3.4 |
| Grants and contributions* | 27,910,750 | 24,887,083 | - | - | 27,910,750 | 24,887,083 | 12.1 |
| Interest and investment earnings | 276,657 | 373,961 | 62,128 | 109,079 | 338,785 | 483,040 | (29.9) |
| Gain on sale of assets | - | 252,742 | - | - | - | 252,742 | (100.0) |
| Total revenues | 181,802,331 | 176,228,405 | 50,303,351 | 46,732,147 | 232,105,682 | 222,960,552 | 4.1 |
| Expenses: | | | | | | | |
| General government | 23,535,445 | 22,483,608 | - | - | 23,535,445 | 22,483,608 | 4.7 |
| Public safety | 32,597,684 | 32,258,520 | - | - | 32,597,684 | 32,258,520 | 1.1 |
| Community services | 20,052,677 | 23,670,432 | - | - | 20,052,677 | 23,670,432 | (15.3) |
| Health and welfare | 30,274,966 | 30,034,547 | - | - | 30,274,966 | 30,034,547 | 0.8 |
| Parks, recreation and culture | 12,368,616 | 11,256,003 | - | - | 12,368,616 | 11,256,003 | 9.9 |
| Education | 51,677,155 | 42,460,291 | - | - | 51,677,155 | 42,460,291 | 21.7 |
| Conservation and development | 10,373,102 | 14,171,433 | - | - | 10,373,102 | 14,171,433 | (26.8) |
| Interest on long term debt | 2,359,980 | 5,100,955 | - | - | 2,359,980 | 5,100,955 | (53.7) |
| Water | - | - | 8,162,082 | 8,417,556 | 8,162,082 | 8,417,556 | (3.0) |
| Sewer | - | - | 9,858,802 | 9,829,643 | 9,858,802 | 9,829,643 | 0.3 |
| Gas | - | - | 23,788,374 | 22,288,691 | 23,788,374 | 22,288,691 | 6.7 |
| Golf course | - | - | 871,628 | 912,244 | 871,628 | 912,244 | (4.5) |
| Total expenses | 183,239,625 | 181,435,789 | 42,680,886 | 41,448,134 | 225,920,511 | 222,883,923 | 1.4 |
| Change in net position before transfers | (1,437,294) | (5,207,384) | 7,622,465 | 5,284,013 | 6,185,171 | 76,629 | 7,971.6 |
| Transfers | 5,233,180 | 4,793,791 | (5,233,180) | (4,793,791) | - | - | - |
| Change in net position | 3,795,886 | (413,593) | 2,389,285 | 490,222 | 6,185,171 | 76,629 | 7,971.6 |
| Net position - beginning of year | 189,131,296 | 189,544,889 | 46,745,174 | 46,254,952 | 235,876,470 | 235,799,841 | - |
| Net position - end of year | \$ 192,927,182 | \$ 189,131,296 | \$ 49,134,459 | \$ 46,745,174 | \$ 242,061,641 | \$ 235,876,470 | 2.6 |

* Not restricted to specific programs.

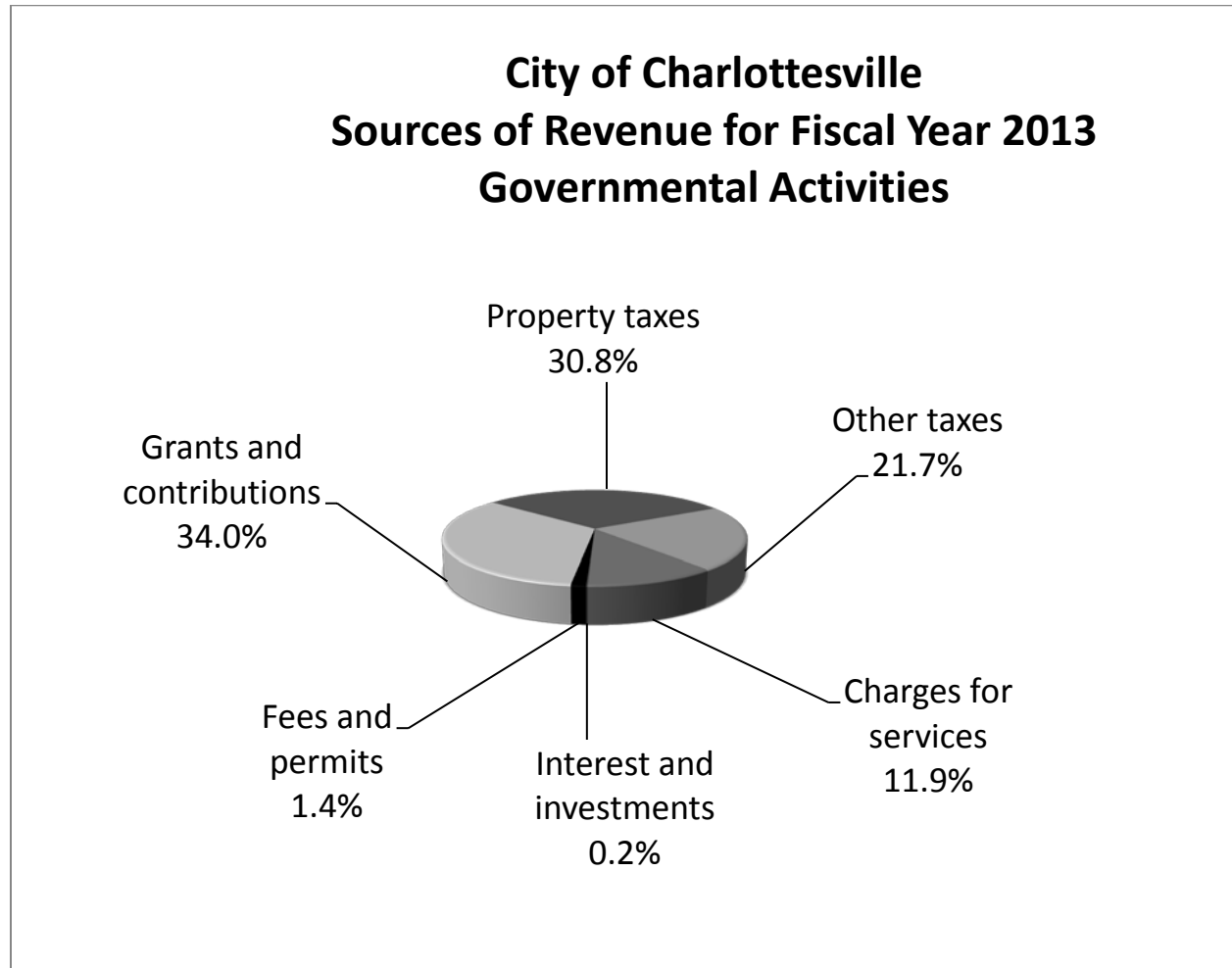
Governmental Activities

The City's total revenues from governmental activities were \$181.8 million for the fiscal year ended June 30, 2013, an increase of \$5.6 million. The more significant changes are the following:

- Other Taxes – an increase of \$1.3 million, primarily from an increase in meals tax and business license tax revenues.
- Grants and Contributions – an increase of \$3 million, primarily from work on road construction projects.
- Charges for Services – an increase of \$1.5 million, primarily from an increase in the internal service allocation, building and plumbing permits, parking fines, and other miscellaneous revenues, licenses and permits.

Approximately 52.5% of the City's revenue from governmental activities comes from property and other taxes (53.4% in 2012).

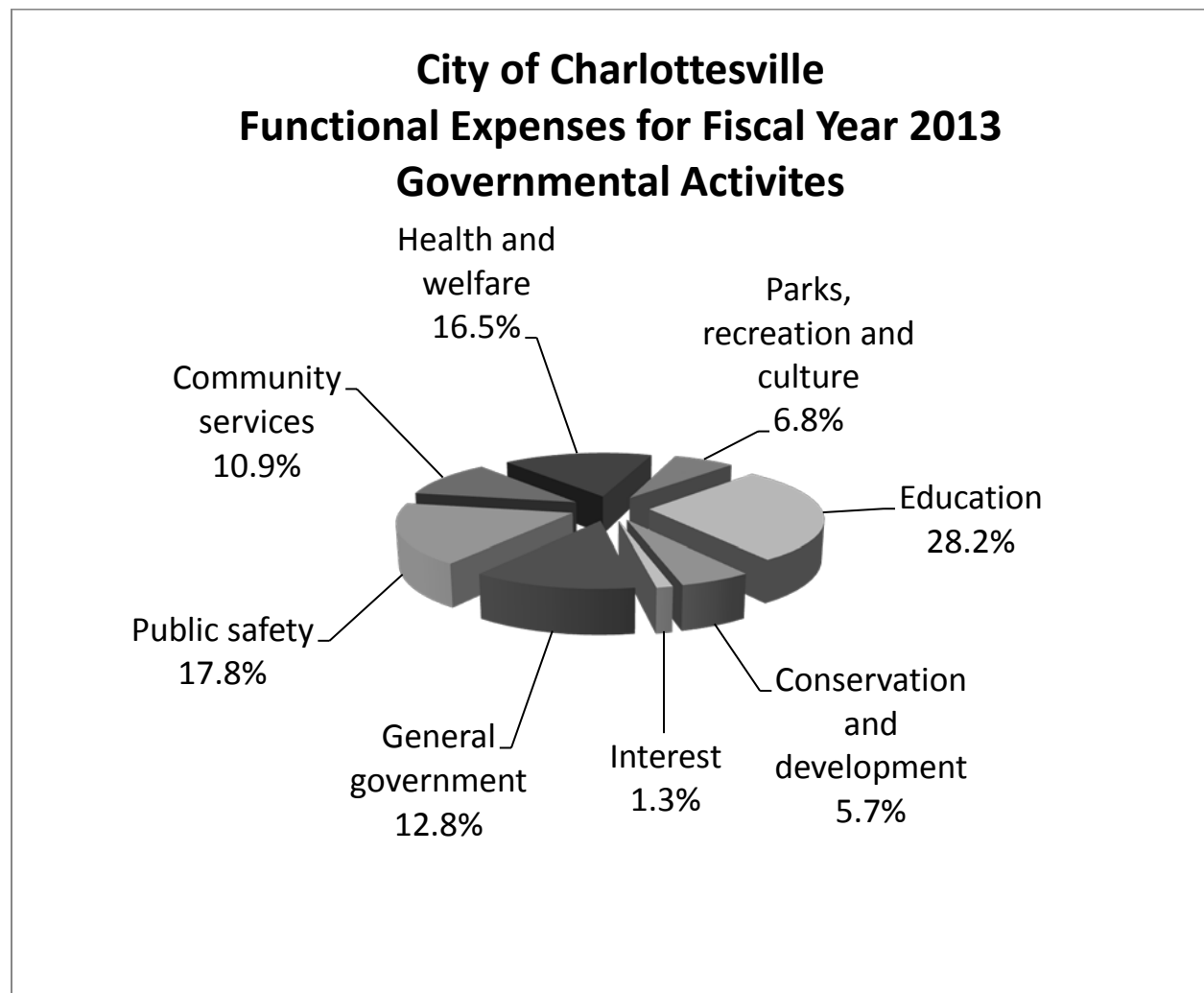
Revenues by Source – Governmental Activities



The City's expenses increased by \$1.8 million in 2013. Expenses for fiscal year 2013 cover a wide range of services, with 16.5% or \$30.3 million related to health and welfare, 28.2% or \$51.7 million for education (primarily payments to the City's Public Schools, a component unit), and 17.8% or \$32.6 million related to public safety. For fiscal year 2013, the City changed its spending in the following areas:

- Education – an increase of \$9.2 million, representing the prior year's transfer of capital assets to the public schools, a component unit.
- Conservation and development – a decrease of \$3.8 million, primarily due to the expenditure for the Jefferson School in FY12.
- Interest on long-term debt – a decrease of \$2.7 million, primarily due to refunding bond issues.

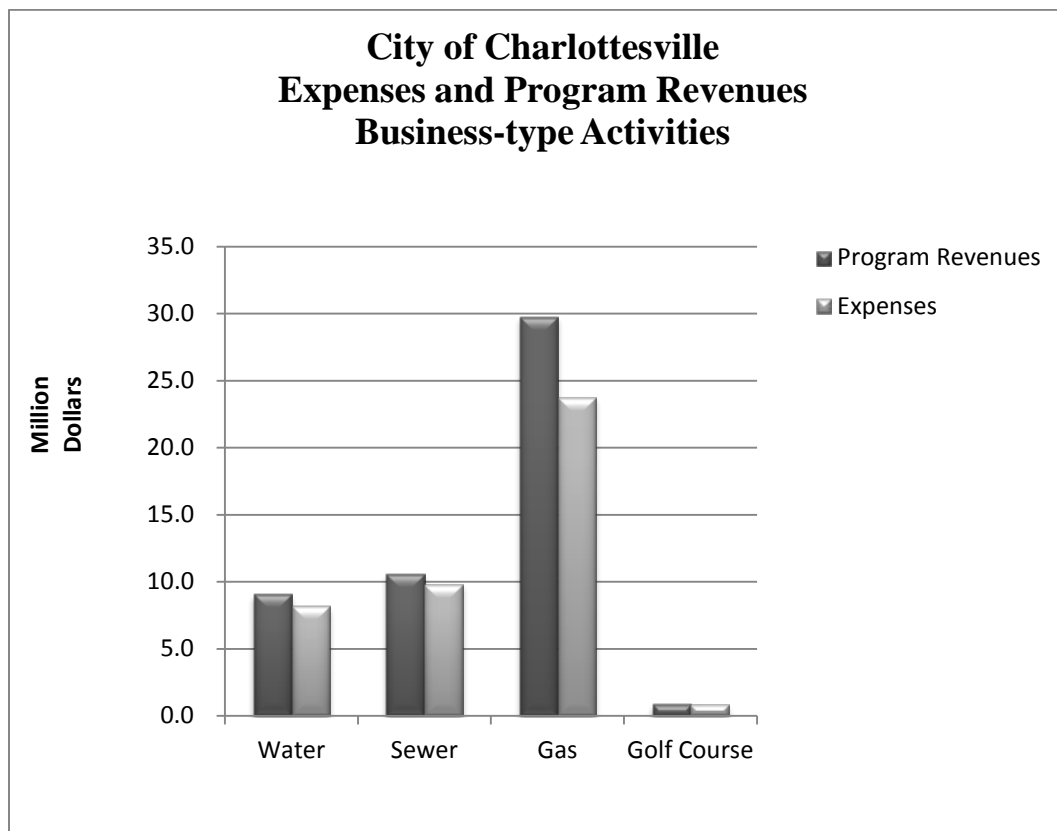
Expenses by Function – Governmental Activities



Business-Type Activities

Net position for the City's business-type activities increased by \$2.4 million, primarily due to higher gas consumption by the University of Virginia's power plant.

Gas wholesale prices increased during fiscal year 2013, starting with a price of \$2.774 per the NYMEX index in July 2012 and ending with a price of \$4.148 in June 2013. There was also an increased consumption by the University of Virginia for gas and increased utility revenues.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of Charlottesville's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, restricted, committed, assigned, and unassigned fund balances may serve as a useful measure of a city's net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2013, the governmental funds reported combined ending fund balances of \$64.7 million, a decrease of \$7.8 million in comparison with the prior year. Included in this are the following major transactions:

- \$21.4 million spent in the Capital Projects Fund for capital outlay to fund Meadowcreek Parkway, Washington Park Bath House Renovation, Ivy Rd/Fontaine Ave Fire Station, Old Lynchburg Road, Belmont Bridge Replacement, Park Land Acquisitions, CHS Football Stadium Bleachers, Parks and Recreation Improvements, School Improvements, and bridge, road and sidewalk construction and other projects.
- \$43 million contributed by the City's governmental funds to finance the Public Schools' operations.

Approximately \$26.4 million of the combined total fund balances constitutes committed and assigned fund balance, which generally is available for spending at the government's discretion. This balance includes \$12.2 million committed for debt service. It also includes \$1.3 million for non-major governmental funds.

Nonspendable fund balance is \$1.3 million. This amount represents assets that are not readily available to the City for current expenditures. The City also has \$10 million in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received grant funds that must be used for a specific purpose and has also received bond proceeds that have not yet been spent.

The remaining fund balance at June 30, 2013, indicated as unassigned, is \$27 million in the General Fund. This amount represents 19.6% of General Fund expenditures and transfers (net) and is a measure of the General Fund's liquidity. Total fund balance of the General Fund decreased by \$2.2 million in fiscal year 2013.

Proprietary Funds

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

The Water Fund had an increase in net position of \$163,430. The Sewer Fund had a decrease in net position of \$49,634. The Gas Fund had an increase in net position of \$1.9 million. The Golf Fund had a decrease in net position of \$45,177.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund For the Year Ended June 30, 2013

Table III

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|----------------------------------|--------------------|-------------------|----------------|------------------------------------|
| Revenues | | | | |
| Property taxes | \$ 57,943,094 | \$ 57,943,094 | \$ 57,894,427 | \$ (48,667) |
| Other taxes | 39,204,827 | 39,204,827 | 40,284,703 | 1,079,876 |
| Intergovernmental | 29,195,930 | 29,256,556 | 30,031,104 | 774,548 |
| Other | 7,891,675 | 8,146,943 | 7,173,514 | (973,429) |
| Total | 134,235,526 | 134,551,420 | 135,383,748 | 832,328 |
| Expenditures and transfers (net) | | | | |
| Expenditures | 118,314,792 | 124,685,376 | 118,416,759 | 6,268,617 |
| Transfers (net) | 15,798,086 | 19,519,854 | 19,143,129 | 376,725 |
| Total | 134,112,878 | 144,205,230 | 137,559,888 | 6,645,342 |
| Change in Fund Balance | \$ 122,648 | \$ (9,653,810) | \$ (2,176,140) | \$ 7,477,670 |

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$747,419 for encumbrances re-appropriated from June 30, 2012, as well as continuing appropriations from the prior year totaling \$9,788,004 and \$2,785,302 for Landfill Remediation Reserve.

Differences between the original and the final amended budget for the City's General Fund for expenditures and other financing uses, net, totaled \$10,092,352. This difference is primarily due to the continuing appropriations from the prior year and supplemental appropriations during the year.

Actual total revenues were greater than the amended budget by \$832,328, primarily due to higher than estimated tax revenues. Several of the significant differences between budgeted and actual revenue were in meals tax, lodging tax, sales tax, and parking garage revenue. Expenditures and transfers were below budget by \$6.6 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Charlottesville's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$266.7 million (net of depreciation). This investment includes land, municipal and school buildings and improvements, water, sewer and gas distribution systems, machinery and equipment, roads, and bridges.

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

- Charlottesville High School Football Stadium Bleachers
- Route 250 Bypass/Meadowcreek Parkway
- Fontaine Fire Station
- Old Lynchburg Road Improvements
- Washington Park Bathhouse
- Fire Apparatus

The City's fiscal year 2013 capital budget provides approximately \$17.2 million for various capital projects. Some of the major categories include \$1.7 million in school related projects, \$7.6 million for transportation projects, \$1.5 million for parks and recreation facility improvements, \$1.3 million for facility capital projects, \$0.9 million for stormwater initiatives, \$1.4 million for public safety and justice, \$0.2 million for economic development, and \$2.6 million for other governmental commitments. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan.

City of Charlottesville's Capital Assets
(net of accumulated depreciation)
June 30, 2013 and 2012

Table IV

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|----------------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|-------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2012-2013 |
| Land | \$ 17,316,007 | \$ 16,312,289 | \$ 2,114,048 | \$ 2,101,423 | \$ 19,430,055 | \$ 18,413,712 | 5.5 % |
| Buildings and improvements | 109,506,181 | 106,020,920 | 599,966 | 645,783 | 110,106,147 | 106,666,703 | 3.2 |
| Vehicles | 10,064,720 | 11,130,917 | 644,763 | 784,887 | 10,709,483 | 11,915,804 | (10.1) |
| Equipment | 5,032,872 | 4,471,810 | 918,664 | 844,270 | 5,951,536 | 5,316,080 | 12.0 |
| Streets | 25,190,452 | 18,502,874 | - | - | 25,190,452 | 18,502,874 | 36.1 |
| Bridges | 3,030,022 | 3,055,281 | - | - | 3,030,022 | 3,055,281 | (0.8) |
| Infrastructure | 33,550,702 | 34,567,530 | - | - | 33,550,702 | 34,567,530 | (2.9) |
| Distribution and collection systems | - | - | 58,721,614 | 50,956,226 | 58,721,614 | 50,956,226 | 15.2 |
| Total | <u>\$ 203,690,956</u> | <u>\$ 194,061,621</u> | <u>\$ 62,999,055</u> | <u>\$ 55,332,589</u> | <u>\$ 266,690,011</u> | <u>\$ 249,394,210</u> | 6.9 |

Additional information about the City of Charlottesville's capital assets can be found in note 9 of the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City of Charlottesville had total bonded debt (including notes payable and literary loans) outstanding of \$122.5 million. This entire amount is backed by the full faith and credit of the City and \$43.3 million is being repaid by the City's utilities.

City of Charlottesville's Outstanding Debt
General Obligation Bonds, Literary Loans and Notes Payable
June 30, 2013 and 2012

Table V

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|------------------------|----------------------------|---------------|-----------------------------|---------------|----------------|----------------|-------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2012-2013 |
| General obligation | | | | | | | |
| bonds | \$ 78,676,333 | \$ 78,918,183 | \$ 43,325,574 | \$ 37,762,227 | \$ 122,001,907 | \$ 116,680,410 | 4.6 % |
| Literary loans payable | 70,421 | 90,439 | - | - | 70,421 | 90,439 | (22.1) |
| Installment notes | | | | | | | |
| payable | 402,486 | 960,793 | - | - | 402,486 | 960,793 | (58.1) |
| Total | \$ 79,149,240 | \$ 79,969,415 | \$ 43,325,574 | \$ 37,762,227 | \$ 122,474,814 | \$ 117,731,642 | 4.0 |

Charlottesville's total debt increased by \$4.7 million during the fiscal year. On its most recent bond issue in May 2013, the City's bond rating was reaffirmed by Standard & Poor's Corporation and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$528,102,100. This is significantly more than the City's current total outstanding debt.

Additional information on the City of Charlottesville's long-term debt can be found in note 10 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The City's unemployment rate has stabilized from its high in 2012 and as of July 2013 is at 6.4%. This compares favorably to the national unemployment rate of 7.7% but is slightly higher than the state's rate of 5.8%.
- City employment levels increased slightly from 23,200 in July 2012 to 23,256 in July 2013 based on current Virginia Employment Commission statistics.
- The City has a population of 45,073, according to the Weldon Cooper Center for Public Service.

These indicators were taken into account when adopting the General Fund budget for 2013. Amounts available for appropriation in the General Fund budget for 2013 are \$146.3 million, an increase of 2.07% percent over the 2012 budget of \$143.3 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL SECTION

STATEMENT OF NET POSITION
JUNE 30, 2013

| | Primary Government | | | Component Units | |
|------------------------------------------------------------------|-------------------------|--------------------------|----------------|-----------------|--------------------------------|
| | Governmental Activities | Business-type Activities | Total | School Board | Economic Development Authority |
| ASSETS | | | | | |
| Cash and cash equivalents (note 3) | \$ 58,747,807 | \$ 28,601,955 | \$ 87,349,762 | \$ 6,715,185 | \$ 1,939,669 |
| Investments (note 3) | 14,818,113 | - | 14,818,113 | - | 971,935 |
| Interest receivable | 71,632 | - | 71,632 | - | - |
| Accounts receivable, net | 344,264 | 4,417,490 | 4,761,754 | 1,027,428 | - |
| Special assessments receivable | 3,997 | - | 3,997 | - | - |
| Taxes receivable, net | 29,142,873 | - | 29,142,873 | - | - |
| Loans receivable (note 5) | 2,314,601 | - | 2,314,601 | - | - |
| Notes receivable (note 6) | - | 402,485 | 402,485 | - | 1,531,928 |
| Due from other governments (note 7) | 13,375,679 | - | 13,375,679 | 1,942,720 | - |
| Internal balances | (1,493,772) | 1,493,772 | - | - | - |
| Inventories | 208,859 | 448,892 | 657,751 | 35,878 | - |
| Prepaid expenses | 487,649 | 1,694,566 | 2,182,215 | - | - |
| Prepaid rent | - | - | - | - | 23 |
| Net OPEB asset (note 12) | 708,822 | - | 708,822 | - | - |
| Capital assets (note 9): | | | | | |
| Land | 14,066,508 | 1,921,723 | 15,988,231 | 982,889 | - |
| Infrastructure right of way | 3,249,499 | 192,325 | 3,441,824 | - | - |
| Depreciable assets, net | 186,374,949 | 60,885,007 | 247,259,956 | 27,245,794 | - |
| Total assets | 322,421,480 | 100,058,215 | 422,479,695 | 37,949,894 | 4,443,555 |
| LIABILITIES | | | | | |
| Accounts payable | 6,533,221 | 3,992,422 | 10,525,643 | 868,464 | - |
| Accrued liabilities | 4,223,787 | 149,480 | 4,373,267 | 5,031,075 | 200,000 |
| Customer deposits | - | 794,870 | 794,870 | - | 65,895 |
| Due to other governments | 1,211,471 | - | 1,211,471 | - | - |
| Unearned revenue | 27,427,865 | - | 27,427,865 | 73,415 | 200,979 |
| Accrued interest payable | 873,896 | 362,592 | 1,236,488 | - | - |
| Noncurrent liabilities due within one year: | | | | | |
| Insurance claims payable (note 17) | 2,659,321 | - | 2,659,321 | - | - |
| Compensated absences (note 10) | 259,329 | 32,020 | 291,349 | 153,152 | - |
| Notes, loans and capital leases payable (note 10) | 416,593 | - | 416,593 | 462,548 | 130,000 |
| Bonds payable (note 10) | 6,263,017 | 3,302,361 | 9,565,378 | - | - |
| Noncurrent liabilities due in more than one year: | | | | | |
| Insurance claims payable (note 17) | 77,585 | - | 77,585 | - | - |
| Compensated absences (note 10) | 1,901,742 | 234,814 | 2,136,556 | 1,123,116 | - |
| Unfunded liability for postemployment medical benefits (note 10) | - | - | - | 174,829 | - |
| Notes, loans and capital leases payable (note 10) | 56,314 | - | 56,314 | 476,180 | - |
| Bonds payable (note 10) | 77,590,157 | 42,055,197 | 119,645,354 | - | - |
| Total liabilities | 129,494,298 | 50,923,756 | 180,418,054 | 8,362,779 | 596,874 |
| NET POSITION | | | | | |
| Net investment in capital assets | 105,462,444 | 37,760,064 | 143,222,508 | 27,289,955 | - |
| Restricted for: (note 2a) | | | | | |
| General government | 291,453 | - | 291,453 | - | - |
| Public safety | 321,917 | - | 321,917 | - | - |
| Parks, recreation and culture | 56,303 | - | 56,303 | - | - |
| Education | - | - | - | 1,123,417 | - |
| Health and welfare | 1,272 | - | 1,272 | - | - |
| Conservation and development | 1,520,702 | - | 1,520,702 | - | 200,000 |
| Permanent fund, nonexpendable | 162,501 | - | 162,501 | - | - |
| Unrestricted | 85,110,590 | 11,374,395 | 96,484,985 | 1,173,743 | 3,646,681 |
| Total net position | \$ 192,927,182 | \$ 49,134,459 | \$ 242,061,641 | \$ 29,587,115 | \$ 3,846,681 |

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| FUNCTIONS/PROGRAMS | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units | |
|--------------------------------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|----------------|-----------------|--------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | School Board | Economic Development Authority |
| | | | | | Governmental Activities | Business-type Activities | Total | | |
| PRIMARY GOVERNMENT: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 23,535,445 | \$ 14,000,028 | \$ 1,762,119 | \$ - | \$ (7,773,298) | \$ - | \$ (7,773,298) | | |
| Public safety | 32,597,684 | 29,778 | 1,675,385 | 12,825 | (30,879,696) | - | (30,879,696) | | |
| Community services | 20,052,677 | 1,843,964 | 8,107,968 | 6,776,156 | (3,324,589) | - | (3,324,589) | | |
| Health and welfare | 30,274,966 | 3,923,086 | 16,278,179 | - | (10,073,701) | - | (10,073,701) | | |
| Parks, recreation and culture | 12,368,616 | 1,610,587 | 904,083 | - | (9,853,946) | - | (9,853,946) | | |
| Education (includes payment to school system) | 51,677,155 | 208,988 | 562,087 | - | (50,906,080) | - | (50,906,080) | | |
| Conservation and development | 10,373,102 | 21,321 | 238,338 | 59,500 | (10,053,943) | - | (10,053,943) | | |
| Interest on long-term debt | 2,359,980 | - | - | - | (2,359,980) | - | (2,359,980) | | |
| Total governmental activities | 183,239,625 | 21,637,752 | 29,528,159 | 6,848,481 | (125,225,233) | - | (125,225,233) | | |
| Business-type activities: | | | | | | | | | |
| Water | 8,162,082 | 9,064,161 | - | - | - | 902,079 | 902,079 | | |
| Sewer | 9,858,802 | 10,554,384 | - | - | - | 695,582 | 695,582 | | |
| Gas | 23,788,374 | 29,779,891 | - | - | - | 5,991,517 | 5,991,517 | | |
| Golf course | 871,628 | 842,787 | - | - | - | (28,841) | (28,841) | | |
| Total business-type activities | 42,680,886 | 50,241,223 | - | - | - | 7,560,337 | 7,560,337 | | |
| TOTAL PRIMARY GOVERNMENT | \$ 225,920,511 | \$ 71,878,975 | \$ 29,528,159 | \$ 6,848,481 | (125,225,233) | 7,560,337 | (117,664,896) | | |
| COMPONENT UNITS: | | | | | | | | | |
| Economic Development Authority | \$ 116,593 | \$ 266,350 | \$ - | \$ - | | | | \$ - | \$ 149,757 |
| School Board | 64,679,487 | 3,391,632 | 10,071,040 | 5,327,130 | | | | (45,889,685) | - |
| TOTAL COMPONENT UNITS | \$ 64,796,080 | \$ 3,657,982 | \$ 10,071,040 | \$ 5,327,130 | | | | (45,889,685) | 149,757 |
| General Revenues: | | | | | | | | | |
| General property taxes | | | | | 56,060,959 | - | 56,060,959 | - | - |
| Sales tax | | | | | 9,901,299 | - | 9,901,299 | - | - |
| Utility tax | | | | | 4,422,168 | - | 4,422,168 | - | - |
| Communications tax | | | | | 3,276,861 | - | 3,276,861 | - | - |
| Meals tax | | | | | 8,103,257 | - | 8,103,257 | - | - |
| Lodgings tax | | | | | 2,932,367 | - | 2,932,367 | - | - |
| Other taxes | | | | | 4,022,679 | - | 4,022,679 | - | - |
| Business license tax | | | | | 6,880,942 | - | 6,880,942 | - | - |
| Grants and contributions not restricted to specific programs | | | | | 27,910,750 | - | 27,910,750 | 12,092,069 | - |
| Payment from City | | | | | - | - | - | 38,819,064 | - |
| Interest and investment earnings | | | | | 276,657 | 62,128 | 338,785 | 2,356 | 60,016 |
| Transfers, net | | | | | 5,233,180 | (5,233,180) | - | - | - |
| Total general revenues and transfers | | | | | 129,021,119 | (5,171,052) | 123,850,067 | 50,913,489 | 60,016 |
| Change in net position | | | | | 3,795,886 | 2,389,285 | 6,185,171 | 5,023,804 | 209,773 |
| Net position - July 1, 2012 | | | | | 189,131,296 | 46,745,174 | 235,876,470 | 24,563,311 | 3,636,908 |
| Net position - June 30, 2013 | | | | | \$ 192,927,182 | \$ 49,134,459 | \$ 242,061,641 | \$ 29,587,115 | \$ 3,846,681 |

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

| | General Fund | Capital Projects Fund | Debt Service Fund | Social Services Fund | Other Governmental Funds | Total |
|--------------------------------------|----------------------|-----------------------------|-------------------------|----------------------------|--------------------------------|-----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 18,737,769 | \$ 11,605,320 | \$ 12,201,576 | \$ 77,878 | \$ 1,122,150 | \$ 43,744,693 |
| Investments | 14,818,113 | - | - | - | - | 14,818,113 |
| Interest receivable | 71,632 | - | - | - | - | 71,632 |
| Accounts receivable, net | 283,472 | - | - | 5,830 | 15,188 | 304,490 |
| Taxes receivable, net | 29,142,873 | - | - | - | - | 29,142,873 |
| Special assessments receivable | - | 3,997 | - | - | - | 3,997 |
| Due from other governments (note 7) | 2,967,586 | 4,532,258 | - | 512,808 | 5,363,027 | 13,375,679 |
| Due from other funds (note 8) | 3,372,154 | - | - | - | - | 3,372,154 |
| Loans receivable (note 5) | - | 1,100,000 | - | - | 1,214,601 | 2,314,601 |
| Total assets | <u>\$ 69,393,599</u> | <u>\$ 17,241,575</u> | <u>\$ 12,201,576</u> | <u>\$ 596,516</u> | <u>\$ 7,714,966</u> | <u>\$ 107,148,232</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts payable | \$ 920,469 | \$ 4,594,182 | \$ - | \$ 22,317 | \$ 382,480 | \$ 5,919,448 |
| Accrued liabilities | 2,594,499 | - | 30,790 | 179,381 | 1,241,084 | 4,045,754 |
| Due to other governments | - | - | - | - | 1,211,471 | 1,211,471 |
| Due to other funds (note 8) | - | - | - | 35,116 | 3,227,952 | 3,263,068 |
| Deferred revenue | 27,972,383 | - | - | - | - | 27,972,383 |
| Total liabilities | <u>31,487,351</u> | <u>4,594,182</u> | <u>30,790</u> | <u>236,814</u> | <u>6,062,987</u> | <u>42,412,124</u> |
| FUND BALANCES (note 2b): | | | | | | |
| Nonspendable | - | 1,100,000 | - | - | 172,501 | 1,272,501 |
| Restricted | 545,723 | 8,950,111 | - | 359,702 | 176,222 | 10,031,758 |
| Committed | 6,737,955 | 2,597,282 | 12,170,786 | - | - | 21,506,023 |
| Assigned | 3,633,160 | - | - | - | 1,303,256 | 4,936,416 |
| Unassigned | 26,989,410 | - | - | - | - | 26,989,410 |
| Total fund balances | <u>37,906,248</u> | <u>12,647,393</u> | <u>12,170,786</u> | <u>359,702</u> | <u>1,651,979</u> | <u>64,736,108</u> |
| Total liabilities and fund balances | <u>\$ 69,393,599</u> | <u>\$ 17,241,575</u> | <u>\$ 12,201,576</u> | <u>\$ 596,516</u> | <u>\$ 7,714,966</u> | <u>\$ 107,148,232</u> |

(continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

| | |
|--------------------------------------------------------------|---------------|
| Total fund balances per Balance Sheet for Governmental Funds | \$ 64,736,108 |
|--------------------------------------------------------------|---------------|

Amounts reported for governmental activities in the Statement of Net Position
(Exhibit A) are different because:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation. | 202,407,200 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the governmental funds and are not included in fund balance.

| | |
|---------------------------|---------|
| Property taxes receivable | 544,516 |
| Net OPEB asset | 708,822 |

Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunication to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Position.

| | |
|-------------------------------------|------------|
| Internal Service Funds net position | 11,775,338 |
|-------------------------------------|------------|

Some liabilities, including general governmental bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position.

| | |
|------------------------------|--------------|
| Accrued interest payable | (873,896) |
| Unamortized premium on bonds | (4,170,431) |
| Bonds and notes payable | (79,149,240) |
| Deferred amount of refunding | (1,006,410) |
| Compensated absences | (2,044,825) |

| | |
|-----------------------------------------|-----------------------|
| Net position of governmental activities | <u>\$ 192,927,182</u> |
|-----------------------------------------|-----------------------|

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

| | General Fund | Capital Projects Fund | Debt Service Fund | Social Services Fund | Other Governmental Funds | Total |
|---------------------------------------|-------------------------|--------------------------------------|----------------------------------|-------------------------------------|-----------------------------------------|----------------------|
| REVENUES | | | | | | |
| Taxes | \$ 95,714,241 | \$ - | \$ - | \$ - | \$ - | \$ 95,714,241 |
| Fees and permits | 2,464,889 | - | - | - | - | 2,464,889 |
| Intergovernmental | 30,031,104 | 7,705,746 | 185,173 | 8,624,926 | 13,668,093 | 60,215,042 |
| Charges for services | 5,731,381 | - | - | - | 4,875,921 | 10,607,302 |
| Fines | 392,763 | - | - | - | - | 392,763 |
| Investment earnings | 239,096 | 5,412 | 32,149 | - | - | 276,657 |
| Miscellaneous | 810,274 | 3,754,121 | - | 22,383 | 193,448 | 4,780,226 |
| Total revenues | 135,383,748 | 11,465,279 | 217,322 | 8,647,309 | 18,737,462 | 174,451,120 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 14,438,666 | 913,557 | - | - | - | 15,352,223 |
| Public safety | 31,444,547 | 118,276 | - | - | 424,609 | 31,987,432 |
| Community service | 7,933,104 | 2,309,752 | - | - | 8,281,270 | 18,524,126 |
| Health and welfare | 5,012,504 | - | - | 11,899,321 | 14,284,562 | 31,196,387 |
| Parks, recreation and culture | 11,355,857 | 796,468 | - | - | 77,414 | 12,229,739 |
| Education | 43,065,839 | 2,460,328 | - | - | - | 45,526,167 |
| Conservation and development | 4,899,680 | 2,858,009 | - | - | 1,006,943 | 8,764,632 |
| Other activities | 266,562 | - | - | - | - | 266,562 |
| Debt service: | | | | | | |
| Principal | - | - | 6,430,175 | - | - | 6,430,175 |
| Interest | - | - | 2,452,754 | - | - | 2,452,754 |
| Miscellaneous | - | - | 87,599 | - | - | 87,599 |
| Capital outlay | - | 21,380,655 | - | - | - | 21,380,655 |
| Total expenditures | 118,416,759 | 30,837,045 | 8,970,528 | 11,899,321 | 24,074,798 | 194,198,451 |
| Revenues over (under) expenditures | 16,966,989 | (19,371,766) | (8,753,206) | (3,252,012) | (5,337,336) | (19,747,331) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in (note 8) | 5,608,472 | 7,810,768 | 9,671,009 | 3,127,218 | 4,829,576 | 31,047,043 |
| Transfers out (note 8) | (24,751,601) | (319,874) | - | - | (37,298) | (25,108,773) |
| Issuance of debt (note 10) | - | 5,610,000 | - | - | - | 5,610,000 |
| Premium on issuance of debt | - | 427,859 | - | - | - | 427,859 |
| Total other financing sources (uses) | (19,143,129) | 13,528,753 | 9,671,009 | 3,127,218 | 4,792,278 | 11,976,129 |
| Net change in fund balance | (2,176,140) | (5,843,013) | 917,803 | (124,794) | (545,058) | (7,771,202) |
| FUND BALANCE - JULY 1, 2012 | 40,082,388 | 18,490,406 | 11,252,983 | 484,496 | 2,197,037 | 72,507,310 |
| FUND BALANCE - JUNE 30, 2013 | <u>\$ 37,906,248</u> | <u>\$ 12,647,393</u> | <u>\$ 12,170,786</u> | <u>\$ 359,702</u> | <u>\$ 1,651,979</u> | <u>\$ 64,736,108</u> |

(continued)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds (Exhibit D) \$ (7,771,202)

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

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

| | |
|--------------------------|-------------|
| Change in capital assets | 22,573,753 |
| Depreciation expense | (8,291,446) |

Capital assets for the component unit (School Board) that are funded by the City with bonds or loans are recorded as a capital asset of the City until the bonds or loans are paid in full at which time the capital assets and accumulated depreciation revert to the School Board component unit.

| | |
|----------------------------------------------------------------------------------------------------------------------------|-------------|
| Capital asset, net of accumulated depreciation taken off City capital assets and added to the School Board component unit. | (5,327,130) |
|----------------------------------------------------------------------------------------------------------------------------|-------------|

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

| | |
|------------------------|-----------|
| Property taxes | (113,709) |
| Loss on sale of assets | (59,592) |

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

| | |
|--------------------|-------------|
| New debt issued | (6,037,859) |
| Principal payments | 6,430,175 |

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

| | |
|----------------------------------------------|-----------|
| Change in accrued interest | 258,288 |
| Amortization of bond premium | (126,895) |
| Amortization of deferred amount of refunding | 50,098 |

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

| | |
|----------------------|----------|
| Compensated absences | (61,076) |
| Net OPEB obligation | 708,822 |

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

| |
|-----------|
| 1,563,659 |
|-----------|

Change in Net Position of Governmental Activities

| |
|---------------------|
| <u>\$ 3,795,886</u> |
|---------------------|

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

| | Business - Type Activities - Enterprise Funds | | | | | Internal Service Funds |
|-----------------------------------------------|------------------------------------------------------|--------------|---------------|--------------------|---------------|-------------------------------|
| | Water | Sewer | Gas | Golf Course | Total | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 6,802,361 | \$ 8,172,458 | \$ 13,550,831 | \$ 1,100 | \$ 28,526,750 | \$ 15,078,319 |
| Accounts receivable, net | 654,628 | 431,408 | 901,871 | - | 1,987,907 | 39,774 |
| Unbilled accounts receivable | 614,877 | 736,957 | 1,077,749 | - | 2,429,583 | - |
| Note receivable (note 6) | 129,618 | 272,867 | - | - | 402,485 | - |
| Inventories | - | - | - | 28,753 | 28,753 | 628,998 |
| Prepaid expenses | - | - | 1,694,566 | - | 1,694,566 | 487,649 |
| Total current assets | 8,201,484 | 9,613,690 | 17,225,017 | 29,853 | 35,070,044 | 16,234,740 |
| Noncurrent assets: | | | | | | |
| Capital assets (note 9): | | | | | | |
| Land | - | - | 584,291 | 1,337,432 | 1,921,723 | - |
| Easements | 12,625 | 95,600 | 84,100 | - | 192,325 | - |
| Buildings and improvements | - | 39,014 | - | 1,819,260 | 1,858,274 | - |
| Vehicles | 222,661 | 642,909 | 1,124,649 | 27,888 | 2,018,107 | 133,480 |
| Transmission lines and mains | 24,776,367 | 31,068,238 | 38,595,141 | - | 94,439,746 | - |
| Equipment | 674,297 | 383,357 | 1,799,639 | 189,327 | 3,046,620 | 10,207,563 |
| Total capital assets | 25,685,950 | 32,229,118 | 42,187,820 | 3,373,907 | 103,476,795 | 10,341,043 |
| Less accumulated depreciation | (9,382,008) | (5,374,467) | (24,283,051) | (1,454,602) | (40,494,128) | (9,040,899) |
| Net noncurrent assets | 16,303,942 | 26,854,651 | 17,904,769 | 1,919,305 | 62,982,667 | 1,300,144 |
| Total assets | 24,505,426 | 36,468,341 | 35,129,786 | 1,949,158 | 98,052,711 | 17,534,884 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 798,280 | 1,352,989 | 1,824,214 | 1,881 | 3,977,364 | 598,041 |
| Accrued liabilities | 19,476 | 18,138 | 88,629 | 21,109 | 147,352 | 210,951 |
| Accrued interest payable | 123,728 | 153,437 | 85,427 | - | 362,592 | - |
| Customer deposits | 170,124 | - | 624,746 | - | 794,870 | - |
| Due to other funds (note 8) | - | - | - | 109,086 | 109,086 | - |
| Compensated absences | 5,811 | 5,059 | 18,568 | 2,312 | 31,750 | 14,219 |
| Insurance claims payable (note 17) | - | - | - | - | - | 2,659,321 |
| Bonds payable - due within one year (note 10) | 1,000,067 | 1,508,126 | 794,168 | - | 3,302,361 | - |
| Total current liabilities | 2,117,486 | 3,037,749 | 3,435,752 | 134,388 | 8,725,375 | 3,482,532 |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 42,614 | 37,103 | 136,165 | 16,954 | 232,836 | 104,273 |
| Bonds payable (note 10) | 14,554,818 | 25,271,907 | 2,228,472 | - | 42,055,197 | - |
| Insurance claims payable (note 17) | - | - | - | - | - | 77,585 |
| Total noncurrent liabilities | 14,597,432 | 25,309,010 | 2,364,637 | 16,954 | 42,288,033 | 181,858 |
| Total liabilities | 16,714,918 | 28,346,759 | 5,800,389 | 151,342 | 51,013,408 | 3,664,390 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 2,728,643 | 4,004,481 | 29,091,247 | 1,919,305 | 37,743,676 | 1,300,144 |
| Unrestricted | 5,061,865 | 4,117,101 | 238,150 | (121,489) | 9,295,627 | 12,570,350 |
| Total net position | \$ 7,790,508 | \$ 8,121,582 | \$ 29,329,397 | \$ 1,797,816 | \$ 47,039,303 | \$ 13,870,494 |

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

**RECONCILIATION OF THE PROPRIETARY FUNDS
STATEMENT OF NET POSITION TO THE
STATEMENT OF NET POSITION FOR BUSINESS-TYPE ACTIVITIES
JUNE 30, 2013**

| | Total Enterprise Funds | Internal Service Funds Allocation | Business-Type Activities Statement of Net Position |
|-------------------------------------|---------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 28,526,750 | \$ 75,205 | \$ 28,601,955 |
| Accounts receivable, net | 1,987,907 | - | 1,987,907 |
| Unbilled accounts receivable | 2,429,583 | - | 2,429,583 |
| Notes receivable | 402,485 | - | 402,485 |
| Due from other funds | - | 1,602,858 | 1,602,858 |
| Inventories | 28,753 | 420,139 | 448,892 |
| Prepaid expenses | 1,694,566 | - | 1,694,566 |
| Total current assets | 35,070,044 | 2,098,202 | 37,168,246 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 1,921,723 | - | 1,921,723 |
| Easements | 192,325 | - | 192,325 |
| Buildings | 1,858,274 | - | 1,858,274 |
| Vehicles | 2,018,107 | - | 2,018,107 |
| Transmission lines and mains | 94,439,746 | - | 94,439,746 |
| Equipment | 3,046,620 | 20,067 | 3,066,687 |
| Total capital assets | 103,476,795 | 20,067 | 103,496,862 |
| Less accumulated depreciation | (40,494,128) | (3,679) | (40,497,807) |
| Net noncurrent assets | 62,982,667 | 16,388 | 62,999,055 |
| Total assets | 98,052,711 | 2,114,590 | 100,167,301 |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | 3,977,364 | 15,058 | 3,992,422 |
| Accrued liabilities | 147,352 | 2,128 | 149,480 |
| Accrued interest payable | 362,592 | - | 362,592 |
| Customer deposits | 794,870 | - | 794,870 |
| Due to other funds | 109,086 | - | 109,086 |
| Compensated absences | 31,750 | 270 | 32,020 |
| Bonds payable - due within one year | 3,302,361 | - | 3,302,361 |
| Total current liabilities | 8,725,375 | 17,456 | 8,742,831 |
| Noncurrent liabilities: | | | |
| Compensated absences | 232,836 | 1,978 | 234,814 |
| Bonds payable | 42,055,197 | - | 42,055,197 |
| Total noncurrent liabilities | 42,288,033 | 1,978 | 42,290,011 |
| Total liabilities | 51,013,408 | 19,434 | 51,032,842 |
| NET POSITION: | | | |
| Net investment in capital assets | 37,743,676 | 16,388 | 37,760,064 |
| Unrestricted | 9,295,627 | 2,078,768 | 11,374,395 |
| Total net position | \$ 47,039,303 | \$ 2,095,156 | \$ 49,134,459 |

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Business - Type Activities - Enterprise Funds | | | | | Internal Service Funds |
|------------------------------------------------------|-----------------------------------------------|---------------|---------------|--------------|---------------|------------------------------|
| | Water | Sewer | Gas | Golf Course | Total | |
| OPERATING REVENUES | | | | | | |
| Utility charges | \$ 8,628,913 | \$ 10,110,411 | \$ 29,260,315 | \$ - | \$ 47,999,639 | \$ - |
| Other charges for services | 194,008 | 37,090 | 497,495 | 842,787 | 1,571,380 | 24,828,766 |
| Total operating revenues | 8,822,921 | 10,147,501 | 29,757,810 | 842,787 | 49,571,019 | 24,828,766 |
| OPERATING EXPENSES | | | | | | |
| Purchases for resale | 4,547,520 | 6,731,770 | 14,453,829 | 36,029 | 25,769,148 | 2,434,738 |
| Personnel costs | 1,231,095 | 1,160,331 | 4,174,153 | 429,123 | 6,994,702 | 3,171,720 |
| Materials and supplies | 318,163 | 97,960 | 640,302 | 114,510 | 1,170,935 | 319,039 |
| Contractual services and charges | 1,004,416 | 565,965 | 3,449,932 | 253,212 | 5,273,525 | 2,683,981 |
| Depreciation | 667,376 | 617,201 | 1,212,646 | 55,090 | 2,552,313 | 355,997 |
| Claims incurred | - | - | - | - | - | 10,917,862 |
| Insurance premiums | - | - | - | - | - | 2,223,067 |
| Total operating expenses | 7,768,570 | 9,173,227 | 23,930,862 | 887,964 | 41,760,623 | 22,106,404 |
| Operating income (loss) | 1,054,351 | 974,274 | 5,826,948 | (45,177) | 7,810,396 | 2,722,362 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Interest expense | (398,731) | (656,989) | (168,341) | - | (1,224,061) | - |
| Interest income | 22,161 | 22,502 | 17,465 | - | 62,128 | - |
| Bond issuance expense | (40,201) | (80,259) | - | - | (120,460) | - |
| Capacity fees | 232,520 | 404,705 | - | - | 637,225 | - |
| Insurance recovery | 1,878 | - | - | - | 1,878 | 1,746 |
| Total nonoperating revenues (expenses), net | (182,373) | (310,041) | (150,876) | - | (643,290) | 1,746 |
| Income (loss) before contributions and transfers | 871,978 | 664,233 | 5,676,072 | (45,177) | 7,167,106 | 2,724,108 |
| Transfers out | (708,548) | (713,867) | (3,810,765) | - | (5,233,180) | (705,090) |
| Change in net position | 163,430 | (49,634) | 1,865,307 | (45,177) | 1,933,926 | 2,019,018 |
| Total net position - July 1, 2012 | 7,627,078 | 8,171,216 | 27,464,090 | 1,842,993 | 45,105,377 | 11,851,476 |
| Total net position - June 30, 2013 | \$ 7,790,508 | \$ 8,121,582 | \$ 29,329,397 | \$ 1,797,816 | \$ 47,039,303 | \$ 13,870,494 |
| Change in net positions | | | | | \$ 1,933,926 | |
| Warehouse external sales | | | | | 31,101 | |
| Expenses associated with warehouse external sales | | | | | (30,052) | |
| Total allocation of warehouse external sales | | | | | 1,049 | |
| Internal service fund allocations | | | | | 454,310 | |
| Changes in net positions of business-type activities | | | | | \$ 2,389,285 | |

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT E-4

**RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF
REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

| | Water Fund | Sewer Fund | Gas Fund | Golf Course Fund | Total |
|---------------------------------------------------|-----------------------|-----------------------|---------------------|-----------------------------|---------------|
| DIRECT REVENUES | | | | | |
| Charges for services | \$ 8,822,921 | \$ 10,147,501 | \$ 29,757,810 | \$ 842,787 | \$ 49,571,019 |
| Capacity fees | 232,520 | 404,705 | - | - | 637,225 |
| Insurance recovery | 1,878 | - | - | - | 1,878 |
| Warehouse external sales | 6,842 | 2,178 | 22,081 | - | 31,101 |
| Program revenues - Statement of Activities | 9,064,161 | 10,554,384 | 29,779,891 | 842,787 | 50,241,223 |
| DIRECT EXPENSES | | | | | |
| Purchases for resale | 4,547,520 | 6,731,770 | 14,453,829 | 36,029 | 25,769,148 |
| Personnel costs | 1,231,095 | 1,160,331 | 4,174,153 | 429,123 | 6,994,702 |
| Materials and supplies | 318,163 | 97,960 | 640,302 | 114,510 | 1,170,935 |
| Contractual services and charges | 1,004,416 | 565,965 | 3,449,932 | 253,212 | 5,273,525 |
| Depreciation | 667,376 | 617,201 | 1,212,646 | 55,090 | 2,552,313 |
| Interest expense | 398,731 | 656,989 | 168,341 | - | 1,224,061 |
| Bond issuance expense | 40,201 | 80,259 | - | - | 120,460 |
| Total fund expenses | 8,207,502 | 9,910,475 | 24,099,203 | 887,964 | 43,105,144 |
| Expenses associated with warehouse external sales | 6,611 | 2,104 | 21,337 | - | 30,052 |
| Internal service fund allocations | (52,031) | (53,777) | (332,166) | (16,336) | (454,310) |
| Program expenses - Statement of Activities | 8,162,082 | 9,858,802 | 23,788,374 | 871,628 | 42,680,886 |
| Revenues over (under) expenses | 902,079 | 695,582 | 5,991,517 | (28,841) | 7,560,337 |
| Interest and investment earnings | 22,161 | 22,502 | 17,465 | - | 62,128 |
| Transfers out | (708,548) | (713,867) | (3,810,765) | - | (5,233,180) |
| Change in net position | \$ 215,692 | \$ 4,217 | \$ 2,198,217 | \$ (28,841) | \$ 2,389,285 |

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Business - Type Activities - Enterprise Funds | | | | | Internal Service Funds |
|------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|----------------------|-----------------|----------------------|------------------------------|
| | Water | Sewer | Gas | Golf Course | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Receipts from customers | \$ 8,542,563 | \$ 9,692,795 | \$ 29,090,984 | \$ 845,040 | \$ 48,171,382 | \$ 24,815,348 |
| Payments to suppliers | (5,962,027) | (7,507,931) | (17,682,082) | (406,090) | (31,558,130) | (17,753,358) |
| Payments to employees | (1,226,581) | (1,159,636) | (4,164,230) | (434,326) | (6,984,773) | (3,301,017) |
| Net cash provided by operating activities | 1,353,955 | 1,025,228 | 7,244,672 | 4,624 | 9,628,479 | 3,760,973 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Insurance recovery | 1,878 | - | - | - | 1,878 | 1,746 |
| Transfers out | (708,548) | (713,867) | (3,810,765) | - | (5,233,180) | (705,090) |
| Payments received from other funds | - | - | - | (4,624) | (4,624) | - |
| Payments received on notes receivable | 127,714 | 268,860 | - | - | 396,574 | - |
| Net cash used for noncapital financing activities | (578,956) | (445,007) | (3,810,765) | (4,624) | (4,839,352) | (703,344) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Acquisition and construction of capital assets | (2,809,072) | (6,719,776) | (691,936) | - | (10,220,784) | (999,023) |
| Capacity fees | 232,520 | 404,705 | - | - | 637,225 | - |
| Bond proceeds | 2,810,000 | 5,610,000 | - | - | 8,420,000 | - |
| Bond principal paid | (772,000) | (1,164,586) | (811,200) | - | (2,747,786) | - |
| Bonds redeemed | - | (108,867) | - | - | (108,867) | - |
| Interest paid | (401,541) | (661,815) | (123,699) | - | (1,187,055) | - |
| Bond issuance expenses | (40,201) | (80,259) | - | - | (120,460) | - |
| Premium on bonds issued | 214,311 | 427,859 | - | - | 642,170 | - |
| Net cash used for capital and related financing activities | (765,983) | (2,292,739) | (1,626,835) | - | (4,685,557) | (999,023) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest on investments | 22,161 | 22,502 | 17,465 | - | 62,128 | - |
| Net increase (decrease) in cash and cash equivalents | 31,177 | (1,690,016) | 1,824,537 | - | 165,698 | 2,058,606 |
| Balances - July 1, 2012 | 6,771,184 | 9,862,474 | 11,726,294 | 1,100 | 28,361,052 | 13,019,713 |
| Balances - June 30, 2013 | \$ 6,802,361 | \$ 8,172,458 | \$ 13,550,831 | \$ 1,100 | \$ 28,526,750 | \$ 15,078,319 |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | | | | |
| Operating income (loss) | \$ 1,054,351 | \$ 974,274 | \$ 5,826,948 | \$ (45,177) | \$ 7,810,396 | \$ 2,722,362 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation expense | 667,376 | 617,201 | 1,212,646 | 55,090 | 2,552,313 | 355,997 |
| (Increase) Decrease in accounts receivable | (266,638) | (454,706) | (689,058) | 58 | (1,410,344) | (13,418) |
| Decrease in inventories | - | - | - | 4,050 | 4,050 | (25,072) |
| Decrease in prepaid expenses | - | - | 79,627 | - | 79,627 | (19,395) |
| Increase (Decrease) in accounts payable | (91,927) | (112,236) | 782,352 | (6,390) | 571,799 | 447,978 |
| Increase (Decrease) in accrued liabilities | 207 | 503 | 6,185 | (1,041) | 5,854 | 15,134 |
| Increase (Decrease) in customer deposits | (13,721) | - | 22,233 | - | 8,512 | - |
| Increase in unredeemed gift certificates | - | - | - | 2,196 | 2,196 | - |
| Increase (decrease) in compensated absences | 4,307 | 192 | 3,739 | (4,162) | 4,076 | 5,005 |
| Increase in insurance claims payable | - | - | - | - | - | 272,382 |
| Net cash provided by operating activities | \$ 1,353,955 | \$ 1,025,228 | \$ 7,244,672 | \$ 4,624 | \$ 9,628,479 | \$ 3,760,973 |

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

| | <u>Pension Trust</u> |
|-------------------------------------------------------------|------------------------------|
| ASSETS | |
| Cash and cash equivalents (note 3b) | \$ 674,104 |
| Interest receivable | 258,844 |
| Investments (Note 3b): | |
| Common stocks | 38,510,366 |
| Corporate fixed income securities | 6,374,160 |
| Government and agency fixed income securities | 18,082,256 |
| Mutual funds: | |
| Domestic | 22,094,496 |
| International | 14,336,531 |
| Total investments | <u>99,397,809</u> |
| Total assets | <u>100,330,757</u> |
| LIABILITIES | |
| Accounts payable | <u>362</u> |
| NET POSITION | |
| Held in trust for pension and other postemployment benefits | <u><u>\$ 100,330,395</u></u> |

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2013

| | <u>Pension Trust</u> |
|-------------------------------------------|------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 11,247,402 |
| Plan members | <u>917,932</u> |
| Total contributions | <u>12,165,334</u> |
| Investment earnings: | |
| Net increase in fair value of investments | 11,568,485 |
| Interest | 1,255,485 |
| Dividends | <u>685,011</u> |
| Total investment earnings | 13,508,981 |
| Less investment expenses | <u>473,640</u> |
| Net investment earnings (loss) | <u>13,035,341</u> |
| Total additions | <u>25,200,675</u> |
| DEDUCTIONS | |
| Pension benefits | 8,756,855 |
| Other post-retirement benefits | 3,532,219 |
| Administrative expenses | <u>304,461</u> |
| Total deductions | <u>12,593,535</u> |
| Change in net position | 12,607,140 |
| Net position - July 1, 2012 | <u>87,723,255</u> |
| Net position - June 30, 2013 | <u><u>\$ 100,330,395</u></u> |

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

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Charlottesville, Virginia (the City), named for Queen Charlotte of England, was established as a town in 1762 and incorporated as a city by an act of the Virginia General Assembly in 1888. The City has an area of 10.4 square miles and a population of 45,073 according to the Weldon Cooper Center for Public Service. The City provides a full range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, housing and human services programs, transportation, recreation, and gas, water and wastewater utilities. The City is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Council consists of a mayor and four other members elected at large. The Council has responsibility for appointing the City Manager. The City has taxing powers subject to statewide restrictions and tax limits.

The financial statements of the City of Charlottesville are prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the City's more significant accounting policies.

(a) The Financial Reporting Entity

As required by GAAP, these financial statements present the City (the Primary Government) and its component units. As such, the City of Charlottesville Public Schools (the School Board or Schools) and the Charlottesville Economic Development Authority (the CEDA) are reported as separate and discretely presented component units in the City's reporting entity. The Primary Government is hereafter referred to as the "City" and the reporting entity, which includes the City and its component units, is hereafter referred to as the "City Reporting Entity."

The accompanying financial statements include all activities of the City, such as general operations and support services. The component units discussed below are included in the City Reporting Entity because the City appoints a majority of the CEDA board members, approves the budgetary request of the School Board and provides a significant amount of funding for each of these entities.

Discretely Presented Component Units

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

- (i) School Board:** The City provides education through its own school system administered by the Charlottesville School Board (the School Board). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate but financially dependent. The City Council administers the School Board's appropriation of funds at the category level, approves transfers between categories, and authorizes school debt. School Board members are elected. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

- (ii) **Economic Development Authority:** The Charlottesville Economic Development Authority (the CEDA) was created to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate or remain in the City. City Council appoints the seven board members of the CEDA. By statute, the CEDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The City is involved in the day-to-day operations of the CEDA the determination of its operating budget and annual service fee rates. Financial statements of the CEDA are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete audited financial statements of the CEDA can be obtained from the Office of Economic Development, City of Charlottesville, PO Box 911, Charlottesville, VA 22902 or Room B230 at City Hall.

(b) Government-wide and Fund Financial Statements

Government-wide financial statements - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, generally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from legally separate component units for which the primary government (City) is financially accountable. Interfund activity and balances have been eliminated from the statements to avoid duplication.

The *Statement of Net Position* is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. The City reports investment in capital assets net of depreciation, including infrastructure, in the Statement of Net Position. Depreciation expense, the cost of “using up” capital assets, is included in the Statement of Activities. Noncurrent liabilities including bonds, notes and loans payable are included, separated into due within one year and due in more than one year. The net position of the City are reported in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Effective July 1, 2012, the City adopted the provisions of GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. In the case of the City, the implementation of this standard was isolated to presentation of the statement of net position. This implementation required the City to present a Statement of Net Position, replacing the previously presented Statement of Net Assets, in the City’s basic financial statements.

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

Fund statements – Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Real and personal property taxes are recorded as revenues and receivables when levied, net of allowances for uncollectible amounts. Property tax receivables not collected within 45 days after year-end are reflected as deferred revenue. Sales and utility taxes, which are collected by the Commonwealth or utility companies by year-end and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or utility company, which is generally in the month preceding receipt by the City.

Fees and permits, fines, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available. Unbilled accounts receivable are recorded in the Enterprise Funds when earned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the City's enterprise and internal service funds are charges to customers for goods and services. Operating expenses for these funds include the cost of sales and service, administrative expenses and depreciation of capital assets. Any revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's fiduciary (pension) funds are presented in the Fiduciary Fund financial statements. By definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government; therefore these funds are not incorporated into the government-wide statements.

The focus of the reporting model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and proprietary categories, as well as the fiduciary funds and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and all of the individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Revenues for this fund are obtained from bond issues, a transfer from the General Fund, federal and state highway funds, PEG fee revenue and contributions from Charlottesville School Board and other local governments for shared facilities.

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

The *Social Services Fund*, which is a special revenue fund, accounts for the financial resources associated with the Charlottesville Department of Social Services (CDSS). Social Services provide state and federal income support, employment assistance and social work service programs to alleviate poverty and other social problems, that is matched or 100% funded by the City.

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

The *Water Fund* accounts for the operations of the City's water distribution system.
The *Sewer Fund* accounts for the operations of the City's wastewater collection system.
The *Gas Fund* accounts for the operations of the City's natural gas distribution system.
The *Golf Course Fund* accounts for the operations of the City's 18-hole municipal golf course.

Additionally, the City reports the following non-major funds:

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The City has established special revenue funds to account for the Community Development Block Grant, Community Attention Programs, Comprehensive Services Act, Virginia Juvenile Community Crime Control Act, transit operations and various other grants to support projects undertaken. Social Services is reported as a major fund. Cemetery perpetual care is included, which is a permanent fund.

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

The *Fiduciary Fund* is used to report assets held in a trustee capacity for the two pension trust funds for retirement and postemployment benefits. The pension trust fund is accounted for and reported similarly to proprietary funds since the economic resources measurement focus is also the same. Fiduciary funds cannot be used to finance the City's operating programs.

(d) Encumbrances

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

(e) Cash, Cash Equivalents and Investments

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

(f) Internal Balances

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(g) Allowance for Uncollectibles

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2013, the allowances approximated \$761,521 in the General Fund and \$1,006,604 in the Proprietary Funds (\$173,257, \$220,158, and \$613,189) for the Water, Sewer and Gas Funds, respectively.

(h) Inventory of Supplies and Prepaid Items

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

(i) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets and bridges,) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's storm drainage system was inventoried and valued and is included in the basic financial statements as detailed in Note 2 for Governmental Activities in accordance with GAAP. All other infrastructure has been inventoried, valued and included in the basic financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of at least two years. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated.

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

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

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

(j) Compensated Absences

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

Sick leave earned but not taken by City and School Board employees at June 30, 2013, approximated \$13,594,388 and \$13,786,077 respectively. Upon retirement, no cash payments are made for sick leave. Therefore, the accrued balance is not recorded in the financial statements.

(k) Defined Benefit Pension Plans

Defined benefit pension plan contributions are actuarially determined and consist of current service costs and amortization of past service costs over a 25-year period for the City retirement plan and 30-year period for post-employment benefits plan. The Virginia Retirement System (VRS) plan, to which the Schools' non-professional employees belong amortizes past service costs over a 20-year period and the post-employment medical plan over a 30-year period. The City and School's policy is to fully fund the annual contribution. The Schools' post-employment medical plan is funded on a pay-as-you-go basis.

(I) Risk Management

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

2. EQUITY

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

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

(a) Net Position-Restricted – Government-wide Financial Statements:

Restricted net position on the government-wide Statement of Net Position is composed of the following:

| | Governmental Activities |
|-------------------------------|----------------------------|
| General government | \$ 291,453 |
| Public safety | 321,917 |
| Parks, recreation and culture | 56,303 |
| Health and welfare | 1,272 |
| Conservation and development | 1,520,702 |
| Permanent fund, nonexpendable | 162,501 |
| Total restricted net position | <u>\$ 2,354,148</u> |

The net position in the Fiduciary Funds are for Pension Trust Funds and therefore, all held in trust for pension and other post-employment benefits.

(b) Fund Balances:

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

The City maintains a minimum fund balance in the General Fund, classified as unassigned fund balance. The minimum fund balance policy is found in the City's adopted operating budget. Currently, the City is to maintain a minimum of 12% of the operating budget in fund balance. City Council may elect to maintain a higher unassigned fund balance to provide the City with sufficient working capital and a margin of safety to address emergencies and unexpected declines in revenue without borrowing.

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

- **Nonspendable** - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** - Represents amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Represents specific purposes in accordance with internal constraints imposed by formal action of the City's highest level of decision-making, Charlottesville City Council. Once adopted, the appropriation can only be removed or changed by City Council with similar action.
- **Assigned** – Represents amounts that are constrained by City Council's intent to use for specific purposes, but meet neither the restricted or committed forms of constraint. Amounts that are assigned are only temporary until City Council takes formal action with an appropriation.
- **Unassigned** – Represents the residual category for the general fund only. It is also where negative fund balance for all other governmental funds would be reported.

Fund balances are composed of the following at June 30, 2013:

| | General Fund | Capital Projects Fund | Debt Service Fund | Social Services Fund | Other Governmental Funds | Total |
|----------------------------------------------|-----------------|-----------------------------|-------------------------|----------------------------|--------------------------------|---------------|
| Nonspendable: | | | | | | |
| Loans receivable | \$ - | \$ 1,100,000 | \$ - | \$ - | \$ 10,000 | \$ 1,110,000 |
| Cemetery perpetual care | - | - | - | - | 162,501 | 162,501 |
| Total nonspendable | - | 1,100,000 | - | - | 172,501 | 1,272,501 |
| Restricted: | | | | | | |
| Unspent bond proceeds | - | 8,950,111 | - | - | - | 8,950,111 |
| Fire programs | 51,359 | - | - | - | 88,337 | 139,696 |
| Law enforcement | 146,608 | - | - | - | 35,613 | 182,221 |
| Social services | - | - | - | 359,702 | - | 359,702 |
| Court house security | 227,939 | - | - | - | - | 227,939 |
| Property cost share agreement | 63,514 | - | - | - | - | 63,514 |
| Youth programs | 56,303 | - | - | - | 51,000 | 107,303 |
| Education programs | - | - | - | - | 1,272 | 1,272 |
| Total restricted: | 545,723 | 8,950,111 | - | 359,702 | 176,222 | 10,031,758 |
| Committed: | | | | | | |
| Building Repairs and improvements | 902,230 | - | - | - | - | 902,230 |
| Nonrecurring vehicle and equipment purchases | 2,477,513 | - | - | - | - | 2,477,513 |
| Neighborhood development services | 31,385 | 2,597,282 | - | - | - | 2,628,667 |
| Parks and recreation programs | 152,152 | - | - | - | - | 152,152 |
| Fire programs | 24,708 | - | - | - | - | 24,708 |
| City Council initiatives | 176,446 | - | - | - | - | 176,446 |
| Human service initiatives | 24,268 | - | - | - | - | 24,268 |
| Contingency reserve | 152,720 | - | - | - | - | 152,720 |
| Historic resources | 26,559 | - | - | - | - | 26,559 |
| Economic job fair | 30,293 | - | - | - | - | 30,293 |
| Workforce development | 66,572 | - | - | - | - | 66,572 |
| Law enforcement | 9,969 | - | - | - | - | 9,969 |
| Public service | 921 | - | - | - | - | 921 |
| Communications | 52 | - | - | - | - | 52 |
| Corporate training | 20,581 | - | - | - | - | 20,581 |
| Census | 2,228 | - | - | - | - | 2,228 |
| Human rights initiatives | 90,000 | - | - | - | - | 90,000 |
| Reserve for landfill remediation | 2,549,358 | - | - | - | - | 2,549,358 |
| Future debt service | - | - | 12,170,786 | - | - | 12,170,786 |
| Total committed: | 6,737,955 | 2,597,282 | 12,170,786 | - | - | 21,506,023 |
| Assigned: | | | | | | |
| Purchases on order | 436,087 | - | - | - | 32,032 | 468,119 |
| Human services | - | - | - | - | 1,271,224 | 1,271,224 |
| Subsequent year's budget: | | | | | | |
| appropriation of fund balance | 3,197,073 | - | - | - | - | 3,197,073 |
| Total assigned: | 3,633,160 | - | - | - | 1,303,256 | 4,936,416 |
| Unassigned: | 26,989,410 | - | - | - | - | 26,989,410 |
| Total fund balance | \$ 37,906,248 | \$ 12,647,393 | \$ 12,170,786 | \$ 359,702 | \$ 1,651,979 | \$ 64,736,108 |

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Primary Government

At June 30, 2013, the carrying value of the City's deposits and investments, with their respective credit ratings, was as follows:

| <u>Deposit and Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|-------------------------------------------|-----------------------|----------------------|
| Demand deposits | \$ 48,319,089 | N/A |
| Cash on hand | 7,530 | N/A |
| Commonwealth LGIP | 1,034 | AAAm |
| Money Market Mutual Funds | 3,454 | AAAm |
| Commonwealth Non-Arbitrage Program (SNAP) | 19,018,655 | AAAm |
| Non-negotiable Certificate of Deposit | 20,000,000 | N/A |
| Corporate notes | 2,976,742 | Aa |
| Federal agency notes | 11,841,371 | Aaa |
| Total deposits and investments | <u>\$ 102,167,875</u> | |

Credit Risk:

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

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

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

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

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

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

Federal agency obligations include bonds, notes and other obligations of the United States, and securities issued by any Aaa rated federal government agency, instrumentality or government sponsored enterprise except for Collateralized Mortgage Obligations. The final maturity shall not exceed a period of five (5) years from the time of purchase.

Concentration of Credit Risk:

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

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

At June 30, 2013, the sector and issue limits have not been exceeded.

Interest Rate Risk:

As a means of limiting exposure to fair value arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities. At June 30, 2013, all investments in the City's portfolio had a maturity of five years or less.

(b) City of Charlottesville Pension Trust Fund

At June 30, 2013, the carrying value of the Trust Fund deposits and investments, with the respective credit ratings, was as follows:

| <u>Deposit and Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|-----------------------------------------------|-----------------------|----------------------|
| Demand deposits | \$ 674,104 | N/A |
| Common stock | 38,510,366 | N/A |
| Corporate fixed income securities | 6,374,160 | Aaa-Baa3 |
| Government and agency fixed income securities | | |
| Explicitly guaranteed by U.S. government | \$ 12,346,749 | N/A |
| Implicitly guaranteed by U.S. government | 4,460,015 | Aaa-Aa1 |
| Municipal | <u>1,275,492</u> | Aaa-Aa1 |
| Total government fixed income securities | 18,082,256 | |
| Mutual funds - domestic | 22,094,496 | N/A |
| Mutual funds - international | <u>14,336,531</u> | N/A |
| Total investments | <u>99,397,809</u> | |
| Total deposits and investments | <u>\$ 100,071,913</u> | |

Credit Risk:

Investments in the Pension Trust Fund are managed in accordance with policies adopted by the Retirement Commission. These policies sets target allocations of 55% for domestic equities, 20% for fixed income, 15% for international equities, and 10% for real estate and authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. Credit ratings in the table below are ratings from Moody's Investor's Service. If the investment was rated only by Standard & Poor's Rating Services, the table below has the Moody's equivalent rating.

The following table summarizes the Pension Trusts' credit risk for corporate, implicitly guaranteed by U.S. government and municipal fixed income securities at June 30, 2013:

| <u>Investment Type</u> | <u>Rating</u> | <u>% of Total Portfolio</u> |
|----------------------------------------|---------------|-----------------------------|
| Corporate Bonds | Aaa | 0.9 % |
| Corporate Bonds | Aa2-Aa3 | 1.3 |
| Corporate Bonds | A1-A3 | 2.1 |
| Corporate Bonds | Baa1-Baa3 | 2.2 |
| Federal Home Loan Mortgage Corporation | Aaa-Aa1 | 0.3 |
| Federal National Mortgage Association | Aaa-Aa1 | 4.0 |
| Tennessee Valley Authority | Aaa-Aa1 | 0.2 |
| Municipal Bonds | Aaa-Aa1 | 1.3 |

Concentration of Credit Risk:

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

| | |
|----------|-------------------------------------|
| Company | Not to exceed 5% of the total fund |
| Industry | Not to exceed 20% of the total fund |

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

Interest Rate Risk:

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

At June 30, 2013, the Trust had the following investments and maturities:

| | <u>Fair Value</u> | <u>0-5 Years</u> | <u>6-10 Years</u> | <u>11-50 Years</u> |
|-------------------------|----------------------|---------------------|---------------------|----------------------|
| Corporate fixed income | \$ 6,374,160 | \$ 1,133,130 | \$ 2,060,399 | \$ 3,180,631 |
| Government fixed income | 18,082,256 | 441,423 | 3,557,420 | 14,083,413 |
| Total | <u>\$ 24,456,416</u> | <u>\$ 1,574,553</u> | <u>\$ 5,617,819</u> | <u>\$ 17,264,044</u> |

(c) School Board Component Unit

At June 30, 2013, the carrying value of the School Board component unit deposits and investments, with their respective credit ratings, was as follows:

| <u>Deposit and Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|------------------------------------|---------------------|----------------------|
| Demand deposits | \$ 5,122,924 | N/A |
| Commonwealth LGIP | <u>1,592,261</u> | AAAm |
| Total deposits and investments | <u>\$ 6,715,185</u> | |

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2013, excluding the demand deposits and Commonwealth LGIP, there were no investments. Accordingly, there is no credit risk, concentration of credit risk, or interest rate risk.

(d) Charlottesville Economic Development Authority (CEDA)

At June 30, 2013, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

| <u>Deposit and Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|-------------------------------------|---------------------|----------------------|
| Demand deposits | \$ 1,939,669 | N/A |
| US government fixed income security | <u>971,935</u> | N/A |
| Total deposits and investments | <u>\$ 2,911,604</u> | |

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. The CEDA does not have a formal investment policy that addresses credit risk, concentration of credit risk or interest rate risk. At June 30, 2013, excluding the demand deposits and U.S. government agency securities, there were no investments. Accordingly, based on this minimal risk, the CEDA does not have a policy.

4. GENERAL PROPERTY TAXES

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

(a) Real Estate

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

Real estate taxes are collected in equal semiannual payments due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2012, assessment due December 5, 2012, and the first half of the January 1, 2013 assessment due June 5, 2013, less an allowance for uncollectibles and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2012 and 2013 was \$.95, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2013, and due December 5, 2013, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, real estate taxes that are not due as of June 30, 2013, are included in unearned revenue, since they are not due for the current fiscal year.

(b) Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and prorated for motor vehicles acquired or sold during the year, with payment in equal semiannual installments due June 5 and December 5. During fiscal year 2013, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2012, assessment due December 5, 2012, and the first half of the January 1, 2013, assessment due June 5, 2013, less an allowance for uncollectibles and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2012 and 2013 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2013 and due December 5, 2013, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, personal property taxes that are not due as of June 30, 2013, are included in unearned revenue, since they are not due for the current fiscal year.

In April 1998, the Virginia General Assembly passed S.B. 4005, the Personal Property Tax Relief Act of 1998, PPTRA. In its original form, PPTRA, in essence, was a vehicle-based entitlement. Beginning 2006, changes to PPTRA made by S.B. 5005 marked an end to this vehicle-based entitlement. S.B. 5005 establishes what amounts to a fixed, annual block grant to localities, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. Localities determine how relief is to be distributed, within the guidelines established. The 56% relief provided during 2012 decreased to 53% for 2013. Vehicles below \$1,000 assessed value are given 100% relief.

5. LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Special Revenue Fund had \$29,363 in outstanding installment loans and \$580,289 in deferred payment loans, which are secured by property liens. The installment loans have terms of up to 30 years and bear an interest rate of three percent. The property liens are 30 year deferred payment loans payable upon sale, transfer or disposal of the property. Both loans represent monies advanced to low-income qualified property owners under the federally-funded housing renovation and rehabilitation project and are fully offset on the combined balance sheet by an amount due to the federal government.

The Grants Special Revenue Fund had \$10,000 in an outstanding loan and \$594,949 in deferred payment loans, which are secured by property liens. The \$10,000 loan, made in 2003, to the Albemarle Housing Improvement Program (AHIP) has a term of 5 years and bears an interest rate of 3%. Payment of the principal amount was due in 2008 with the option of extending the note for up to two additional five-year periods. The deferred payment loan represents federally-funded monies advances to low-income qualified property owners under the HOME Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the combined balance sheet by an amount due to the federal government.

The Capital Projects Fund had loans outstanding totaling \$880,000, consisting of a loan to the Albemarle Housing Improvement Program (AHIP) for \$30,000 and a loan for \$850,000 to Piedmont Housing Alliance (PHA). The loan to AHIP is a non-interest bearing, revolving loan due upon demand. The loan to PHA is a non-interest bearing loan, that closed December, 2007 and was originally had a term of 5 years. In August 2012, the loan was extended an additional 5 years. It is due by October 31, 2017, unless the property is sold.

The Capital Projects Fund had \$1,043,285 in deferred payment loans, which are secured by property liens. These loans represent monies advances to low-income qualified property owners from the Charlottesville Housing Fund. The terms of the loan are the same as the CDBG deferred payment loans found above. A contra-receivable was used to offset this loan receivable.

The Capital Projects Fund had \$1,550,000 in an outstanding loan to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4th Street, N.W. Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculated at 4.30% per annum. The entire principal balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property. A contra-receivable was used to offset this loan receivable.

The Capital Projects Fund had \$130,000 in an outstanding loan to the Economic Development Authority (EDA). The EDA used these funds to make up a six-month loan to the Lewis & Clark Explority Center of Virginia, Inc. (Lewis & Clark). Lewis & Clark are using these funds, grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, an access road, a parking area and a connecting trail network at Darden Towe Park. Darden Towe Park is currently jointly owned by the City and the County. The loan was extended in September 2013, and is due April 30, 2014, is non-interest bearing and is subject to a 5% late charge on the outstanding balance.

The Capital Projects Fund has \$90,000 in an outstanding loan to the City Manager. The loan and its terms were part of the City Manager's employment agreement. The loan is deferred until certain real property owned by the City Manager is sold. It is non-interest bearing and has a term of ten years. The balance has been classified as noncurrent because it is not expected to be collected within one year from the Balance Sheet date.

6. NOTES RECEIVABLE

The City Link note balance of \$402,486 at June 30, 2013, is recorded as a note receivable in the City's Water and Sewer Funds (\$129,618 and \$272,867, respectively). Because the City executed this note on an arms-length basis, this note has not been eliminated at the government-wide level. The note was executed during Fiscal Year 2004, with \$950,000 due to Water Fund and \$2,000,000 due to Sewer Fund. The note is due in 2014 and bears interest at 1.49%, with annual payments.

7. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2013, are presented below:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|-------------------|----------------------|
| City Government Activities: | | | | |
| Major funds: | | | | |
| General Fund | \$ - | \$ 2,960,760 | \$ 6,826 | \$ 2,967,586 |
| Capital Projects Fund | - | 4,521,067 | 11,191 | 4,532,258 |
| Social Services Fund | - | 498,943 | 13,865 | 512,808 |
| Total major funds | - | 7,980,770 | 31,882 | 8,012,652 |
| Non-major funds | 2,829,776 | 1,911,112 | 622,139 | 5,363,027 |
| Total Primary Government | <u>\$ 2,829,776</u> | <u>\$ 9,891,882</u> | <u>\$ 654,021</u> | <u>\$ 13,375,679</u> |
| Component Unit - Schools | <u>\$ 5,875</u> | <u>\$ 1,882,582</u> | <u>\$ 54,263</u> | <u>\$ 1,942,720</u> |

8. DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

- (a) Individual fund deficits in consolidated pooled cash are considered short-term receivables of the General Fund. Individual fund interfund receivable and payable balances of the City at June 30, 2013, are presented below:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|----------------------------------------|---------------------------------|-------------------------------|
| Major funds: | | |
| General Fund | \$ 3,372,154 | \$ - |
| Social Services Fund | - | 35,116 |
| Golf Course Fund | - | 109,086 |
| Total major funds | <u>3,372,154</u> | <u>144,202</u> |
| Non-major funds: | | |
| Special Revenue Funds: | | |
| Community Development Block Grant Fund | - | 96,517 |
| Grants Fund | - | 125,716 |
| Comprehensive Services Act Fund | - | 482,232 |
| Transit Fund | - | 2,523,487 |
| Total non-major funds | <u>-</u> | <u>3,227,952</u> |
| Total due to/from other funds | <u>\$ 3,372,154</u> | <u>\$ 3,372,154</u> |

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

Interfund transfers for the year ended June 30, 2013, consisted of the following:

| <u>Transfers out:</u> | | | | | | |
|-----------------------------|---------------------|-----------------------------|-------------------------|----------------------------|----------------------------------|----------------------|
| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Social Services</u> | <u>Nonmajor Governmental</u> | <u>Total</u> |
| Transfers in: | | | | | | |
| General Fund | \$ - | \$ 7,739,465 | \$ 9,242,514 | \$ 3,127,218 | \$ 4,642,404 | \$ 24,751,601 |
| Capital Projects Fund | 150,000 | - | - | - | 169,874 | 319,874 |
| Nonmajor governmental funds | - | - | 20,000 | - | 17,298 | 37,298 |
| Water Fund | 708,548 | - | - | - | - | 708,548 |
| Sewer Fund | 713,867 | - | - | - | - | 713,867 |
| Gas Fund | 3,786,057 | 24,708 | - | - | - | 3,810,765 |
| Internal Service Funds | 250,000 | 46,595 | 408,495 | - | - | 705,090 |
| Total | <u>\$ 5,608,472</u> | <u>\$ 7,810,768</u> | <u>\$ 9,671,009</u> | <u>\$ 3,127,218</u> | <u>\$ 4,829,576</u> | <u>\$ 31,047,043</u> |

Reconciliation to exhibits:

| | | <u>Transfers in:</u> | <u>Transfers out:</u> |
|------------------------|-------------|----------------------|-----------------------|
| Governmental Funds | Exhibit D | \$ 31,047,043 | \$ 25,108,773 |
| Proprietary Funds | Exhibit E-3 | - | 5,233,180 |
| Internal Service Funds | Exhibit L-2 | - | 705,090 |
| Total | | <u>\$ 31,047,043</u> | <u>\$ 31,047,043</u> |

9. CAPITAL ASSETS

(a) Primary Government

| | Balance July 1, 2012 | Increases | Decreases | Balance June 30, 2013 |
|-----------------------------------------------|-------------------------|----------------------|---------------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 13,678,603 | \$ 387,905 | \$ - | \$ 14,066,508 |
| Infrastructure right of way | 2,633,686 | 615,813 | - | 3,249,499 |
| Total capital assets not being depreciated | <u>16,312,289</u> | <u>1,003,718</u> | <u>-</u> | <u>17,316,007</u> |
| Other capital assets: | | | | |
| Building and improvements | 146,711,674 | 12,799,902 | 6,913,036 | 152,598,540 |
| Vehicles | 28,483,179 | 1,586,388 | 1,180,449 | 28,889,118 |
| Mobile equipment | 2,990,863 | 528,031 | 116,847 | 3,402,047 |
| Furniture and equipment | 18,654,846 | 1,537,269 | 10,627 | 20,181,488 |
| Streets | 59,921,140 | 7,386,527 | - | 67,307,667 |
| Bridges | 4,593,628 | 59,597 | - | 4,653,225 |
| Infrastructure | <u>56,446,371</u> | <u>-</u> | <u>-</u> | <u>56,446,371</u> |
| Total other capital assets at historical cost | <u>317,801,701</u> | <u>23,897,714</u> | <u>8,220,959</u> | <u>333,478,456</u> |
| Less accumulated depreciation: | | | | |
| Building and improvements | 40,690,754 | 3,987,511 | 1,585,906 | 43,092,359 |
| Vehicles | 17,352,262 | 2,640,212 | 1,168,076 | 18,824,398 |
| Mobile equipment | 2,255,472 | 174,283 | 115,221 | 2,314,534 |
| Furniture and equipment | 14,918,427 | 1,328,329 | 10,627 | 16,236,129 |
| Streets | 41,418,266 | 698,949 | - | 42,117,215 |
| Bridges | 1,538,347 | 84,856 | - | 1,623,203 |
| Infrastructure | <u>21,878,841</u> | <u>1,016,828</u> | <u>-</u> | <u>22,895,669</u> |
| Total accumulated depreciation | <u>140,052,369</u> | <u>9,930,968</u> | <u>2,879,830</u> | <u>147,103,507</u> |
| Other capital assets, net | <u>177,749,332</u> | <u>13,966,746</u> | <u>5,341,129</u> | <u>186,374,949</u> |
| Governmental activities capital assets, net | <u>\$ 194,061,621</u> | <u>\$ 14,970,464</u> | <u>\$ 5,341,129</u> | <u>\$ 203,690,956</u> |

| | Balance July 1, 2012 | Increases | Decreases | Balance June 30, 2013 |
|-----------------------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Business-Type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 1,921,723 | \$ - | \$ - | \$ 1,921,723 |
| Easements | 179,700 | 12,625 | - | 192,325 |
| Total capital assets not being depreciated | 2,101,423 | 12,625 | - | 2,114,048 |
| Other capital assets: | | | | |
| Building and improvements | 1,858,274 | - | - | 1,858,274 |
| Vehicles | 2,017,880 | 59,227 | 59,000 | 2,018,107 |
| Equipment | 2,891,115 | 239,040 | 63,468 | 3,066,687 |
| Distribution and collection systems | 84,516,120 | 9,923,626 | - | 94,439,746 |
| Total other capital assets at historical cost | 91,283,389 | 10,221,893 | 122,468 | 101,382,814 |
| Less accumulated depreciation: | | | | |
| Building and improvements | 1,212,491 | 45,817 | - | 1,258,308 |
| Vehicles | 1,232,993 | 199,351 | 59,000 | 1,373,344 |
| Equipment | 2,046,845 | 164,646 | 63,468 | 2,148,023 |
| Distribution and collection systems | 33,559,894 | 2,158,238 | - | 35,718,132 |
| Total accumulated depreciation | 38,052,223 | 2,568,052 | 122,468 | 40,497,807 |
| Other capital assets, net | 53,231,166 | 7,653,841 | - | 60,885,007 |
| Business-Type activities capital assets, net | <u>\$ 55,332,589</u> | <u>\$ 7,666,466</u> | <u>\$ -</u> | <u>\$ 62,999,055</u> |

(b) School Board Component Unit

| | Balance July 1, 2012 | Increases | Decreases | Balance June 30, 2013 |
|-----------------------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 982,889 | \$ - | \$ - | \$ 982,889 |
| Other capital assets: | | | | |
| Building and improvements | 45,939,255 | 6,913,036 | - | 52,852,291 |
| Vehicles | 141,474 | - | - | 141,474 |
| Furniture and equipment | 3,884,622 | 55,613 | - | 3,940,235 |
| Total other capital assets at historical cost | 49,965,351 | 6,968,649 | - | 56,934,000 |
| Less accumulated depreciation: | | | | |
| Building and improvements | 25,274,924 | 2,703,457 | - | 27,978,381 |
| Vehicles | 109,845 | 7,109 | - | 116,954 |
| Furniture and equipment | 1,030,519 | 562,352 | - | 1,592,871 |
| Total accumulated depreciation | 26,415,288 | 3,272,918 | - | 29,688,206 |
| Other capital assets, net | 23,550,063 | 3,695,731 | - | 27,245,794 |
| Governmental activities capital assets, net | <u>\$ 24,532,952</u> | <u>\$ 3,695,731</u> | <u>\$ -</u> | <u>\$ 28,228,683</u> |

(c) Allocation of Depreciation Expense

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

| | |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 1,824,269 |
| Public safety | 1,434,411 |
| Community services, including depreciation of general infrastructure assets | 3,305,717 |
| Health and welfare | 76,841 |
| Parks, recreation and culture | 1,007,757 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 353,990 |
| Education | 1,199,071 |
| Conservation and development | 712,948 |
| Total depreciation expense - governmental activities | 9,915,004 |
| Accumulated depreciation from assets transferred from enterprise funds | 15,964 |
| Total increase in accumulated depreciation - governmental activities | <u>\$ 9,930,968</u> |
| Business-Type activities: | |
| Water | \$ 667,376 |
| Sewer | 617,201 |
| Gas | 1,212,646 |
| Golf course | 55,090 |
| Warehouse | 2,007 |
| Total depreciation expense - business-type activities | 2,554,320 |
| Accumulated depreciation from assets transferred from governmental funds | 13,732 |
| Total increase in accumulated depreciation - business-type activities | <u>\$ 2,568,052</u> |

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

| | |
|---------------------------------------------|---------------------|
| Instruction and instruction-related service | \$ 1,117,551 |
| Support services - student based | 7,109 |
| Administrative support services | 562,352 |
| Total increase to depreciation | 1,687,012 |
| Capital asset contribution | 1,585,906 |
| Total accumulated depreciation | <u>\$ 3,272,918</u> |

(d) Tenancy in Common – School Board Capital Assets

In fiscal year 2002, the Commonwealth of Virginia General Assembly passed a law to respond to GASB 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City's general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets. As of June 30, 2013, capital assets classified as Primary Government – building and improvements were decreased by \$6,913,036, along with accumulated depreciation of \$1,585,906. These capital assets are included in the School Board Component Unit as buildings and improvements.

10. LONG-TERM DEBT

(a) City

At June 30, 2013, the City's long-term debt consisted of the following:

| | Interest Rates | Original Amount of Debt | Amount Outstanding |
|-----------------------------------------------|-------------------|-------------------------------|------------------------|
| Governmental Activities: | | | |
| General obligation bonds: | | | |
| General Improvement Refunding, Series 2003 | 2.00 - 4.125 | \$ 15,555,000 | \$ 1,275,000 |
| General Improvement Refunding, Series 2004 | 3.00 - 4.25 | 19,913,333 | 3,803,333 |
| General Improvement, Series 2006 | 3.45 - 4.12 | 12,500,000 | 5,000,000 |
| General Improvement Refunding, Series 2008 | 3.25 - 5.00 | 15,617,500 | 8,162,500 |
| General Improvement Refunding, Series 2009 | 2.00 - 5.00 | 15,875,700 | 11,361,450 |
| General Improvement, Series 2010 | 2.00-4.38 | 9,956,200 | 8,458,750 |
| General Improvement, Series 2011 | 2.00-5.00 | 9,425,000 | 8,135,000 |
| General Improvement Refunding, Series 2012 | 1.25-4.50 | 26,870,300 | 26,870,300 |
| General Improvement, Series 2013 | 3.00-4.00 | 5,610,000 | 5,610,000 |
| Total bonds | | | 78,676,333 |
| State Literary Fund Loan, 1995 | 5.00 | 193,121 | 28,969 |
| State Literary Fund Loan, 1996 | 5.00 | 207,244 | 41,452 |
| Total literary loans | | | 70,421 |
| Notes payable | | | 402,486 |
| Total bonds, literary loans and notes payable | | | 79,149,240 |
| Compensated absences | | | 2,161,071 |
| Total | | | <u>\$ 81,310,311</u> * |
| Business-Type Activities: | | | |
| General obligation bonds: | | | |
| General Improvement Refunding, Series 2003 | 2.00 - 4.125 | \$ 8,295,000 | \$ 1,055,000 |
| General Improvement Refunding, Series 2004 | 3.00 - 4.25 | 1,456,667 | 1,051,669 |
| General Improvement, Series 2006 | 3.45 - 4.12 | 3,000,000 | 1,200,000 |
| General Improvement Refunding, Series 2008 | 3.25 - 5.00 | 5,222,500 | 2,972,500 |
| General Improvement Refunding, Series 2009 | 2.00 - 5.00 | 6,494,300 | 4,848,550 |
| General Improvement, Series 2010 | 2.00-4.38 | 4,903,800 | 4,166,250 |
| General Improvement, Series 2010 (VRA) | 2.93 | 5,030,409 | 4,696,905 |
| General Improvement, Series 2011 | 2.00-5.00 | 8,560,000 | 7,690,000 |
| General Improvement Refunding, Series 2012 | 1.25-4.50 | 7,224,700 | 7,224,700 |
| General Improvement, Series 2013 | 3.00-4.00 | 8,420,000 | 8,420,000 |
| Total bonds | | | 43,325,574 |
| Compensated absences | | | 266,834 |
| Total | | | <u>\$ 43,592,408</u> * |

The Water, Sewer, and Gas Funds are responsible for \$14,694,758, \$25,592,681, and \$3,038,135, respectively, of the Business-Type Activities bonds payable.

*Amounts exclude premium and deferred amounts on bonds.

(b) School Board Component Unit

At June 30, 2013, the School Board's long-term debt consisted of:

| | |
|---------------------------------------------------------|---------------------|
| Notes payable | \$ 7,517 |
| Capital leases payable | 931,211 |
| Compensated absences | 1,276,268 |
| Unfunded liability for post-employment medical benefits | 174,829 |
| Total | <u>\$ 2,389,825</u> |

(c) Changes in Long-Term Debt

The following is a summary of the long-term debt transactions for the City and component units for the year ended June 30, 2013:

| | Balance July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Due Within One Year |
|----------------------------------|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 78,918,183 | \$ 5,610,000 | \$ 5,851,850 | \$ 78,676,333 | \$ 6,263,017 |
| Unamortized premium | 4,043,536 | 427,859 | 300,964 | 4,170,431 | - |
| Deferred amounts on refunding | 1,056,507 | - | 50,097 | 1,006,410 | - |
| Total bonds payable | 84,018,226 | 6,037,859 | 6,202,911 | 83,853,174 | 6,263,017 |
| Compensated absences | 2,094,420 | 2,257,922 | 2,191,271 | 2,161,071 | 259,329 |
| State literary loans: | | | | | |
| Johnson School - 1995 | 38,625 | - | 9,656 | 28,969 | 9,656 |
| Burnley Moran School - 1996 | 51,814 | - | 10,362 | 41,452 | 10,362 |
| Total literary loans | 90,439 | - | 20,018 | 70,421 | 20,018 |
| Notes payable: | | | | | |
| CityLink note | 799,060 | - | 396,574 | 402,486 | 396,575 |
| Police cruisers - 2010 | 86,645 | - | 86,645 | - | - |
| Police cruisers - 2011 | 75,088 | - | 75,088 | - | - |
| Total notes payable | 960,793 | - | 558,307 | 402,486 | 396,575 |
| Total governmental activities | <u>\$ 87,163,878</u> | <u>\$ 8,295,781</u> | <u>\$ 8,972,507</u> | <u>\$ 86,487,152</u> | <u>\$ 6,938,939</u> |

Compensated absences are paid by General Fund, Social Services Fund and Non-Major Governmental Funds responsible for salary costs.

The City Link note originated in 2004, has a life of 10 years and bears interest at 1.49%. Annual payments are due to the City's Water and Sewer Funds of \$127,714 and \$268,860, respectively. Because the City executed this note on an arms-length basis, this note has not been eliminated at the government-wide level.

| | Balance July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Due Within One Year |
|--------------------------------|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| Business-Type Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 37,762,227 | \$ 8,420,000 | \$ 2,856,653 | \$ 43,325,574 | \$ 3,302,361 |
| Unamortized premium | 1,466,932 | 642,170 | 131,389 | 1,977,713 | - |
| Deferred amounts | | | | | |
| on refunding | 36,441 | - | (17,830) | 54,271 | - |
| Total bonds payable | 39,265,600 | 9,062,170 | 2,970,212 | 45,357,558 | 3,302,361 |
| Compensated absences | 263,329 | 289,419 | 285,914 | 266,834 | 32,020 |
| Total business-type activities | <u>\$ 39,528,929</u> | <u>\$ 9,351,589</u> | <u>\$ 3,256,126</u> | <u>\$ 45,624,392</u> | <u>\$ 3,334,381</u> |

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

Exhibits A and E-1, “Net investment in capital assets” excludes unspent bond proceeds of \$13,902,431 for Governmental Activities, \$1,230,528 for Water and \$3,855,245 for Sewer in the Business-type Activities-Enterprise Funds.

School Board Component Unit:

| | Balance July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Due within one year |
|---------------------------------------------------------|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| School Board: | | | | | |
| Notes payable | \$ 11,924 | \$ - | \$ 4,407 | \$ 7,517 | \$ 4,668 |
| Capital lease payable | 1,374,448 | - | 443,237 | 931,211 | 457,880 |
| Compensated absences | 1,276,760 | 1,467,782 | 1,468,274 | 1,276,268 | 153,152 |
| Unfunded liability for post-employment medical benefits | 169,202 | 5,627 | - | 174,829 | - |
| Total | <u>\$ 2,832,334</u> | <u>\$ 1,473,409</u> | <u>\$ 1,915,918</u> | <u>\$ 2,389,825</u> | <u>\$ 615,700</u> |

(d) Debt Compliance and Repayment

The governmental activities general improvement bonds and public improvement refunding bonds are secured by the full faith and credit of the City and are payable from taxes levied on all property located within the City. Governmental activities notes payable are payable from General Fund revenues. Literary loans from the Commonwealth of Virginia are for the construction or renovation of school buildings and are collateralized by such buildings and are payable by the City from General Fund resources. The Gas, Water and Sewer Funds general obligation and public improvement refunding bonds are payable from revenues generated by the facilities constructed from the bond proceeds, although they are also backed by the full faith and credit of the City should the facilities not provide sufficient revenues to meet bond obligations. The City has complied with all significant financial bond covenants.

The City has no overlapping debt with other jurisdictions. At June 30, 2013, the City had a debt limit of \$528,102,100 which is 10% of assessed value of real property and a legal debt margin of \$417,798,072.

The annual requirements to amortize to maturity all long-term obligations outstanding of the City, except for compensated absences payable for which the payment dates cannot be estimated are presented on note 10 (g).

(e) General Obligation Public Improvement Bonds

On May 29, 2013, the City issued \$14,030,000 in General Obligation Public Improvement Bonds at a true interest cost of 2.44%. Series 2013 includes \$5,610,000 of debt for general government to finance the costs of public improvement capital projects, \$2,810,000 to finance water system improvements and \$5,610,000 for sewer improvement projects. The full faith and credit of the City is pledged to the punctual payment of the principal and interest on the bonds as they become due. The bonds will be repaid in semiannual installments of principal and interest beginning August 15, 2013, and ending February 15, 2032.

(f) Prior Year Defeasance of Debt

In prior years, the City defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2013, \$18,095,000 of defeased bonds remain outstanding.

(g) **Debt Service Requirements to Maturity**

General Obligation Bonds:

| Year Ending <u>June 30,</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|--------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$ 6,263,017 | \$ 2,715,848 | \$ 3,302,359 | \$ 1,416,476 |
| 2015 | 6,064,300 | 2,568,603 | 3,141,108 | 1,401,733 |
| 2016 | 6,042,967 | 2,375,342 | 3,118,652 | 1,304,945 |
| 2017 | 5,761,600 | 2,185,449 | 2,881,412 | 1,203,651 |
| 2018 | 5,539,917 | 2,000,409 | 2,874,677 | 1,104,272 |
| 2019 - 2023 | 23,986,782 | 7,387,284 | 11,996,921 | 4,113,062 |
| 2024 - 2028 | 18,480,950 | 3,184,829 | 10,179,015 | 2,035,606 |
| 2029-2033 | <u>6,536,800</u> | <u>503,653</u> | <u>5,831,430</u> | <u>424,131</u> |
| Total bonds | <u>\$ 78,676,333</u> | <u>\$ 22,921,417</u> | <u>\$ 43,325,574</u> | <u>\$ 13,003,876</u> |

Literary Loans:

| Year Ending <u>June 30,</u> | <u>Governmental Activities</u> | |
|--------------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$ 20,018 | \$ 3,521 |
| 2015 | 20,018 | 2,521 |
| 2016 | 20,019 | 1,519 |
| 2017 | <u>10,366</u> | <u>518</u> |
| Total literary loans | <u>\$ 70,421</u> | <u>\$ 8,079</u> |

Notes Payable:

| Year Ending <u>June 30,</u> | <u>Governmental Activities</u> | |
|--------------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$ 402,486 | \$ 5,997 |

11. PENSION OBLIGATIONS

City of Charlottesville Supplemental Retirement or Pension Plan

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

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

| <u>General Employees Pension Plan – Normal Retirement Benefit</u> | | |
|-------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| | Before July 1, 2012 | On or after July 1, 2012 |
| Normal Retirement Age | Age 65 with 5 years of service | Age 65 with 5 years of service |
| Early Retirement Age | Age 55 with 5 years of service Age 50 with 30 years of service | Age 60 with 5 years of service Age 60 with 30 years of service |
| Vesting | 5 years of service | 5 years of service |
| Employee Contribution for Pension and OPEB Plans | None | 3% of base salary |
| Pension Benefit Formula | Average Final Compensation (AFC) x 1.6% x years of creditable service | Average Final Compensation (AFC) x 1.6% x years of creditable service |
| Years to Calculate AFC | 3 years | 5 years |

| <u>Public Safety Pension Plan – Normal Retirement Benefit</u> | | |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Before July 1, 2012 | On or after July 1, 2012 |
| Normal Retirement Age | Age 60 | Age 60 |
| Early Retirement Age | Age 55 with 5 years of service Age 50 with 25 years of service | Age 55 with 5 years of service Age 50 with 25 years of service |
| Vesting | 5 years of service | 5 years of service |
| Employee Contribution for Pension and OPEB Plans | None | 3% of base salary |
| Pension Benefit Formula | Average Final Compensation (AFC) x 1.6% x years of creditable service | Average Final Compensation (AFC) x 1.6% x years of creditable service |
| Years to Calculate AFC | 3 years | 5 years |
| Social Security Supplement | 1% of Average Final Compensation (AFC) x years of creditable service paid until Social Security retirement age with 20 years of service. Payable until full retirement age, as in effect on July 1, 2005. | 1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005. |

Membership in the City's Pension Plan consists of the following at June 30, 2013, the date of the most recent actuarial valuation:

| | <u>Members</u> |
|---------------------------------------------------------|---------------------|
| Retirees and beneficiaries currently receiving benefits | 499 |
| Vested terminated employees | 405 |
| Current employees: | |
| Vested | 544 |
| Nonvested | 228 |
| Total | <u><u>1,676</u></u> |

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

Funding policy. The contribution requirements of plan members and the City are established and may be amended by City Council. Plan members hired before July 1, 2012 are not required to contribute. Plan members hired on or after July 1, 2012 must contribute 3% of base pay (annual covered salary) for Pension and Other postemployment benefits (OPEB) plans. The City's contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2013 are based on the July 1, 2011, actuarial report. The general employee contribution rate is 14.59% and the public safety contribution rate is 24.49%.

Annual pension cost. The City has traditionally contributed the annual required contribution (ARC) and thus has never actually had or been required to report a net pension obligation (NPO). In accordance with GAAP, the City calculated the potential for a NPO and reaffirmed that none existed at June 30, 2013.

The Pension Plan's Annual Required Contribution (ARC), percentage of ARC contributed, and Net Pension Obligation are as follows:

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Annual Required</u> <u>Contribution</u> | <u>Percentage of ARC</u> <u>Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|--------------------------------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------|
| 2013 | \$ 5,701,673 | 100 % | \$ - |
| 2012 | 5,890,831 | 100 | - |
| 2011 | 5,109,912 | 100 | - |

Funded status and funding progress. As of June 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

| | |
|--------------------------------------------------------------------------|----------------------|
| Actuarial accrued liability (AAL) | \$ 129,978,376 |
| Actuarial value of plan assets | 79,188,241 |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 50,790,135</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 60.9% |
| Covered payroll (annual payroll of active employees covered by the plan) | \$ 33,540,553 |
| UAAL as a percentage of covered payroll | 151.4% |

The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions. The annual required contribution (ARC) for the plan was determined as part of the July 1, 2011 actuarial valuation using the following methods and assumptions:

| <u>Method</u> | <u>Assumption</u> |
|-------------------------------|----------------------------------------------------------|
| Actuarial cost method | Projected Unit Credit |
| Amortization method | Level % of pay with contributions increasing 4% per year |
| Remaining amortization period | 25 |
| Asset valuation method | 4 year smoothed market |
| Inflation rate | 3.0% |
| Investment return | 4.5% |
| Projected salary increases | Range 2.5% - 5.0% |
| Cost of living adjustment | None |

City of Charlottesville Defined Contribution Pension Plan

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

All new hires are given a one-time option to choose either the Pension Plan or the DC Plan when they are hired. Under the DC Plan, the city contribution rate is 8% of the employee’s base salary to their individual account, which is administered by a third party. There is no employee contribution required. DC Plan contributions vest ratably over a three year period. Employees determine how their account balance is invested from a range of available options. At June 30, 2013, there were 209 active City employees and a total of 324 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$683,934 for active employees. Total net assets available for benefits at June 30, 2013, were \$7,454,968.

There is also a separate defined contribution plan for senior management to which the City contributes. For the year ended June 30, 2013, a total of \$531,869 was contributed for 14 active City employees. The city contribution rate is 29.83% of eligible compensation.

School Board Component Unit – Virginia Retirement System (VRS)

Plan Description. The School Board participates in the VRS, an agent and cost-sharing multiple-employer defined benefit pension plan. Professional employees are included in a statewide teacher cost-sharing pool and non-professional employees have a separate plan. All full-time, salaried permanent employees must participate in VRS. Title 5.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. Effective July 1, 2010, there are two retirement plans in effect. Plan 1 members hired into covered positions prior to July 1, 2010. Plan 2 are members hired on or after July 1, 2010. Under Plan 1, employees are eligible for unreduced benefits at age 65 with 5 years of service, or as early as age 50 if they have at least 30 years of service. Under Plan 2, employees are eligible for unreduced retirement benefits at the normal retirement age for social security with 5 years of service, or when age and service added together equal 90 (e.g. 60 with 30 years of service credit). VRS issues a publicly available comprehensive annual financial report, which may be obtained in writing from VRS at P.O. Box 2500, Richmond, VA 23218-2500 or download from the VRS website at www.varetire.org.

Funding Policy. Plan members are required by Title 5.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. The School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rates for teacher cost-sharing pool for the fiscal year ended June 30, 2013, was 13.96% of annual covered payroll. The School Board's required contribution, equal to ARC, was as follows:

| <u>Year Ended</u> | <u>Contribution Dollars</u> | <u>Contribution Percentage</u> |
|-------------------|-----------------------------|--------------------------------|
| June 30, 2013 | \$ 4,820,615 | 13.96 % |
| June 30, 2012 | 4,092,371 | 12.21 |
| June 30, 2011 | 3,046,139 | 9.81 |

Annual pension cost and actuarial assumptions. For the non-professional plan, the School Board's contribution rate for the fiscal year ending June 30, 2013, was 10.2% of annual covered payroll. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the Entry Age Normal actuarial cost method. The assumptions included a 7% investment return, projected salary increased between 3.75% and 5.6% per year based on age and 2.5% cost of living adjustment. The inflation rate is 2.5%. The asset valuation method is modified market value of assets. The annual required contribution was \$174,104, which was 100% contributed.

Funded status and funding progress. As of July 1, 2011, the most recent actuarial date, the funded status of the non-professional plan was as follows. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

| | |
|--------------------------------------------------------------------------|-------------------|
| Actuarial accrued liability (AAL) | \$ 10,414,500 |
| Actuarial value of plan assets | 9,561,359 |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 853,141</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 91.8% |
| Covered payroll (annual payroll of active employees covered by the plan) | \$ 1,932,343 |
| UAAL as a percentage of covered payroll | 44.2% |

12. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

City of Charlottesville

Plan description. The City provides medical, dental and life insurance coverage for eligible Pension Plan members that elect to participate. Vested employees who separate service with the City before pension benefits are received are not eligible for OPEB benefits. The City administers the plan as part of the City's benefit program. City Council may amend benefits for current and future retirees and are responsible for the management of the assets. The OPEB Trust is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City other postemployment benefits report.

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

Membership in the City's OPEB Plan consists of the following at June 30, 2013, the date of the most recent actuarial valuation:

| | |
|---------------------------------------------------------|---------------------|
| | <u>Members</u> |
| Retirees and beneficiaries currently receiving benefits | 415 |
| Current employees: | |
| Vested | <u>1,007</u> |
| Total | <u><u>1,422</u></u> |

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

Funding policy. The contribution requirements for current and future OPEB Plan members are established and may be amended by City Council. The city contribution is determined annually by City Council. Pension Plan members hired before December 3, 2002, received 100% of the city contribution towards the cost of medical and dental insurance. For Pension Plan Members hired on or after December 3, 2002, the city contribution toward the cost of medical and dental insurance is pro-rated based on vesting requirements and years of creditable service. OPEB Plan members must pay for family members at their own expense. Surviving spouses of OPEB Plan members may elect to continue health care benefits at their own expense. Life insurance is provided at no direct cost to the plan members. DC Plan senior management is eligible for the same OPEB benefits as Pension Plan members. The City contribution rates for 2013 are based on the July 1, 2011, actuarial report. The contribution rate is 17.07%.

DC Plan members may be eligible for access to continue medical and dental benefits. The City does not pay any of the costs. The DC Plan member is not eligible for life insurance benefits.

Annual OPEB cost. The City has traditionally contributed the annual required contribution (ARC) and thus has never actually had or been required to report a net pension obligation (NPO). In accordance with GAAP, the City calculated the potential for a NPO (asset) and reaffirmed that none existed at June 30, 2013.

| <u>Fiscal Year Ended June 30</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Cost Contributed</u> | <u>Net OPEB Asset</u> |
|--------------------------------------|-----------------------------|-------------------------------------------|---------------------------|
| 2013 | \$ 5,536,057 | 100.2 % | \$ (708,822) |
| 2012 | 5,039,276 | 100.2 | (699,150) |
| 2011 | 4,202,983 | 100.2 | (689,610) |

| <u>Annual Required Contribution (ARC)</u> | <u>Interest on Net OPEB Asset</u> | <u>Adjustment to the ARC</u> | <u>Increase in Net OPEB Asset</u> | <u>Net OPEB Asset June 30, 2013</u> |
|---------------------------------------------------|---------------------------------------|----------------------------------|---------------------------------------|---------------------------------------------|
| \$ 5,545,729 | \$ 52,436 | \$ 42,764 | \$ 9,672 | \$ (708,822) |

Funded status and funding progress. As of July 1, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

| | | |
|--------------------------------------------------------------------------|----|------------|
| Actuarial accrued liability (AAL) | \$ | 79,921,809 |
| Actuarial value of plan assets | | 17,671,272 |
| Unfunded actuarial accrued liability (UAAL) | \$ | 62,250,537 |
| Funded ratio (actuarial value of plan assets/AAL) | | 22.1% |
| Covered payroll (annual payroll of active employees covered by the plan) | \$ | 33,540,553 |
| UAAL as a percentage of covered payroll | | 185.6% |

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

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The valuation is based on a closed group. Current employees and retirees only are considered; no provision is made for future hires.

The annual required contribution (ARC) was determined as part of the July 1, 2011, actuarial valuation using the following methods and assumptions:

| <u>Method</u> | <u>Assumption</u> |
|-------------------------------|----------------------------------------------------------|
| Actuarial cost method | Projected Unit Credit |
| Amortization method | Level % of pay with contributions increasing 4% per year |
| Remaining amortization period | 30 |
| Asset valuation method | 4 year smoothed market |
| Inflation rate | 3.0% |
| Investment return | 4.5% |
| Projected salary increases | Range 2.5% - 6.0% |
| Cost of living adjustment | None |
| Healthcare cost trend rate | Medical trend 5.0-8.0% Dental trend 5.0% |

School Board Component Unit – Post-Employment Medical Plan Subsidy

Plan Description. The medical plan subsidy covers all full-time employees who have met all requirements of the Virginia Retirement System (VRS) that are eligible for full, unreduced retirement benefit if they have 30 years of service credit and have at least 10 consecutive years in a full-time salaried position as of the date of retirement. The retirees are not eligible for Medicare coverage (age 65) at retirement date. Medical benefit subsidies on or before March 15, 2006, is a monthly benefit fixed at \$250 payable to the earlier of: a) is age 65; b) is 60 monthly payments; and c) is the death of the retiree. Employees who retire after June 30, 2010, and have 10 or more consecutive years of service will receive one of the following annual allotments to assist with paying for individual health insurance with Charlottesville City Schools: Category A: \$4,000 for all full-time employees and Category B: \$2,000 for all part-time

employees. Employees who are eligible for full retirement and are not eligible for or who do not choose health insurance coverage will receive a one-time payment of \$5,000 (full-time) or \$2,500 (part-time). There are no life insurance benefits. At June 30, 2012, there were 537 active employees under age 65 and 52 retirees for a total plan participation of 589 employees.

Funding Policy. The School Board is assumed to make contributions to the medical plan equal to the cost of the benefits (claim payments plus administrative fees not covered by the retiree contribution). The plan is funded on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation. The OPEB obligation, as determined by an actuarial valuation performed at June 30, 2012, is as follows for fiscal year ended June 30, 2013.

| | |
|-------------------------------------|--------------------------|
| Annual OPEB cost | \$ 213,825 |
| Less employer contributions | <u>238,800</u> |
| Decrease in net OPEB obligation | (24,975) |
| Net OPEB Obligations, June 30, 2012 | <u>199,804</u> |
| Net OPEB Obligations, June 30, 2013 | <u><u>\$ 174,829</u></u> |

Funding status and funding progress. As of June 30, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

| | |
|--------------------------------------------------------------------------|----------------------------|
| Actuarial accrued liability (AAL) | \$ 2,247,007 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u><u>\$ 2,247,007</u></u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0.0% |
| Covered payroll (annual payroll of active employees covered by the plan) | N/A |
| UAAL as a percentage of covered payroll | N/A |

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

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

The following assumptions were used in the most recent actuarial report dated June 30, 2012:

| <u>Method</u> | <u>Assumption</u> |
|-------------------------------|------------------------------------------------------------------|
| Actuarial cost method | Projected Unit Credit |
| Remaining amortization period | 28 |
| Asset valuation method | Market Value |
| Investment return | 4.0% |
| Healthcare cost trend rate | 9% for 3 years; 8% for 6 years; 6% for 6 years and 5% thereafter |

13. CONTINGENCIES

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

14. REVENUE SHARING AGREEMENT

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

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

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

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

During the fiscal year, the County paid \$17,520,948 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

15. JOINT VENTURES

(a) Rivanna Water and Sewer Authority

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. For the year ended June 30, 2013, the City paid a total of \$11,257,121 to RWSA. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(b) Rivanna Solid Waste Authority

The City is a participant with Albemarle County in a joint venture to provide drop off recycling services at the McIntire Recycling Center on McIntire Rd. The City and County also entered into a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs related to the old Ivy Landfill in the event the Rivanna Solid Waste Authority would not have the financial resources to pay such costs. Although the City entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality (DEQ) has no legal recourse against the City under this

guarantee. The City's percentage of these shared costs is 35.5% of the total. The City share of the local guarantee for the 2012 calendar year and for fiscal year 2013 is \$2,346,297. Annual certificates must be filed every December 30th to DEQ. Complete, audited financial statements for RSWA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(c) Jefferson-Madison Regional Library

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed \$1,438,251 to JMRL for the year ended June 30, 2013. Complete, audited financial statements for JMRL can be obtained at their administrative offices at 201 East Market Street, Charlottesville, Virginia 22902.

(d) Charlottesville – Albemarle Regional Jail

The City and Albemarle County share the costs of operating a regional jail. The Jail is governed by a seven-member board, three of whom are appointed by the City (with one member being ex-officio), three by the County, and one jointly appointed citizen. Under the terms of the operating agreement, either the City or the County can terminate the contract with sixty days' notice. The City and County share the costs of operating the Jail (net of any reimbursements from the Federal, State and other local governments) on the ratio of City and County prisoner days of utilization for the prior year. Any excesses or deficits are reimbursed after the end of each fiscal year. For the year ended June 30, 2013, the City's share of the costs of the Jail was \$4,306,748. Complete, audited financial statements for the Jail can be obtained at their administrative offices at Avon Street Extended, Charlottesville, Virginia 22902.

(e) Emergency Communications Center

The City, Albemarle County and the University of Virginia jointly participate in operating a centralized dispatching facility for law enforcement and emergency services. The Emergency Communications Center (the Center) is governed by an eight-member board, three of whom are ex-officio members from the City. The Center operates under the terms of an agreement whereby any participant may discontinue its participation with one year's written notice. The operating costs of the Center are shared by the three participants on the basis of population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2013, the City's share of the costs of the Center was \$1,783,231. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(f) Charlottesville Albemarle Convention & Visitors Bureau

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2013, the City contributed \$615,014 to the Bureau.

(g) Darden Towe Park

The City and County jointly own and operate a park, known as Darden Towe Park (the Park). The Park is governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Park are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2013, the City's share of the Park's operating costs was \$64,008. Complete, audited financial statements for the Park can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

16. RELATED ORGANIZATIONS

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

Albemarle – Charlottesville Regional Jail Authority
Blue Ribbon Commission on Sustainable Schools Funding
Board of Architectural Review
Building Code Board of Appeals
Charlottesville – Albemarle Airport Authority
Charlottesville – Albemarle Airport Commission
Charlottesville – Albemarle Commission on Children and Families
Charlottesville – Albemarle Regional Transportation Committee
Charlottesville Economic Development Authority
Charlottesville Redevelopment and Housing Authority
Charlottesville Youth Council
Citizen’s Advisory Panel
Community Development Block Grant Task Force
Housing Advisory Committee
Human Rights Commission
JAUNT (Jefferson Area United Transportation Board)
Jefferson Area Board of Aging Advisory Council (JABA)
Jefferson Area Board of Aging-Board of Directors (JABA)
Jefferson Area Community Criminal Justice Board
Jefferson-Madison Regional Library Board (JMRL)
Metropolitan Planning Organization Policy Board
Monticello Area Community Action Agency Board (MACAA)
Parks and Recreation Advisory Committee
Personnel Appeals Board
Piedmont Virginia Community College Board
Planning Commission/Entrance Corridor Review Board
PLACE Design Task Force
Region Ten Community Services Board
Regional Disability Service Board
Retirement Commission
Rivanna Solid Waste Advisory Committee
Rivanna Solid Waste Authority
Rivanna Water and Sewer Authority
Sister Cities Commission
Social Services Advisory Board
Thomas Jefferson Planning District Commission
Towing Advisory Board
Tree Commission
Vendor Appeals Board

17. RISK MANAGEMENT

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net asset balance of \$9,107,755 at June 30, 2013, is a reserve for future extraordinary claims.

Major risks retained by the City include:

Worker’s compensation - \$500,000 per claim and employee health care - \$125,000 per participant per year.
Other insurance policies have deductibles of \$25,000 or less per occurrence.

The following is a reconciliation between the current and prior years' claims liabilities:

| | <u>2012-2013</u> | <u>2011-2012</u> |
|-------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Accrued claims, July 1 | \$ 2,464,524 | \$ 2,870,576 |
| Add claims incurred during the current fiscal year including changes in estimated claim payable | 11,190,244 | 9,482,399 |
| Less payments on claims | <u>(10,917,862)</u> | <u>(9,888,451)</u> |
| Accrued claims, June 30 | <u>\$ 2,736,906</u> | <u>\$ 2,464,524</u> |
| Claims or judgments due within one year | \$ 2,659,321 | \$ 2,415,385 |
| Claims or judgments due in more than one year | <u>77,585</u> | <u>49,139</u> |
| Total | <u>\$ 2,736,906</u> | <u>\$ 2,464,524</u> |

Public employee dishonesty coverage, Virginia Municipal League Insurance Program is as follows:

| | <u>Amount</u> |
|--------------------------------------------------------------------|---------------|
| Jason A. Vandever, Treasurer | \$ 1,000,000 |
| Llezelle A. Dugger, Clerk of the Circuit Court | 1,000,000 |
| R. Lee Richards, Commissioner of the Revenue | 1,000,000 |
| James E. Brown, III, Sheriff | 1,000,000 |
| Maurice T. Jones, City Manager | 1,000,000 |
| Aubrey Watts, Jr., Chief Operating Officer/Chief Financial Officer | 1,000,000 |
| Bernard Wray, Director of Finance | 1,000,000 |
| Jennifer Luchard, Manager Procurement and Risk Management Services | 1,000,000 |

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

18. CAPITAL LEASES

The School Board entered into a capital lease to finance the acquisition of 2,082 Fujitsu Stylistic Q550 Computer Tablets with a down payment of \$111,705. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease commenced on September 29, 2011, for four (4) years ending October 31, 2014. At the end of the lease, there is an option to purchase the tablets or sign a new lease for updated technology.

The assets acquired through capital leases are as follows:

| | |
|--------------------------------|---------------------|
| Asset: | |
| Furniture and equipment | \$ 1,973,451 |
| Less: Accumulated depreciation | <u>(592,035)</u> |
| Total | <u>\$ 1,381,416</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

| Year Ending June 30, 2013: | <u>Activities</u> |
|-----------------------------------------|--------------------------|
| 2014 | \$ 493,362 |
| 2015 | <u>493,363</u> |
| Total minimum lease payments | 986,725 |
| Less: amount representing interest | <u>(55,514)</u> |
| Present value of minimum lease payments | <u><u>\$ 931,211</u></u> |

19. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

(a) Construction Commitments

The City has active construction projects as of June 30, 2013. The projects include construction of a new fire department, street and bridge construction, and school science labs. At year end the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining commitment</u> |
|----------------------------|----------------------|---------------------------------|
| Streets Construction | \$ 17,885,894 | \$ 21,241,876 |
| Bridge Replacement | 1,818,252 | 365,996 |
| Fontaine Area Fire Station | 11,430,107 | 2,270,251 |
| Science Lab-Buford and CHS | 285,102 | 1,091,994 |

The remaining commitment amounts of \$24,970,117 for the new fire department, street and bridge construction, and school science labs were encumbered at fiscal year end. As discussed in the required supplementary information, unexpended general fund appropriations lapse at the end of the fiscal year unless carried over by Council action. Budgets for special revenue funds and debt service funds are adopted on an annual basis. The capital projects fund budget is adopted on a project life basis.

(b) Encumbrances

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

| | |
|-----------------------------|-----------------------------|
| General Fund | \$ 436,087 |
| Capital Projects Fund | 27,459,783 |
| Social Services Fund | - |
| Nonmajor governmental funds | <u>2,203,870</u> |
| Total | <u><u>\$ 30,099,740</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual-Budget | Variance |
|--------------------------------------------|------------------|---------------|--------------------|------------------------|
| | Original | Final | Basis (see note 1) | Positive (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Real estate | \$ 50,074,178 | \$ 50,074,178 | \$ 49,623,247 | \$ (450,931) |
| Personal property | 6,222,000 | 6,222,000 | 6,551,421 | 329,421 |
| Public service corporation | 1,296,916 | 1,296,916 | 1,327,063 | 30,147 |
| Penalties and interest on delinquent taxes | 350,000 | 350,000 | 392,696 | 42,696 |
| Sales and use | 9,894,000 | 9,894,000 | 9,901,299 | 7,299 |
| Business license | 6,528,000 | 6,528,000 | 6,880,942 | 352,942 |
| Utilities | 4,495,000 | 4,495,000 | 4,422,168 | (72,832) |
| Communications | 3,516,960 | 3,516,960 | 3,276,861 | (240,099) |
| Meals | 7,700,500 | 7,700,500 | 8,103,257 | 402,757 |
| Lodging | 2,819,000 | 2,819,000 | 2,932,367 | 113,367 |
| Franchise | - | - | 13,880 | 13,880 |
| Tax on bank stock | 1,150,000 | 1,150,000 | 851,638 | (298,362) |
| Tax on wills and deeds | 450,000 | 450,000 | 604,597 | 154,597 |
| Rolling stock | 17,324 | 17,324 | 11,860 | (5,464) |
| Short-term rental | 40,000 | 40,000 | 41,230 | 1,230 |
| Cigarette | 615,000 | 615,000 | 672,397 | 57,397 |
| Recordation | 232,043 | 232,043 | 107,318 | (124,725) |
| Total taxes | 95,400,921 | 95,400,921 | 95,714,241 | 313,320 |
| Licenses and permits: | | | | |
| Vehicle license fees | 856,000 | 856,000 | 835,883 | (20,117) |
| Dog licenses | 15,000 | 15,000 | 17,308 | 2,308 |
| Electrical, heating and mechanical permits | 120,000 | 120,000 | 250,309 | 130,309 |
| Building and plumbing permits | 275,000 | 275,000 | 634,628 | 359,628 |
| Erosion control fees | - | - | 15,125 | 15,125 |
| Sign permits | - | - | 12,075 | 12,075 |
| Other permits | 481,000 | 481,000 | 699,561 | 218,561 |
| Total licenses and permits | 1,747,000 | 1,747,000 | 2,464,889 | 717,889 |
| Intergovernmental revenues: | | | | |
| Revenue from Federal government | - | 10,368 | 12,842 | 2,474 |
| Revenue from State agencies: | | | | |
| State highway assistance | 3,360,818 | 3,360,818 | 3,602,684 | 241,866 |
| Reimbursement for constitutional officers | 974,827 | 974,827 | 1,160,630 | 185,803 |
| Police assistance | 2,012,682 | 2,012,682 | 2,012,665 | (17) |
| Trailer titling tax | 1,200 | 1,200 | 3,474 | 2,274 |
| PPTRA revenue | 3,498,256 | 3,498,256 | 3,498,256 | - |
| Other State assistance | 166,000 | 178,258 | 160,871 | (17,387) |
| Revenue from other local governments: | | | | |
| Revenue sharing - Albemarle County | 17,520,948 | 17,520,948 | 17,520,948 | - |
| Fire Department operations | 710,000 | 750,000 | 826,856 | 76,856 |
| Juvenile and Domestic Relations Court | 111,598 | 111,598 | 111,598 | - |
| Court revenue | 350,000 | 350,000 | 372,975 | 22,975 |
| Circuit Court reimbursement | - | - | 87,812 | 87,812 |
| University of Virginia service charge | 25,000 | 25,000 | 33,577 | 8,577 |
| Payment in lieu of taxes - CRHA | 25,000 | 25,000 | 45,644 | 20,644 |
| Other | 439,601 | 437,601 | 580,272 | 142,671 |
| Total intergovernmental revenues | 29,195,930 | 29,256,556 | 30,031,104 | 774,548 |

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual-Budget Basis (see note 1) | Variance Positive (Negative) |
|-----------------------------------------|------------------|-------------|-------------------------------------|------------------------------------|
| | Original | Final | | |
| Charges for services: | | | | |
| Recreation income | 1,546,700 | 1,551,660 | 1,458,471 | (93,189) |
| Parking meter receipts | 100,000 | 100,000 | 99,697 | (303) |
| Parking garage revenue | 1,250,000 | 1,250,000 | 1,381,299 | 131,299 |
| Solid waste collection fees | 950,000 | 950,000 | 862,051 | (87,949) |
| Tax abatement application fees | - | - | 1,050 | 1,050 |
| Other | 2,248,605 | 2,272,622 | 1,928,813 | (343,809) |
| Total charges for services | 6,095,305 | 6,124,282 | 5,731,381 | (392,901) |
| Fines: | | | | |
| Parking fines | 500,000 | 500,000 | 392,763 | (107,237) |
| Miscellaneous revenues: | | | | |
| Interest Income | 450,000 | 450,000 | 239,096 | (210,904) |
| Rent | 306,664 | 306,664 | 282,562 | (24,102) |
| Proceeds from drug seizures | - | 13,138 | 20,537 | 7,399 |
| Contributions | 28,500 | 55,146 | 100,488 | 45,342 |
| Refund of prior year expenditures | 30,000 | 30,000 | 3,094 | (26,906) |
| Indirect cost recovery | 150,000 | 150,000 | 118,648 | (31,352) |
| Other | 331,206 | 517,713 | 284,945 | (232,768) |
| Total miscellaneous revenues | 1,296,370 | 1,522,661 | 1,049,370 | (473,291) |
| Total revenues | 134,235,526 | 134,551,420 | 135,383,748 | 832,328 |
| EXPENDITURES - CURRENT | | | | |
| General government: | | | | |
| Legislative: | | | | |
| Mayor and Council | 210,874 | 226,874 | 226,453 | 421 |
| Reserve for Council | 90,000 | 359,098 | 253,255 | 105,843 |
| First Cities | 18,000 | 18,000 | 17,194 | 806 |
| Sister Cities | 15,000 | 50,369 | 9,681 | 40,688 |
| Judicial: | | | | |
| City Circuit Court | 786,525 | 820,295 | 770,072 | 50,223 |
| General District Court | 28,815 | 31,280 | 23,760 | 7,520 |
| Court Services Unit | 9,275 | 9,275 | 9,273 | 2 |
| Juvenile and Domestic Relations Court | 243,077 | 243,077 | 239,217 | 3,860 |
| Commonwealth's Attorney | 1,042,577 | 1,078,036 | 931,236 | 146,800 |
| City Sheriff | 993,551 | 1,412,308 | 1,051,265 | 361,043 |
| Executive: | | | | |
| City Manager | 1,353,866 | 1,725,978 | 1,365,879 | 360,099 |
| Citywide Reserve | - | 26,328 | 21,142 | 5,186 |
| Legal: | | | | |
| City Attorney | 764,699 | 784,699 | 739,114 | 45,585 |
| Financial administration: | | | | |
| Commissioner of Revenue | 1,120,176 | 1,120,176 | 1,092,251 | 27,925 |
| Real Estate Assessor | 764,999 | 793,056 | 774,198 | 18,858 |
| Treasurer | 1,219,121 | 1,219,465 | 1,078,899 | 140,566 |
| Finance - Administration | 1,301,029 | 1,380,984 | 1,378,299 | 2,685 |
| Purchasing | 323,153 | 336,986 | 336,403 | 583 |
| Personnel Administration: | | | | |
| Human Resources Department | 1,053,029 | 1,089,529 | 996,933 | 92,596 |
| Elections: | | | | |
| Office of the Registrar | 413,443 | 580,829 | 580,726 | 103 |
| General government buildings and plant: | | | | |
| Public Works - Administration | 817,410 | 842,865 | 852,665 | (9,800) |
| Custodial | 475,778 | 475,778 | 466,430 | 9,348 |
| Maintenance | 839,649 | 2,272,003 | 1,362,445 | 909,558 |
| Total general government | 13,884,046 | 16,897,288 | 14,576,790 | 2,320,498 |

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual-Budget Basis (see note 1) | Variance Positive (Negative) |
|--------------------------------------------------------|------------------|------------|-------------------------------------|------------------------------------|
| | Original | Final | | |
| Public Safety: | | | | |
| Police Protection: | | | | |
| Police Department | 14,167,231 | 14,394,943 | 14,237,116 | 157,827 |
| Drug investigation | 78,000 | 268,191 | 198,126 | 70,065 |
| Fire Protection: | | | | |
| Fire Department | 9,276,239 | 9,625,095 | 9,526,590 | 98,505 |
| Volunteer Fire Company | 15,201 | 15,201 | 13,972 | 1,229 |
| Other Protection: | | | | |
| Contribution - Charlottesville-Albemarle Regional Jail | 4,454,367 | 4,454,367 | 4,306,748 | 147,619 |
| Blue Ridge Juvenile Detention Center | 925,000 | 925,000 | 790,413 | 134,587 |
| Office of the Magistrate | 8,750 | 8,750 | 8,043 | 707 |
| Traffic Engineering | 773,737 | 1,293,641 | 736,724 | 556,917 |
| Contribution - Emergency Communications Center | 1,783,231 | 1,783,231 | 1,783,231 | - |
| Police Explorer Post #606 | - | 2,601 | - | 2,601 |
| Total public safety | 31,481,756 | 32,771,020 | 31,600,963 | 1,170,057 |
| Community Services | | | | |
| Highways and streets: | | | | |
| Public Service - Administration | 505,659 | 506,934 | 517,106 | (10,172) |
| Streets and sidewalks | 3,038,089 | 3,695,898 | 3,191,572 | 504,326 |
| Public Works - Stormwater | 487,367 | 681,617 | 496,652 | 184,965 |
| Street lighting | 802,383 | 802,383 | 708,338 | 94,045 |
| Sanitation: | | | | |
| Refuse collection and disposal | 2,007,714 | 1,979,464 | 1,865,014 | 114,450 |
| Contribution to Ivy Landfill | 300,000 | 300,000 | 267,151 | 32,849 |
| Transportation: | | | | |
| Contribution to JAUNT | 892,762 | 892,762 | 892,762 | - |
| Total community services | 8,033,974 | 8,859,058 | 7,938,595 | 920,463 |
| Health and Welfare: | | | | |
| Health: | | | | |
| Thomas Jefferson Health Department | 425,019 | 425,019 | 425,019 | - |
| Region Ten Community Services Board | 1,001,865 | 1,001,865 | 1,001,865 | - |
| Contributions to community organizations | 801,268 | 801,268 | 801,268 | - |
| Welfare: | | | | |
| Tax relief for the elderly | 534,000 | 534,000 | 452,473 | 81,527 |
| Rent relief for the elderly | 10,000 | 10,000 | 13,658 | (3,658) |
| Tax relief for the disabled | 137,000 | 137,000 | 124,305 | 12,695 |
| Rent relief for the disabled | 85,000 | 85,000 | 141,823 | (56,823) |
| Education Extension Program | 34,052 | 41,407 | 41,407 | - |
| Contributions to community organizations | 2,042,082 | 2,067,426 | 2,010,686 | 56,740 |
| Total health and welfare | 5,070,286 | 5,102,985 | 5,012,504 | 90,481 |

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual-Budget | Variance |
|------------------------------------------------------|------------------|-------------|--------------------|------------------------|
| | Original | Final | Basis (see note 1) | Positive (Negative) |
| Parks, Recreation and Culture: | | | | |
| Culture: | | | | |
| Contribution to Jefferson - Madison Regional Library | 1,438,251 | 1,438,251 | 1,438,251 | - |
| Contributions to community organizations | 198,191 | 198,991 | 199,200 | (209) |
| Contributions to festivals | 76,900 | 76,900 | 50,015 | 26,885 |
| Recreation: | | | | |
| Administration | 885,568 | 1,030,270 | 1,028,207 | 2,063 |
| Athletics | 324,818 | 333,063 | 324,782 | 8,281 |
| Aquatics | 1,954,158 | 1,973,773 | 1,929,821 | 43,952 |
| Recreation centers | 1,166,173 | 1,307,826 | 1,267,567 | 40,259 |
| Special activities | 906,323 | 927,544 | 896,316 | 31,228 |
| Therapeutic programs | 346,125 | 400,590 | 332,614 | 67,976 |
| First Tee | 142,907 | 177,203 | 133,808 | 43,395 |
| Parks: | | | | |
| Park maintenance | 3,582,191 | 4,097,855 | 3,747,487 | 350,368 |
| Contribution to Towe Park operations | 72,517 | 72,517 | 64,008 | 8,509 |
| Total parks, recreation and culture | 11,094,122 | 12,034,783 | 11,412,076 | 622,707 |
| Education: | | | | |
| Contribution to School Board component unit | 37,321,064 | 37,321,064 | 37,321,064 | - |
| School pupil transportation | 2,392,261 | 2,444,743 | 2,443,783 | 960 |
| School maintenance and energy management | 3,342,071 | 3,394,895 | 3,314,896 | 79,999 |
| Piedmont Virginia Community College | 11,200 | 11,200 | 11,200 | - |
| WVPT-TV | 2,009 | 2,009 | 2,009 | - |
| African American Teaching Fellows | 5,250 | 5,250 | 5,250 | - |
| Total education | 43,073,855 | 43,179,161 | 43,098,202 | 80,959 |
| Conservation and Development: | | | | |
| Economic development: | | | | |
| Office of Economic Development | 699,991 | 868,062 | 741,133 | 126,929 |
| Chamber of Commerce | 1,260 | 1,260 | 1,260 | - |
| Contribution to Convention and Visitors Bureau | 615,014 | 615,014 | 615,014 | - |
| Urban redevelopment and housing: | | | | |
| Parking garages | 258,403 | 258,703 | 243,269 | 15,434 |
| Neighborhood Development Services Department | 3,180,767 | 3,378,907 | 3,156,204 | 222,703 |
| Historic Preservation Task Force | 5,000 | 28,379 | 1,820 | 26,559 |
| Thomas Jefferson Planning District | 70,808 | 70,808 | 70,808 | - |
| Albemarle Housing Improvement Program | 95,546 | 95,546 | 95,546 | - |
| Small Business Development Center | 12,000 | 12,000 | 12,000 | - |
| Total conservation and development | 4,938,789 | 5,328,679 | 4,937,054 | 391,625 |
| Other activities | | | | |
| Virginia Municipal League | 13,664 | 13,664 | 14,607 | (943) |
| Employee Benefits | 660,000 | 406,974 | 194,772 | 212,202 |
| Corporate training program | 35,000 | 62,464 | 41,883 | 20,581 |
| Thomas Jefferson Soil & Water | 10,300 | 10,300 | 10,300 | - |
| Virginia Institute for Government | 2,500 | 2,500 | 2,500 | - |
| Alliance for Innovation | 2,500 | 2,500 | 2,500 | - |
| Streamwatch | 10,000 | 10,000 | 10,000 | - |
| National League of Cities | 4,000 | 4,000 | - | 4,000 |
| Total other activities | 737,964 | 512,402 | 276,562 | 235,840 |
| Total expenditures - budgetary basis | 118,314,792 | 124,685,376 | 118,852,746 | 5,832,630 |
| Less encumbrances at June 30, 2013 | - | - | (435,987) | 435,987 |
| Total expenditures | 118,314,792 | 124,685,376 | 118,416,759 | 6,268,617 |
| Revenues over expenditures | 15,920,734 | 9,866,044 | 16,966,989 | 7,100,945 |

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual-Budget Basis (see note 1) | Variance Positive (Negative) |
|----------------------------------------------------------|-------------------|-----------------------|-------------------------------------|------------------------------------|
| | Original | Final | | |
| Other Financing Sources (Uses) | | | | |
| Transfers in: | | | | |
| Transfer from Water Fund | 708,548 | 708,548 | 708,548 | - |
| Transfer from Sewer Fund | 713,867 | 713,867 | 713,867 | - |
| Transfer from Gas Fund | 3,786,057 | 3,786,057 | 3,786,057 | - |
| Transfer from Capital Projects Fund | - | 143,723 | 150,000 | 6,277 |
| Transfer from Risk Management Fund | 250,000 | 250,000 | 250,000 | - |
| Total transfers in: | 5,458,472 | 5,602,195 | 5,608,472 | 6,277 |
| Transfers out: | | | | |
| Transfer to Capital Projects Fund | (4,400,000) | (7,739,465) | (7,739,465) | - |
| Transfer to Social Services Fund | (2,962,777) | (3,127,218) | (3,127,218) | - |
| Transfer to Grants Fund | - | (47,930) | (47,930) | - |
| Transfer to Community Attention Programs Fund | (322,724) | (368,990) | (368,990) | - |
| Transfer to Community Services Act Fund | (2,300,058) | (2,300,058) | (2,155,525) | 144,533 |
| Transfer to Transit Fund | (2,187,459) | (2,187,459) | (1,961,544) | 225,915 |
| Transfer to VA Juvenile Community Crime Control Act Fund | (108,415) | (108,415) | (108,415) | - |
| Transfer to Debt Service Fund | (8,975,125) | (9,242,514) | (9,242,514) | - |
| Total transfers out: | (21,256,558) | (25,122,049) | (24,751,601) | 370,448 |
| Total other financing sources (uses), net | (15,798,086) | (19,519,854) | (19,143,129) | 376,725 |
| Net change in fund balance | <u>\$ 122,648</u> | <u>\$ (9,653,810)</u> | (2,176,140) | <u>\$ 7,477,670</u> |
| Fund Balance - July 1, 2012 | | | <u>40,082,388</u> | |
| Fund Balance - June 30, 2013 | | | <u>\$ 37,906,248</u> | |

See accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOCIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|----------------------------------------|------------------|--------------|--------------|------------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 9,644,584 | \$ 9,665,816 | \$ 8,624,926 | \$ (1,040,890) |
| Miscellaneous | - | 3,120 | 22,383 | 19,263 |
| Total revenues | 9,644,584 | 9,668,936 | 8,647,309 | (1,021,627) |
| EXPENDITURES - Health and welfare | 13,330,646 | 13,373,393 | 11,899,321 | 1,474,072 |
| Other financing sources - transfers in | 3,672,357 | 3,690,752 | 3,127,218 | (563,534) |
| Net change in fund balance | (13,705) | (13,705) | (124,794) | (111,089) |
| Fund Balance, July 1, 2012 | 484,496 | 484,496 | 484,496 | - |
| Fund Balance, June 30, 2013 | \$ 470,791 | \$ 470,791 | \$ 359,702 | \$ (111,089) |

See accompanying Note to Required Supplementary Information

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT I

**SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2013**

1. City Retirement Plan

Schedule of Funding Progress (dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | Unfunded Ratio (b-a)/c |
|--------------------------|-------------------------------|---------------------------------|--------------------------------------------|--------------------|----------------------------|------------------------|
| June 30, 2013 | \$ 79,188 | \$ 129,978 | \$ 50,790 | 60.9 % | \$ 33,541 | 151.4 % |
| June 30, 2012 | 74,148 | 127,229 | 53,081 | 58.3 | 32,563 | 163.0 |
| June 30, 2011 | 74,778 | 123,363 | 48,585 | 60.6 | 31,590 | 153.8 |
| June 30, 2010 | 73,226 | 120,093 | 46,867 | 61.0 | 31,174 | 150.3 |
| June 30, 2009 | 68,976 | 115,533 | 46,557 | 59.7 | 31,968 | 145.6 |
| June 30, 2008 | 84,507 | 111,925 | 27,418 | 75.5 | 30,388 | 90.2 |

Schedule of Employer Contributions

| Fiscal Year Ended | Annual Required Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------|
| June 30, 2013 | \$ 5,701,673 | 100.0 % |
| June 30, 2012 | 5,890,831 | 100.0 |
| June 30, 2011 | 5,109,912 | 100.0 |
| June 30, 2010 | 4,872,461 | 100.0 |
| June 30, 2009 | 4,570,157 | 100.0 |
| June 30, 2008 | 5,917,199 | 100.0 |

2. City Postemployment Benefits Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | Unfunded Ratio (b-a)/c |
|--------------------------|-------------------------------|---------------------------------|--------------------------------------------|--------------------|----------------------------|------------------------|
| June 30, 2013 | \$ 17,671 | \$ 79,921 | \$ 62,250 | 22.1 % | \$ 33,541 | 185.6 % |
| June 30, 2012 | 12,735 | 77,497 | 64,762 | 16.4 % | 32,564 | 198.9 |
| June 30, 2011 | 9,966 | 71,519 | 61,553 | 13.9 | 31,590 | 194.8 |

Schedule of Employer Contributions

| Fiscal Year Ended | Annual Required Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------|
| June 30, 2013 | \$ 5,545,729 | 100.0 % |
| June 30, 2012 | 5,048,816 | 100.0 |
| June 30, 2011 | 4,212,393 | 100.0 |

3. School Board Component Unit - Virginia Retirement System Plan for non-professional employees

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | Unfunded Ratio (b-a)/c |
|--------------------------|-------------------------------|---------------------------------|--------------------------------------------|--------------------|----------------------------|------------------------|
| June 30, 2011 | \$ 9,561 | \$ 10,414 | \$ 853 | 91.8 % | \$ 1,932 | 44.2 % |
| June 30, 2010 | 9,878 | 10,356 | 478 | 95.4 | 2,048 | 23.3 |
| June 30, 2009 | 10,305 | 9,739 | (566) | 105.8 | 2,150 | (26.3) |
| June 30, 2008 | 10,495 | 9,069 | (1,426) | 115.7 | 2,050 | (69.6) |
| June 30, 2007 | 9,781 | 8,742 | (1,039) | 111.9 | 2,053 | (50.6) |
| June 30, 2006 | 8,935 | 8,012 | (923) | 111.5 | 1,906 | (48.4) |

Schedule of Employer Contributions

| Fiscal Year Ended | Annual Required Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------|
| June 30, 2013 | \$ 174,104 | 100.0 % |
| June 30, 2012 | 159,510 | 100.0 |
| June 30, 2011 | 143,405 | 100.0 |
| June 30, 2010 | 149,059 | 100.0 |
| June 30, 2009 | 135,855 | 100.0 |
| June 30, 2008 | 178,326 | 100.0 |

4. School Board Component Unit - Postemployment Medical Benefit Plan Subsidy

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | Unfunded Ratio (b-a)/c |
|--------------------------|-------------------------------|---------------------------------|--------------------------------------------|--------------------|----------------------------|------------------------|
| June 30, 2012 | \$ - | \$ 2,247 | \$ 2,247 | 0.0 % | N/A | N/A % |
| June 30, 2010 | - | 2,639 | 2,639 | 0.0 | N/A | N/A |
| June 30, 2008 | - | 1,417 | 1,417 | 0.0 | N/A | N/A |

Schedule of Employer Contributions - Estimated. Plan is funded on a pay-as-you-go basis

| Fiscal Year Ended | Annual Required Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------|
| June 30, 2012 | \$ 238,800 | 100.0 % |
| June 30, 2011 | 262,000 | 100.0 |
| June 30, 2010 | 80,500 | 100.0 |

CITY OF CHARLOTTESVILLE, VIRGINIA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2013

1. BUDGETARY ACCOUNTING

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons. Accordingly, GAAP requires that governments include the original budget with the comparison of final budget and actual results.

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

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

The budgets are integrated into the accounting system and the budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Social Services Funds present actual expenditures in accordance with GAAP on a basis consistent with legally adopted budgets as amended. Original, final budget and actual revenues and expenditures, including encumbrances, for the General Fund and Social Services Fund are presented on Exhibits G and H, respectively.

SUPPLEMENTARY SECTION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Grants Fund – to account for revenues and expenditures restricted for specific grants awarded to the City by federal and state government, or local public or private agencies that are not accounted for or reported in another fund.

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

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

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

Transit Fund – to account for the operations and capital purchases of Charlottesville Area Transit (CAT), which provides fixed-route public bus service to the City and urban portions of Albemarle County. The City contracts with JAUNT to provide required Americans with Disabilities Act (ADA) paratransit service that fixed-route buses are unable to accommodate. Federal pass-thru revenues and expenses of JAUNT are separately accounted for within the Transit Fund. Charlottesville Greyhound Center operations were discontinued on June 7, 2013 when the management contract with Greyhound Corporation was cancelled.

PERMANENT FUND

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT J

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

| | Special Revenue Funds | | | | | | Permanent Fund Cemetery Perpetual Care | Total |
|-------------------------------------|-----------------------|-------------------|------------------------|-----------------|---------------------|---------------------|----------------------------------------------------|---------------------|
| | CDBG | Grants | Community Attention | VJCCCA | CSA | Transit | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 48,085 | \$ 907,922 | \$ 1,032 | \$ - | \$ 2,884 | \$ 162,227 | \$ 1,122,150 |
| Accounts receivable | - | - | 1,460 | - | 1,885 | 11,569 | 274 | 15,188 |
| Due from other governments | 145,645 | 326,062 | 617,367 | - | 1,566,918 | 2,707,035 | - | 5,363,027 |
| Loans receivable | 609,652 | 604,949 | - | - | - | - | - | 1,214,601 |
| Total assets | <u>\$ 755,297</u> | <u>\$ 979,096</u> | <u>\$ 1,526,749</u> | <u>\$ 1,032</u> | <u>\$ 1,568,803</u> | <u>\$ 2,721,488</u> | <u>\$ 162,501</u> | <u>\$ 7,714,966</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 47,984 | \$ 59,653 | \$ 166,466 | \$ 1,032 | \$ - | \$ 107,345 | \$ - | \$ 382,480 |
| Accrued liabilities | 1,144 | 13,828 | 57,027 | - | 1,085,299 | 83,786 | - | 1,241,084 |
| Due to other governments | 609,652 | 594,949 | - | - | - | 6,870 | - | 1,211,471 |
| Due to other funds | 96,517 | 125,716 | - | - | 482,232 | 2,523,487 | - | 3,227,952 |
| Total liabilities | <u>755,297</u> | <u>794,146</u> | <u>223,493</u> | <u>1,032</u> | <u>1,567,531</u> | <u>2,721,488</u> | <u>-</u> | <u>6,062,987</u> |
| FUND BALANCE | | | | | | | | |
| Nonspendable | - | 10,000 | - | - | - | - | 162,501 | 172,501 |
| Restricted | - | 174,950 | - | - | 1,272 | - | - | 176,222 |
| Assigned | - | - | 1,303,256 | - | - | - | - | 1,303,256 |
| Total fund balance | <u>-</u> | <u>184,950</u> | <u>1,303,256</u> | <u>-</u> | <u>1,272</u> | <u>-</u> | <u>162,501</u> | <u>1,651,979</u> |
| Total liabilities and fund balance | <u>\$ 755,297</u> | <u>\$ 979,096</u> | <u>\$ 1,526,749</u> | <u>\$ 1,032</u> | <u>\$ 1,568,803</u> | <u>\$ 2,721,488</u> | <u>\$ 162,501</u> | <u>\$ 7,714,966</u> |

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT K

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Special Revenue Funds | | | | | | Permanent Fund Cemetery Perpetual Care | Total |
|-----------------------------------------------|-----------------------|--------------|------------------------|------------|--------------|--------------|----------------------------------------------------|---------------|
| | CDBG | Grants | Community Attention | VJCCCA | CSA | Transit | | |
| REVENUES | | | | | | | | |
| Intergovernmental | \$ 605,330 | \$ 1,548,306 | \$ 126,402 | \$ 340,979 | \$ 6,177,447 | \$ 4,869,629 | \$ - | \$ 13,668,093 |
| Charges for services | - | - | 3,923,086 | - | - | 952,835 | - | 4,875,921 |
| Miscellaneous | 1,092 | 55,767 | 63,153 | - | - | 72,925 | 511 | 193,448 |
| Total revenues | 606,422 | 1,604,073 | 4,112,641 | 340,979 | 6,177,447 | 5,895,389 | 511 | 18,737,462 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | 424,609 | - | - | - | - | - | 424,609 |
| Community services | - | 418,140 | - | - | - | 7,863,130 | - | 8,281,270 |
| Health and welfare | 60,995 | 366,523 | 5,040,249 | 449,394 | 8,366,890 | - | 511 | 14,284,562 |
| Parks, recreation and culture | - | 77,414 | - | - | - | - | - | 77,414 |
| Conservation and development | 545,427 | 461,516 | - | - | - | - | - | 1,006,943 |
| Total expenditures | 606,422 | 1,748,202 | 5,040,249 | 449,394 | 8,366,890 | 7,863,130 | 511 | 24,074,798 |
| Revenues over (under) expenditures | - | (144,129) | (927,608) | (108,415) | (2,189,443) | (1,967,741) | - | (5,337,336) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | 228,905 | 368,990 | 108,415 | 2,155,525 | 1,967,741 | - | 4,829,576 |
| Transfers out | - | (20,000) | (17,298) | - | - | - | - | (37,298) |
| Total other financing sources, net | - | 208,905 | 351,692 | 108,415 | 2,155,525 | 1,967,741 | - | 4,792,278 |
| Net change in fund balance | - | 64,776 | (575,916) | - | (33,918) | - | - | (545,058) |
| FUND BALANCE - JULY 1, 2012 | - | 120,174 | 1,879,172 | - | 35,190 | - | 162,501 | 2,197,037 |
| FUND BALANCE - JUNE 30, 2013 | \$ - | \$ 184,950 | \$ 1,303,256 | \$ - | \$ 1,272 | \$ - | \$ 162,501 | \$ 1,651,979 |

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------------|-------------------------|--------------|----------------|--------------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 1,008,002 | \$ 1,008,002 | \$ 605,330 | \$ (402,672) |
| Miscellaneous | 13,582 | 13,582 | 1,092 | (12,490) |
| Total revenues | 1,021,584 | 1,021,584 | 606,422 | (415,162) |
| EXPENDITURES | | | | |
| Health and welfare | 61,000 | 61,000 | 60,995 | 5 |
| Conservation and development | 960,584 | 960,584 | 545,427 | 415,157 |
| Total expenditures | 1,021,584 | 1,021,584 | 606,422 | 415,162 |
| Revenues over (under) expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund Balance - July 1, 2012 | - | - | - | - |
| Fund Balance - June 30, 2013 | \$ - | \$ - | \$ - | \$ - |

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------------|-------------------------|--------------|----------------|--------------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 2,018,698 | \$ 2,018,698 | \$ 1,548,306 | \$ (470,392) |
| Miscellaneous | 58,595 | 58,595 | 55,767 | (2,828) |
| Total revenues | 2,077,293 | 2,077,293 | 1,604,073 | (473,220) |
| EXPENDITURES | | | | |
| Public safety | 547,328 | 547,328 | 424,609 | 122,719 |
| Community services | 457,228 | 457,228 | 418,140 | 39,088 |
| Health and welfare | 516,452 | 516,452 | 366,523 | 149,929 |
| Parks, recreation and culture | 155,470 | 155,470 | 77,414 | 78,056 |
| Conservation and development | 791,453 | 791,453 | 461,516 | 329,937 |
| Total expenditures | 2,467,931 | 2,467,931 | 1,748,202 | 719,729 |
| Revenues over (under) expenditures | (390,638) | (390,638) | (144,129) | 246,509 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 340,464 | 340,464 | 228,905 | (111,559) |
| Transfers out | (20,000) | (20,000) | (20,000) | - |
| Total other financing sources (uses), net | 320,464 | 320,464 | 208,905 | (111,559) |
| Net change in fund balance | (70,174) | (70,174) | 64,776 | 134,950 |
| Fund Balance - July 1, 2012 | 120,174 | 120,174 | 120,174 | - |
| Fund Balance - June 30, 2013 | \$ 50,000 | \$ 50,000 | \$ 184,950 | \$ 134,950 |

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY ATTENTION FUND
YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual Amounts | Variance Positive (Negative) |
|-------------------------------------------|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 70,275 | \$ 97,775 | \$ 126,402 | \$ 28,627 |
| Charges for service | 4,758,070 | 4,758,070 | 3,923,086 | (834,984) |
| Miscellaneous | - | 30,500 | 63,153 | 32,653 |
| Total revenues | 4,828,345 | 4,886,345 | 4,112,641 | (773,704) |
| EXPENDITURES | | | | |
| Health and welfare | 5,299,885 | 6,036,651 | 5,040,249 | 996,402 |
| Revenues over (under) expenditures | (471,540) | (1,150,306) | (927,608) | 222,698 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 442,724 | 488,990 | 368,990 | (120,000) |
| Transfers out | - | - | (17,298) | (17,298) |
| | 442,724 | 488,990 | 351,692 | (137,298) |
| Net change in fund balance | (28,816) | (661,316) | (575,916) | 85,400 |
| Fund Balance - July 1, 2012 | 1,879,172 | 1,879,172 | 1,879,172 | - |
| Fund Balance - June 30, 2013 | <u>\$ 1,850,356</u> | <u>\$ 1,217,856</u> | <u>\$ 1,303,256</u> | <u>\$ 85,400</u> |

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VIRGINIA JUVENILE COMMUNITY CRIME CONTROL ACT
YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------------|-------------------------|--------------|----------------|--------------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 344,289 | \$ 340,979 | \$ 340,979 | \$ - |
| EXPENDITURES | | | | |
| Health and welfare | 452,704 | 449,394 | 449,394 | - |
| Revenues over (under) expenditures | (108,415) | (108,415) | (108,415) | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 108,415 | 108,415 | 108,415 | - |
| Net change in fund balance | - | - | - | - |
| Fund Balance - July 1, 2012 | - | - | - | - |
| Fund Balance - June 30, 2013 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMPREHENSIVE SERVICES ACT FUND
YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------------|-------------------------|--------------|----------------|--------------------------------|
| | Original | Final | Amounts | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 7,063,585 | \$ 7,063,585 | \$ 6,177,447 | \$ (886,138) |
| EXPENDITURES | | | | |
| Health and welfare | 9,363,643 | 9,363,643 | 8,366,890 | 996,753 |
| Revenues over (under) expenditures | (2,300,058) | (2,300,058) | (2,189,443) | 110,615 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,300,058 | 2,300,058 | 2,155,525 | (144,533) |
| Net change in fund balance | - | - | (33,918) | (33,918) |
| Fund Balance - July 1, 2012 | - | - | 35,190 | 35,190 |
| Fund Balance - June 30, 2013 | \$ - | \$ - | \$ 1,272 | \$ 1,272 |

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSIT FUND
YEAR ENDED JUNE 30, 2013**

| | Budgeted Amounts | | Actual Amounts | Variance Positive (Negative) |
|-------------------------------------------|------------------|--------------|-------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 7,568,452 | \$ 8,243,255 | \$ 4,869,629 | \$ (3,373,626) |
| Charges for services | 868,356 | 868,356 | 952,835 | 84,479 |
| Miscellaneous | 52,908 | 52,908 | 72,925 | 20,017 |
| Total revenues | 8,489,716 | 9,164,519 | 5,895,389 | (3,269,130) |
| EXPENDITURES | | | | |
| Community services | 11,783,675 | 12,488,631 | 7,863,130 | 4,625,501 |
| Revenues over (under) expenditures | (3,293,959) | (3,324,112) | (1,967,741) | 1,356,371 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,258,860 | 3,289,013 | 1,967,741 | (1,321,272) |
| Net change in fund balance | (35,099) | (35,099) | - | 35,099 |
| Fund Balance - July 1, 2012 | - | - | - | - |
| Fund Balance - June 30, 2013 | \$ (35,099) | \$ (35,099) | \$ - | \$ 35,099 |

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INTERNAL SERVICE FUNDS

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

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

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

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

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

| | Information Technology | Departmental Services | Warehouse | Risk Management | Total |
|----------------------------------|---------------------------|--------------------------|------------|--------------------|---------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 3,084,487 | \$ 367,848 | \$ 75,205 | \$ 11,550,779 | \$ 15,078,319 |
| Accounts receivable, net | - | 23,048 | - | 16,726 | 39,774 |
| Inventories | - | 208,859 | 420,139 | - | 628,998 |
| Prepaid expenses | - | 262 | - | 487,387 | 487,649 |
| Total current assets | 3,084,487 | 600,017 | 495,344 | 12,054,892 | 16,234,740 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Vehicles | - | 133,480 | - | - | 133,480 |
| Equipment | 9,150,041 | 1,037,455 | 20,067 | - | 10,207,563 |
| Total capital assets | 9,150,041 | 1,170,935 | 20,067 | - | 10,341,043 |
| Less accumulated depreciation | (7,884,417) | (1,152,803) | (3,679) | - | (9,040,899) |
| Net noncurrent assets | 1,265,624 | 18,132 | 16,388 | - | 1,300,144 |
| Total assets | 4,350,111 | 618,149 | 511,732 | 12,054,892 | 17,534,884 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 519,388 | 7,388 | 15,058 | 56,207 | 598,041 |
| Accrued liabilities | 35,305 | 21,468 | 2,128 | 152,050 | 210,951 |
| Compensated absences | 7,438 | 6,274 | 270 | 237 | 14,219 |
| Insurance claims payable | - | - | - | 2,659,321 | 2,659,321 |
| Total current liabilities | 562,131 | 35,130 | 17,456 | 2,867,815 | 3,482,532 |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 54,549 | 46,009 | 1,978 | 1,737 | 104,273 |
| Insurance claims payable | - | - | - | 77,585 | 77,585 |
| Total noncurrent liabilities | 54,549 | 46,009 | 1,978 | 79,322 | 181,858 |
| Total liabilities | 616,680 | 81,139 | 19,434 | 2,947,137 | 3,664,390 |
| NET POSITION | | | | | |
| Net investment in capital assets | 1,265,624 | 18,132 | 16,388 | - | 1,300,144 |
| Unrestricted | 2,467,807 | 518,878 | 475,910 | 9,107,755 | 12,570,350 |
| Total net position | \$ 3,733,431 | \$ 537,010 | \$ 492,298 | \$ 9,107,755 | \$ 13,870,494 |

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Information Technology | Departmental Services | Warehouse | Risk Management | Total |
|---------------------------------------------|-----------------------------------|----------------------------------|-------------------|----------------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 4,122,371 | \$ 3,739,214 | \$ 849,306 | \$ 16,117,875 | \$ 24,828,766 |
| Total operating revenues | <u>4,122,371</u> | <u>3,739,214</u> | <u>849,306</u> | <u>16,117,875</u> | <u>24,828,766</u> |
| OPERATING EXPENSES | | | | | |
| Purchases for resale | - | 1,763,456 | 671,282 | - | 2,434,738 |
| Personnel costs | 1,740,693 | 1,206,003 | 89,964 | 135,060 | 3,171,720 |
| Materials and supplies | 210,093 | 104,384 | 2,578 | 1,984 | 319,039 |
| Contractual services and charges | 1,296,112 | 525,986 | 46,392 | 815,491 | 2,683,981 |
| Depreciation | 331,136 | 22,854 | 2,007 | - | 355,997 |
| Claims incurred | - | - | - | 10,917,862 | 10,917,862 |
| Insurance premiums | - | - | - | 2,223,067 | 2,223,067 |
| Total operating expenses | <u>3,578,034</u> | <u>3,622,683</u> | <u>812,223</u> | <u>14,093,464</u> | <u>22,106,404</u> |
| Operating income (loss) | <u>544,337</u> | <u>116,531</u> | <u>37,083</u> | <u>2,024,411</u> | <u>2,722,362</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Insurance recovery | - | 1,746 | - | - | 1,746 |
| Total nonoperating revenues (expenses), net | <u>-</u> | <u>1,746</u> | <u>-</u> | <u>-</u> | <u>1,746</u> |
| Income (loss) before transfers | <u>544,337</u> | <u>118,277</u> | <u>37,083</u> | <u>2,024,411</u> | <u>2,724,108</u> |
| TRANSFERS | | | | | |
| Transfers out | (455,090) | - | - | (250,000) | (705,090) |
| Total transfers, net | <u>(455,090)</u> | <u>-</u> | <u>-</u> | <u>(250,000)</u> | <u>(705,090)</u> |
| Change in net position | <u>89,247</u> | <u>118,277</u> | <u>37,083</u> | <u>1,774,411</u> | <u>2,019,018</u> |
| Total net position - July 1, 2012 | <u>3,644,184</u> | <u>418,733</u> | <u>455,215</u> | <u>7,333,344</u> | <u>11,851,476</u> |
| Total net position - June 30, 2013 | <u>\$ 3,733,431</u> | <u>\$ 537,010</u> | <u>\$ 492,298</u> | <u>\$ 9,107,755</u> | <u>\$ 13,870,494</u> |

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Information Technology | Departmental Services | Warehouse | Risk Management | Total |
|----------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|------------------|----------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 4,122,371 | \$ 3,725,373 | \$ 849,306 | \$ 16,118,298 | \$ 24,815,348 |
| Payments to suppliers | (1,021,456) | (2,431,337) | (738,537) | (13,562,028) | (17,753,358) |
| Payments to employees | (1,729,196) | (1,210,168) | (90,239) | (271,414) | (3,301,017) |
| Net cash provided by operating activities | 1,371,719 | 83,868 | 20,530 | 2,284,856 | 3,760,973 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Insurance recovery | - | 1,746 | - | - | 1,746 |
| Transfers out | (455,090) | - | - | (250,000) | (705,090) |
| Net cash provided by (used for) noncapital financing activities | (455,090) | 1,746 | - | (250,000) | (703,344) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | (999,023) | - | - | - | (999,023) |
| Net cash used for capital and related financing activities | (999,023) | - | - | - | (999,023) |
| Net increase (decrease) in cash and cash equivalents | (82,394) | 85,614 | 20,530 | 2,034,856 | 2,058,606 |
| Cash and cash equivalents, July 1, 2012 | 3,166,881 | 282,234 | 54,675 | 9,515,923 | 13,019,713 |
| Cash and cash equivalents, June 30, 2013 | <u>\$ 3,084,487</u> | <u>\$ 367,848</u> | <u>\$ 75,205</u> | <u>\$ 11,550,779</u> | <u>\$ 15,078,319</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | | | |
| Operating income (loss) | \$ 544,337 | \$ 116,531 | \$ 37,083 | \$ 2,024,411 | \$ 2,722,362 |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: | | | | | |
| Depreciation expense | 331,136 | 22,854 | 2,007 | - | 355,997 |
| (Increase) decrease in accounts receivable | - | (13,841) | - | 423 | (13,418) |
| (Increase) decrease in inventories | - | 969 | (26,041) | - | (25,072) |
| (Increase) decrease in prepaid expenses | - | 2,049 | - | (21,444) | (19,395) |
| Increase (decrease) in accounts payable | 484,749 | (40,529) | 7,756 | (3,998) | 447,978 |
| Increase (decrease) in accrued liabilities | 3,434 | (896) | 295 | 12,301 | 15,134 |
| Increase (decrease) in compensated absences | 8,063 | (3,269) | (570) | 781 | 5,005 |
| Increase in insurance claims payable | - | - | - | 272,382 | 272,382 |
| Net cash provided by operating activities | <u>\$ 1,371,719</u> | <u>\$ 83,868</u> | <u>\$ 20,530</u> | <u>\$ 2,284,856</u> | <u>\$ 3,760,973</u> |

**SCHEDULE TO ASSIGN INTERNAL SERVICE FUND ASSETS AND LIABILITIES
IN THE STATEMENT OF NET POSITION
JUNE 30, 2013**

| | Total Internal Service Funds | ASSIGNED TO | |
|-------------------------------------------------|---------------------------------------|-----------------------------|----------------------------|
| | | Business-type Activities | Governmental Activities |
| ASSETS | | | |
| Cash and cash equivalents | \$ 15,078,319 | \$ 75,205 | \$ 15,003,114 |
| Accounts receivables (net) | 39,774 | - | 39,774 |
| Internal balances | - | 1,602,858 | (1,602,858) |
| Inventories | 628,998 | 420,139 | 208,859 |
| Prepaid expenses | 487,649 | - | 487,649 |
| Capital assets, net of accumulated depreciation | 1,300,144 | 16,388 | 1,283,756 |
| Total assets | 17,534,884 | 2,114,590 | 15,420,294 |
| LIABILITIES | | | |
| Accounts payable | 598,041 | 15,058 | 582,983 |
| Accrued liabilities | 210,951 | 2,128 | 208,823 |
| Compensated absences | 118,492 | 2,248 | 116,244 |
| Insurance claims payable | 2,736,906 | - | 2,736,906 |
| Total liabilities | 3,664,390 | 19,434 | 3,644,956 |
| NET POSITION | | | |
| Net investment in capital assets | 1,300,144 | 16,388 | 1,283,756 |
| Unrestricted | 12,570,350 | 2,078,768 | 10,491,582 |
| Total net position | \$ 13,870,494 | \$ 2,095,156 | \$ 11,775,338 |

**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

CITY OF CHARLOTTESVILLE, VIRGINIA**EXHIBIT M-1****DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD****STATEMENT OF NET POSITION****JUNE 30, 2013**

| | <u>Governmental Activities</u> |
|-----------------------------------|-------------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 6,715,185 |
| Accounts receivable, net | 1,027,428 |
| Due from other governments | 1,942,720 |
| Inventories | 35,878 |
| Capital assets: | |
| Land | 982,889 |
| Depreciable assets, net | 27,245,794 |
| Total assets | <u>37,949,894</u> |
| LIABILITIES | |
| Accounts payable | 868,464 |
| Accrued liabilities | 5,031,075 |
| Unearned revenue | 73,415 |
| Noncurrent liabilities: | |
| Amounts due within one year | 615,700 |
| Amounts due in more than one year | 1,774,125 |
| Total liabilities | <u>8,362,779</u> |
| NET POSITION | |
| Net investment in capital assets | 27,289,955 |
| Restricted | 1,123,417 |
| Unrestricted | 1,173,743 |
| Total net position | <u>\$ 29,587,115</u> |

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|----------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Instruction and instruction related services | \$ 48,973,769 | \$ 1,717,863 | \$ 10,071,040 | \$ 5,327,130 | \$ (31,857,736) |
| Support services - student based | 11,893,356 | 1,394,265 | - | - | (10,499,091) |
| Administrative support services | 3,812,362 | 279,504 | - | - | (3,532,858) |
| Total School Board | <u>\$ 64,679,487</u> | <u>\$ 3,391,632</u> | <u>\$ 10,071,040</u> | <u>\$ 5,327,130</u> | <u>(45,889,685)</u> |

General Revenues:

| | |
|----------------------------------|----------------------|
| State aid - formula grants | 12,092,069 |
| Payment from City | 38,819,064 |
| Interest and investment earnings | <u>2,356</u> |
| Total general revenues | <u>50,913,489</u> |
| Change in net position | 5,023,804 |
| Net position - July 1, 2012 | <u>24,563,311</u> |
| Net position - June 30, 2013 | <u>\$ 29,587,115</u> |

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

| | General Fund | Grant and Other Governmental Funds | Total |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,399,503 | \$ 226,305 | \$ 4,625,808 |
| Accounts receivable, net | 914,972 | 41,853 | 956,825 |
| Due from other governments | 305,167 | 1,637,553 | 1,942,720 |
| Inventory of supplies | - | 35,878 | 35,878 |
| Total assets | <u>\$ 5,619,642</u> | <u>\$ 1,941,589</u> | <u>\$ 7,561,231</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 826,410 | \$ 42,054 | \$ 868,464 |
| Accrued liabilities | 4,283,091 | 722,303 | 5,005,394 |
| Deferred revenue | 19,600 | 53,815 | 73,415 |
| Total liabilities | <u>5,129,101</u> | <u>818,172</u> | <u>5,947,273</u> |
| Fund Balance | | | |
| Nonspendable | - | 35,878 | 35,878 |
| Restricted | - | 1,087,539 | 1,087,539 |
| Unassigned | 490,541 | - | 490,541 |
| Total fund balances | <u>490,541</u> | <u>1,123,417</u> | <u>1,613,958</u> |
| Total liabilities and fund balances | <u>\$ 5,619,642</u> | <u>\$ 1,941,589</u> | <u>\$ 7,561,231</u> |
| Total fund balances per Balance Sheet for Governmental Funds | | | \$ 1,613,958 |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit M-1) are different because: | | | |
| Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The Statement of Net Position, however, includes these assets, net of accumulated depreciation. | | | 28,228,683 |
| Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of the Healthcare Fund are included in governmental activities in the Statement of Net Position. | | | |
| Internal Service Fund net position | | | 2,134,299 |
| Some liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position | | | |
| Notes payable | | | (7,517) |
| Capital lease payable | | | (931,211) |
| Compensated absences | | | (1,276,268) |
| Unfunded liability for postemployment medical benefits | | | (174,829) |
| Net position of governmental activities | | | <u>\$ 29,587,115</u> |

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | General Fund | Grant and Other Governmental Funds | Totals |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------|---------------------|
| REVENUES | | | |
| City contribution (net of contactual services) | \$ 36,957,858 | \$ 1,861,206 | \$ 38,819,064 |
| Intergovernmental | 12,092,069 | 10,071,040 | 22,163,109 |
| Charges for services | 1,189,008 | 528,855 | 1,717,863 |
| Miscellaneous | 279,504 | 1,394,265 | 1,673,769 |
| Total revenues | <u>50,518,439</u> | <u>13,855,366</u> | <u>64,373,805</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction and instruction related services | 41,666,665 | 6,522,999 | 48,189,664 |
| Support services - student based | 5,191,137 | 6,572,124 | 11,763,261 |
| Administrative support services | 3,699,762 | - | 3,699,762 |
| Debt Service: | | | |
| Principal | 4,407 | 443,237 | 447,644 |
| Interest | 571 | 50,126 | 50,697 |
| Total expenditures | <u>50,562,542</u> | <u>13,588,486</u> | <u>64,151,028</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(44,103)</u> | <u>266,880</u> | <u>222,777</u> |
| Net change in fund balance | (44,103) | 266,880 | 222,777 |
| FUND BALANCE - JULY 1, 2012 | <u>534,644</u> | <u>856,537</u> | <u>1,391,181</u> |
| FUND BALANCE - JUNE 30, 2013 | <u>\$ 490,541</u> | <u>\$ 1,123,417</u> | <u>\$ 1,613,958</u> |
| Net change in fund balances - total governmental funds | | | \$ 222,777 |
| Amounts reported for governmental activities in the Statement of Activities (M-2) are different because: | | | |
| Governmental funds report the cost of equipment and facilities acquired as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets. | | | |
| Cost of equipment and facilities capitalized for the year (net of disposals) | | | 55,613 |
| City contribution of capital assets, net of depreciation, for which debt has been repaid | | | 5,327,130 |
| Depreciation expense | | | (1,687,012) |
| Debt proceeds provide current financing resources to governmental funds, but debt issues increase long term liabilities in the Statement of Net Position. Principal payments are expenditures in governmental funds, but reduce long term liabilities in the Statement of Net Position. | | | |
| Principal payments | | | 447,644 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. | | | |
| Change in compensated absences | | | 492 |
| Change in unfunded liability for postemployment medical benefits | | | (5,627) |
| The net income of internal service funds is combined with governmental activities on the Statement of Activities | | | |
| | | | <u>662,787</u> |
| Change in net position of governmental activities | | | <u>\$ 5,023,804</u> |

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2013

| | <u>Healthcare</u> |
|---------------------------|---------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 2,089,377 |
| Accounts receivable, net | <u>70,603</u> |
| Total assets | <u>2,159,980</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accrued liabilities | <u>25,681</u> |
| Total liabilities | <u>25,681</u> |
| NET POSITION | |
| Unrestricted | <u>2,134,299</u> |
| Total net position | <u>\$ 2,134,299</u> |

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Healthcare</u> |
|---------------------------------------------|----------------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 6,262,659 |
| Total operating revenues | <u>6,262,659</u> |
| OPERATING EXPENSES | |
| Insurance premiums | 5,602,228 |
| Total operating expenses | <u>5,602,228</u> |
| Operating income (loss) | <u>660,431</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | <u>2,356</u> |
| Change in net position | 662,787 |
| Total net position - July 1, 2012 | <u>1,471,512</u> |
| Total net position - June 30, 2013 | <u><u>\$ 2,134,299</u></u> |

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Healthcare</u> |
|--------------------------------------------------------------------------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ 6,192,056 |
| Payments to suppliers | <u>(6,486,118)</u> |
| Net cash provided by operating activities | <u>(294,062)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Interest income | <u>2,356</u> |
| Net cash provided by noncapital financing activities | <u>2,356</u> |
| Net decrease in cash and cash equivalents | (291,706) |
| Cash and cash equivalents, July 1, 2012 | <u>2,381,083</u> |
| Cash and cash equivalents, June 30, 2013 | <u><u>\$ 2,089,377</u></u> |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income (loss) | \$ 660,431 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| (Increase) in accounts receivable | (70,603) |
| (Decrease) in accrued liabilities | (331,326) |
| (Decrease) in insurance claims payable | <u>(552,564)</u> |
| Net cash provided by operating activities | <u><u>\$ (294,062)</u></u> |

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

Tables I-IV

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

Revenue Capacity

Tables V-X

These schedules contain trend information to help the reader assess the City's significant local revenue sources, the property tax, as well as other revenue sources.

Debt Capacity

Tables XI-XIV

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information

Tables XV-XVII

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

Operating Information

Tables XVIII-XX

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial system relates to the services the City provides and the activities it performs.

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE I

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 105,462,444 | \$ 122,164,890 | \$ 116,844,116 | \$ 133,087,240 | \$ 117,881,979 | \$ 115,142,637 | \$ 108,689,166 | \$ 118,361,416 | \$ 65,523,294 | \$ 60,648,256 |
| Restricted For: | | | | | | | | | | |
| Expendable | 2,191,647 | 6,402,164 | 10,000 | 10,000 | 10,000 | 10,000 | 30,000 | 2,466,388 | 626,296 | 432,659 |
| Nonexpendable | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,532 |
| Unrestricted | 85,110,590 | 60,401,741 | 72,528,272 | 66,615,278 | 62,894,787 | 54,793,780 | 56,864,574 | 29,414,068 | 29,670,212 | 20,163,046 |
| Total governmental activities net position | <u>\$ 192,927,182</u> | <u>\$ 189,131,296</u> | <u>\$ 189,544,889</u> | <u>\$ 199,875,019</u> | <u>\$ 180,949,267</u> | <u>\$ 170,108,918</u> | <u>\$ 165,746,241</u> | <u>\$ 150,404,373</u> | <u>\$ 95,982,303</u> | <u>\$ 81,406,493</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 37,760,064 | \$ 21,862,917 | \$ 21,900,131 | \$ 21,576,238 | \$ 20,928,347 | \$ 20,644,310 | \$ 19,766,913 | \$ 19,678,522 | \$ 18,506,715 | \$ 17,979,148 |
| Restricted-expendable | - | - | 27,817 | - | - | - | - | - | - | - |
| Unrestricted | 11,374,395 | 24,882,257 | 24,327,004 | 22,368,111 | 21,883,741 | 20,455,061 | 15,218,780 | 13,668,411 | 13,630,856 | 13,266,122 |
| Total business-type activities net position | <u>\$ 49,134,459</u> | <u>\$ 46,745,174</u> | <u>\$ 46,254,952</u> | <u>\$ 43,944,349</u> | <u>\$ 42,812,088</u> | <u>\$ 41,099,371</u> | <u>\$ 34,985,693</u> | <u>\$ 33,346,933</u> | <u>\$ 32,137,571</u> | <u>\$ 31,245,270</u> |
| Primary Government: | | | | | | | | | | |
| Net investment in capital assets | \$ 143,222,508 | \$ 144,027,807 | \$ 138,744,247 | \$ 154,663,478 | \$ 138,810,326 | \$ 135,786,947 | \$ 128,456,079 | \$ 138,039,938 | \$ 84,030,009 | \$ 78,627,404 |
| Restricted For: | | | | | | | | | | |
| Expendable | 2,191,647 | 6,402,164 | 37,817 | 10,000 | 10,000 | 10,000 | 30,000 | 2,466,388 | 626,296 | 432,659 |
| Nonexpendable | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,501 | 162,532 |
| Unrestricted | 96,484,985 | 85,283,998 | 96,855,276 | 88,983,389 | 84,778,528 | 75,248,841 | 72,083,354 | 43,082,479 | 43,301,068 | 33,429,168 |
| Total primary government net position | <u>\$ 242,061,641</u> | <u>\$ 235,876,470</u> | <u>\$ 235,799,841</u> | <u>\$ 243,819,368</u> | <u>\$ 223,761,355</u> | <u>\$ 211,208,289</u> | <u>\$ 200,731,934</u> | <u>\$ 183,751,306</u> | <u>\$ 128,119,874</u> | <u>\$ 112,651,763</u> |

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

Schedule prepared using the accrual basis of accounting

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 23,535,445 | 22,483,608 | \$ 23,634,491 | \$ 20,411,765 | \$ 25,817,176 | \$ 23,238,056 | \$ 18,533,324 | \$ 18,319,280 | \$ 14,900,857 | \$ 14,001,612 |
| Public safety | 32,597,684 | 32,258,520 | 30,545,681 | 30,547,357 | 30,527,165 | 30,542,176 | 27,839,049 | 28,091,990 | 25,230,656 | 24,601,457 |
| Community services | 20,052,677 | 23,670,432 | 22,348,563 | 21,293,487 | 20,577,112 | 17,349,631 | 14,765,927 | 14,278,057 | 13,933,297 | 12,918,012 |
| Health and welfare | 30,274,966 | 30,034,547 | 30,820,530 | 31,358,502 | 30,161,585 | 29,401,150 | 27,150,948 | 24,662,939 | 25,120,751 | 24,822,488 |
| Parks, recreation and culture | 12,368,616 | 11,256,003 | 10,053,398 | 9,546,796 | 9,561,694 | 9,481,960 | 9,337,786 | 7,919,330 | 7,938,374 | 7,164,786 |
| Education | 51,677,155 | 42,460,291 | 57,974,958 | 41,990,709 | 41,558,411 | 44,572,403 | 35,555,941 | 33,982,207 | 32,968,653 | 31,009,445 |
| Conservation and development | 10,373,102 | 14,171,433 | 7,743,918 | 6,985,191 | 8,588,251 | 9,829,820 | 6,333,016 | 5,933,535 | 7,122,318 | 5,487,212 |
| Other activities | - | - | - | - | - | - | 598,025 | 324,511 | 200,663 | 56,942 |
| Interest on long-term debt | 2,359,980 | 5,100,955 | 2,733,665 | 2,454,390 | 2,235,928 | 1,937,644 | 2,005,594 | 1,796,925 | 1,637,089 | 1,444,329 |
| Total governmental activities | <u>183,239,625</u> | <u>181,435,789</u> | <u>185,855,204</u> | <u>164,588,197</u> | <u>169,027,322</u> | <u>166,352,840</u> | <u>142,119,610</u> | <u>135,308,774</u> | <u>129,052,658</u> | <u>121,506,283</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 8,162,082 | 8,417,556 | 8,321,515 | 8,009,139 | 7,416,972 | 7,376,301 | 6,874,670 | 6,536,397 | 6,105,675 | 6,232,116 |
| Sewer | 9,858,802 | 9,829,643 | 8,416,888 | 8,840,500 | 7,090,366 | 5,812,810 | 5,706,981 | 4,847,558 | 4,970,624 | 5,550,440 |
| Gas | 23,788,374 | 22,288,691 | 24,869,854 | 25,111,699 | 34,388,021 | 36,170,500 | 32,785,049 | 35,404,101 | 28,647,808 | 25,185,893 |
| Golf course | 871,628 | 912,244 | 617,357 | 1,198,157 | 1,210,638 | 1,358,023 | 1,137,337 | 1,007,426 | 968,174 | 877,573 |
| Total business-type activities | <u>42,680,886</u> | <u>41,448,134</u> | <u>42,225,614</u> | <u>43,159,495</u> | <u>50,105,997</u> | <u>50,717,634</u> | <u>46,504,037</u> | <u>47,795,482</u> | <u>40,692,281</u> | <u>37,846,022</u> |
| Total Primary Government Expenses | <u>\$ 225,920,511</u> | <u>\$ 222,883,923</u> | <u>\$ 228,080,818</u> | <u>\$ 207,747,692</u> | <u>\$ 219,133,319</u> | <u>\$ 217,070,474</u> | <u>\$ 188,623,647</u> | <u>\$ 183,104,256</u> | <u>\$ 169,744,939</u> | <u>\$ 159,352,305</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| General government | \$ 14,000,028 | 12,718,913 | \$ 11,509,211 | \$ 10,624,798 | \$ 11,048,283 | \$ 10,862,338 | \$ 10,810,147 | \$ 5,304,925 | \$ 5,746,100 | \$ 4,763,481 |
| Public safety | 29,778 | 29,919 | 31,416 | 42,850 | 44,907 | 49,754 | 14,987 | 17,875 | 354,845 | 212,954 |
| Community services | 1,843,964 | 1,840,737 | 1,786,899 | 1,945,796 | 2,122,384 | 2,224,251 | 1,965,398 | 2,246,826 | 3,375,842 | 3,614,764 |
| Health and welfare | 3,923,086 | 3,950,369 | 4,305,042 | 2,719,628 | 1,912,596 | 1,961,441 | 2,013,793 | 1,467,335 | 1,866,435 | 1,467,335 |
| Parks, recreation and culture | 1,610,587 | 1,372,958 | 1,214,220 | 943,705 | 808,869 | 811,586 | 662,459 | 505,033 | 586,112 | 541,740 |
| Education | 208,988 | 229,949 | 203,713 | 228,853 | 272,643 | 228,591 | 145,050 | 142,918 | 78,535 | 86,000 |
| Conservation and development | 21,321 | 28,322 | 23,487 | 27,685 | 43,045 | 46,424 | 2,919 | 20,090 | 82,242 | 116,807 |
| Operating Grants and Contributions | | | | | | | | | | |
| General government | 1,762,119 | 1,643,234 | 2,022,303 | 2,099,757 | 2,161,567 | 2,156,436 | 2,486,523 | 2,704,507 | 2,206,737 | 2,106,302 |
| Public safety | 1,675,385 | 1,906,155 | 1,632,513 | 1,554,604 | 1,597,459 | 1,530,559 | 1,437,946 | 1,981,856 | 4,203,459 | 3,788,184 |
| Community services | 8,107,968 | 9,074,860 | 8,839,499 | 7,947,633 | 7,010,934 | 6,758,618 | 6,032,520 | 7,026,204 | 4,945,581 | 4,884,017 |
| Health and welfare | 16,278,179 | 16,481,533 | 17,810,096 | 18,163,600 | 18,456,403 | 18,272,330 | 16,889,348 | 16,504,644 | 17,223,996 | 16,281,799 |
| Parks, recreation and culture | 904,083 | 76,725 | 45,382 | 51,953 | 100,635 | 77,396 | 5,000 | 88,558 | 118,286 | 83,351 |
| Education | 562,087 | 566,776 | 566,566 | 224,203 | 527,281 | - | - | - | - | 77,381 |
| Conservation and development | 238,338 | 344,349 | 459,922 | - | 74,216 | 71,141 | 213,712 | 208,137 | 61,801 | 27,854 |
| Capital Grants and Contributions | | | | | | | | | | |
| General government | - | 350,876 | 11,728 | 630,275 | 4,171,078 | 1,374,433 | 1,187,009 | - | 1,473,258 | 1,374,252 |
| Public safety | 12,825 | 383,584 | - | - | - | - | - | - | - | - |
| Community services | 6,776,156 | 5,070,874 | 1,990,553 | 13,285,028 | 7,526,581 | 7,052,770 | 3,356,968 | 5,949,633 | 5,976,430 | 1,083,793 |
| Parks, recreation and culture | - | - | - | - | - | 29,760 | - | - | 483 | 13,098 |
| Education | - | 456,441 | 113,912 | 22,432 | 44,327 | 408,075 | - | - | 1,695,914 | 1,048,039 |
| Conservation and development | 59,500 | 115,398 | - | - | - | - | - | - | - | - |
| Total governmental activities | <u>58,014,392</u> | <u>56,641,972</u> | <u>52,566,462</u> | <u>60,512,800</u> | <u>57,923,208</u> | <u>53,915,903</u> | <u>47,223,779</u> | <u>44,168,541</u> | <u>49,996,056</u> | <u>41,571,151</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| Water | 9,064,161 | 8,923,040 | 9,244,578 | 9,134,985 | 9,333,610 | 8,302,627 | 8,137,837 | 7,718,122 | 7,196,273 | 7,381,976 |
| Sewer | 10,554,384 | 9,121,471 | 9,066,402 | 8,952,616 | 9,043,516 | 7,439,184 | 6,929,038 | 6,554,472 | 6,316,155 | 5,833,202 |
| Gas | 29,779,891 | 27,619,960 | 30,360,501 | 29,860,371 | 36,868,759 | 43,961,558 | 36,064,042 | 38,751,324 | 31,697,867 | 29,715,810 |
| Golf course | 842,787 | 939,797 | 949,264 | 1,064,929 | 1,035,709 | 1,113,089 | 1,099,640 | 982,796 | 996,674 | 854,344 |
| Operating Grants and Contributions | | | | | | | | | | |
| Golf course | - | - | 17,105 | 54,667 | 58,838 | 106,429 | - | - | - | - |
| Capital Grants and Contributions | | | | | | | | | | |
| Golf course | - | 18,800 | - | - | - | - | - | - | - | - |
| Total business-type activities | <u>50,241,223</u> | <u>46,623,068</u> | <u>49,637,850</u> | <u>49,067,568</u> | <u>56,340,432</u> | <u>60,922,887</u> | <u>52,230,557</u> | <u>54,006,714</u> | <u>46,206,969</u> | <u>43,785,332</u> |
| Total Primary Government Revenues | <u>\$ 108,255,615</u> | <u>\$ 103,265,040</u> | <u>\$ 102,204,312</u> | <u>\$ 109,580,368</u> | <u>\$ 114,263,640</u> | <u>\$ 114,838,790</u> | <u>\$ 99,454,336</u> | <u>\$ 98,175,255</u> | <u>\$ 96,203,025</u> | <u>\$ 85,356,483</u> |

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------------------------------------------|-------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ (7,773,298) | \$ (7,770,585) | \$ (10,091,249) | \$ (7,056,935) | \$ (8,436,248) | \$ (8,844,849) | \$ (4,049,645) | \$ (10,309,848) | \$ (5,474,762) | \$ (5,757,577) |
| Public safety | (30,879,696) | (29,938,862) | (28,881,752) | (28,949,903) | (28,884,799) | (28,961,863) | (26,386,116) | (26,092,259) | (20,672,352) | (20,600,319) |
| Community services | (3,324,589) | (7,683,961) | (9,731,612) | 1,884,970 | (3,917,213) | (1,313,992) | (3,411,041) | 944,606 | 364,556 | (3,335,438) |
| Health and welfare | (10,073,701) | (9,602,645) | (8,705,392) | (10,475,274) | (9,792,586) | (9,167,379) | (8,247,807) | (6,690,960) | (6,030,320) | (7,073,354) |
| Parks, recreation and culture | (9,853,946) | (9,806,320) | (8,793,796) | (8,551,138) | (8,652,190) | (8,563,218) | (8,670,327) | (7,325,739) | (7,233,493) | (6,526,597) |
| Education | (50,906,080) | (41,207,125) | (57,090,767) | (41,515,221) | (40,714,160) | (43,935,737) | (35,410,891) | (33,839,289) | (31,194,204) | (29,798,025) |
| Conservation and development | (10,053,943) | (13,683,364) | (7,260,509) | (6,957,506) | (8,470,990) | (9,712,255) | (6,116,385) | (5,705,308) | (6,978,275) | (5,342,551) |
| Other activities | - | - | - | - | - | - | (598,025) | (324,511) | (200,663) | (56,942) |
| Interest on long-term debt | (2,359,980) | (5,100,955) | (2,733,665) | (2,454,390) | (2,235,928) | (1,937,644) | (2,005,594) | (1,796,925) | (1,637,089) | (1,444,329) |
| Total governmental activities | (125,225,233) | (124,793,817) | (133,288,742) | (104,075,397) | (111,104,114) | (112,436,937) | (94,895,831) | (91,140,233) | (79,056,602) | (79,935,132) |
| Business-type activities: | | | | | | | | | | |
| Water | 902,079 | 505,484 | 923,063 | 1,125,846 | 1,916,638 | 926,326 | 1,263,167 | 1,181,725 | 1,090,598 | 1,149,860 |
| Sewer | 695,582 | (708,172) | 649,514 | 112,116 | 1,953,150 | 1,626,374 | 1,222,057 | 1,706,914 | 1,345,531 | 282,762 |
| Gas | 5,991,517 | 5,331,269 | 5,490,647 | 4,748,672 | 2,480,738 | 7,791,058 | 3,278,993 | 3,347,223 | 3,050,059 | 4,529,917 |
| Golf course | (28,841) | 46,353 | 349,012 | (78,561) | (116,091) | (138,505) | (37,697) | (24,630) | 28,500 | (23,229) |
| Total business-type activities | 7,560,337 | 5,174,934 | 7,412,236 | 5,908,073 | 6,234,435 | 10,205,253 | 5,726,520 | 6,211,232 | 5,514,688 | 5,939,310 |
| Total Primary Government Net Expense | \$ (117,664,896) | \$ (119,618,883) | \$ (125,876,506) | \$ (98,167,324) | \$ (104,869,679) | \$ (102,231,684) | \$ (89,169,311) | \$ (84,929,001) | \$ (73,541,914) | \$ (73,995,822) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Revenues | | | | | | | | | | |
| General property taxes | \$ 56,060,959 | \$ 55,819,958 | \$ 55,401,204 | \$ 55,625,137 | \$ 57,299,828 | \$ 52,783,908 | \$ 51,813,831 | \$ 47,031,353 | \$ 42,645,296 | \$ 39,800,587 |
| Sales tax | 9,901,299 | 9,995,523 | 8,956,683 | 9,312,664 | 9,588,558 | 10,221,226 | 10,298,470 | 9,565,488 | 9,001,835 | 8,294,661 |
| Utility tax | 4,422,168 | 4,252,785 | 4,491,361 | 4,419,303 | 4,644,592 | 4,466,584 | 7,440,973 | 7,124,868 | 6,863,039 | 6,750,575 |
| Communications tax | 3,276,861 | 3,268,192 | 3,335,988 | 3,352,581 | 3,338,662 | 3,674,556 | - | - | - | - |
| Meals tax | 8,103,257 | 7,378,230 | 6,861,066 | 6,454,663 | 6,522,572 | 6,741,885 | 6,441,521 | 6,115,832 | 5,745,899 | 5,412,912 |
| Lodging tax | 2,932,367 | 2,807,326 | 2,460,055 | 2,475,914 | 2,286,843 | 2,476,572 | 2,356,436 | 2,100,084 | 1,909,540 | 1,585,307 |
| Other taxes | 4,022,679 | 4,059,205 | 4,317,180 | 3,762,710 | 3,596,854 | 3,742,319 | 2,591,960 | 3,034,587 | 2,692,632 | 1,994,088 |
| Business license tax | 6,880,942 | 6,491,428 | 6,061,192 | 6,502,949 | 7,295,646 | 5,953,851 | 5,514,900 | 7,766,206 | 5,448,552 | 5,189,311 |
| Grants and contributions not restricted | 27,910,750 | 24,887,083 | 25,229,997 | 25,160,421 | 21,166,672 | 20,083,095 | 17,683,149 | 15,361,163 | 13,513,099 | 13,989,182 |
| Interest and investment earnings | 276,657 | 373,961 | 538,029 | 918,853 | 1,435,592 | 1,904,366 | 1,655,643 | 509,683 | 119,567 | 199,430 |
| Miscellaneous | - | - | - | - | - | - | - | - | 926,948 | 402,189 |
| Gain from sale of assets | - | 252,742 | - | - | - | - | - | 3,130 | 4,363 | 51,186 |
| Total governmental activities | 123,787,939 | 119,586,433 | 117,652,755 | 117,985,195 | 117,175,819 | 112,048,362 | 105,796,883 | 98,612,394 | 88,870,770 | 83,669,428 |
| Business-type activities: | | | | | | | | | | |
| Interest and investment earnings | 62,128 | 109,079 | 204,224 | 240,142 | 246,926 | 409,406 | 353,056 | 262,717 | 139,255 | 118,783 |
| Total business-type activities | 62,128 | 109,079 | 204,224 | 240,142 | 246,926 | 409,406 | 353,056 | 262,717 | 139,255 | 118,783 |
| Total Primary Government Revenues | \$ 123,850,067 | \$ 119,695,512 | \$ 117,856,979 | \$ 118,225,337 | \$ 117,422,745 | \$ 112,457,768 | \$ 106,149,939 | \$ 98,875,111 | \$ 89,010,025 | \$ 83,788,211 |
| Change in net position | | | | | | | | | | |
| Governmental Activities | \$ 3,795,886 | \$ (413,593) | \$ (10,330,130) | \$ 18,452,691 | \$ 10,840,349 | \$ 4,362,677 | \$ 15,341,868 | \$ 14,575,810 | \$ 11,009,744 | \$ 8,013,980 |
| Business-type Activities | 2,389,285 | 490,222 | 2,310,603 | 1,132,261 | 1,634,617 | 5,863,407 | 1,638,760 | 892,301 | 1,209,362 | 1,778,409 |
| Total net position, prior to restatement | 6,185,171 | 76,629 | (8,019,527) | 19,584,952 | 12,474,966 | 10,226,084 | 16,980,628 | 13,946,110 | 15,468,111 | 9,792,389 |
| Restatement | - | - | - | 473,061 | 78,100 | 250,271 | - | - | - | - |
| Total change in net position | \$ 6,185,171 | \$ 76,629 | \$ (8,019,527) | \$ 20,058,013 | \$ 12,553,066 | \$ 10,476,355 | \$ 16,980,628 | \$ 13,946,110 | \$ 15,468,111 | \$ 9,792,389 |

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit B
Schedule prepared using the accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE III

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2011 | 2010* | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 1,180,647 | \$ 643,413 | \$ 1,368,723 | \$ 970,434 | \$ 715,230 | \$ 979,023 | \$ 548,083 |
| Unreserved: | | | | | | | | | | |
| Designated | - | - | - | 10,363,172 | 4,651,197 | 6,376,108 | 6,150,417 | 3,921,815 | 1,118,013 | 572,500 |
| Undesignated | - | - | - | 24,271,261 | 27,150,245 | 19,563,961 | 21,694,729 | 21,650,695 | 17,095,548 | 12,730,626 |
| Total General Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,815,080</u> | <u>\$ 32,444,855</u> | <u>\$ 27,308,792</u> | <u>\$ 28,815,580</u> | <u>\$ 26,287,740</u> | <u>\$ 19,192,584</u> | <u>\$ 13,851,209</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 14,555,925 | \$ 30,741,006 | \$ 18,829,365 | \$ 20,416,889 | \$ 21,159,692 | \$ 6,473,784 | \$ 4,444,034 |
| Unreserved: | | | | | | | | | | |
| Capital Projects Funds | - | - | - | 6,866,651 | (3,843,863) | 9,286,536 | (2,598,765) | (19,456,521) | 1,515,231 | - |
| Social Service Funds | - | - | - | 483,543 | 483,439 | 484,529 | 397,142 | - | - | - |
| Special Revenue Funds | - | - | - | 1,328,208 | 1,566,636 | 1,018,241 | 1,043,964 | - | - | - |
| Debt Service Funds | - | - | - | 9,547,048 | 9,156,884 | 7,927,132 | 5,541,445 | 4,962,807 | 3,914,959 | 2,112,688 |
| Permanent Fund | - | - | - | 162,501 | 162,501 | 162,501 | 162,501 | - | - | - |
| Total All Other Governmental Funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,943,876</u> | <u>\$ 38,266,603</u> | <u>\$ 37,708,304</u> | <u>\$ 24,963,176</u> | <u>\$ 6,665,978</u> | <u>\$ 11,903,974</u> | <u>\$ 6,556,722</u> |
| General Fund | | | | | | | | | | |
| Restricted | \$ 545,723 | \$ 472,056 | \$ 462,244 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Committed | 6,737,955 | 8,206,185 | 7,880,345 | - | - | - | - | - | - | - |
| Assigned | 3,633,160 | 4,542,491 | 5,945,930 | - | - | - | - | - | - | - |
| Unassigned | 26,989,410 | 26,861,656 | 25,855,782 | - | - | - | - | - | - | - |
| Total General Fund | <u>\$ 37,906,248</u> | <u>\$ 40,082,388</u> | <u>\$ 40,144,301</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 1,272,501 | \$ 3,316,211 | \$ 3,380,174 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 9,486,035 | 15,949,126 | 20,687,703 | - | - | - | - | - | - | - |
| Committed | 14,768,068 | 11,252,983 | 9,508,177 | - | - | - | - | - | - | - |
| Assigned | 1,303,256 | 1,906,602 | 1,681,261 | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 26,829,860</u> | <u>\$ 32,424,922</u> | <u>\$ 35,257,315</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

*Note: Fiscal years 2004 through 2010 have not been restated per GASB 54.
Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE IV

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| General property taxes | \$ 95,714,241 | \$ 94,311,894 | \$ 92,111,297 | \$ 92,251,458 | \$ 94,490,618 | \$ 90,392,806 | \$ 86,324,017 | \$ 80,203,931 | \$ 73,521,654 | \$ 68,172,692 |
| Fee and permits | 2,464,889 | 2,042,063 | 1,825,729 | 1,640,727 | 1,836,514 | 1,915,907 | 1,837,978 | 1,594,542 | 1,553,833 | 1,427,780 |
| Special assessments | - | - | - | - | - | - | - | - | - | 27,879 |
| Intergovernmental | 60,215,042 | 61,026,601 | 58,235,118 | 67,888,839 | 62,127,824 | 57,515,459 | 48,120,385 | 49,318,664 | 51,217,592 | 44,565,174 |
| Charges for services | 10,607,302 | 10,065,910 | 10,201,768 | 8,068,430 | 7,348,673 | 7,655,338 | 7,853,305 | 6,701,437 | 7,705,664 | 7,098,121 |
| Fines and forfeitures | 392,763 | 552,075 | 567,027 | 392,515 | 383,480 | 475,064 | 530,007 | 508,322 | 541,733 | 595,895 |
| Miscellaneous | 5,056,883 | 2,036,426 | 2,011,104 | 2,724,433 | 2,753,583 | 2,883,321 | 2,974,966 | 2,117,750 | 1,978,995 | 1,591,096 |
| Total governmental revenues | 174,451,120 | 170,034,969 | 164,952,043 | 172,966,402 | 168,940,692 | 160,837,895 | 147,640,658 | 140,444,646 | 136,519,471 | 123,478,637 |
| Expenditures | | | | | | | | | | |
| General government | 15,352,223 | 15,117,332 | 14,653,299 | 13,844,581 | 17,980,145 | 16,701,263 | 12,784,574 | 13,578,371 | 10,834,059 | 10,086,890 |
| Public safety | 31,987,432 | 32,231,433 | 30,460,236 | 30,760,038 | 29,927,240 | 30,623,911 | 27,632,491 | 26,189,309 | 26,350,201 | 24,461,723 |
| Community services | 18,524,126 | 23,573,132 | 21,264,573 | 21,000,353 | 22,183,823 | 16,398,832 | 14,126,876 | 13,117,616 | 12,805,735 | 12,576,913 |
| Health and welfare | 31,196,387 | 30,211,972 | 30,929,233 | 31,483,056 | 30,082,148 | 29,361,163 | 27,205,434 | 24,879,122 | 25,021,811 | 24,681,509 |
| Parks, recreation and culture | 12,229,739 | 10,586,859 | 9,870,613 | 9,123,591 | 9,386,707 | 9,209,286 | 9,037,193 | 7,746,830 | 7,513,978 | 6,802,315 |
| Education | 45,526,167 | 41,983,543 | 41,068,749 | 41,104,359 | 40,957,870 | 41,048,697 | 34,565,396 | 33,407,671 | 31,795,902 | 29,868,001 |
| Conservation and development | 8,764,632 | 13,711,905 | 7,109,914 | 6,395,913 | 7,957,922 | 9,203,474 | 5,710,481 | 5,477,804 | 6,497,278 | 4,824,237 |
| Debt service | | | | | | | | | | |
| Principal | 6,430,175 | 6,611,249 | 6,236,895 | 5,926,396 | 5,241,154 | 4,780,080 | 5,676,011 | 5,292,120 | 4,129,049 | 4,080,654 |
| Interest | 2,452,754 | 2,855,961 | 2,550,831 | 2,407,670 | 2,029,199 | 1,926,049 | 1,757,672 | 1,779,021 | 1,289,650 | 1,315,622 |
| Miscellaneous | 87,599 | 196,062 | 94,848 | 107,867 | 146,910 | 122,388 | 145,774 | 3,278 | 110,991 | 10,722 |
| Other activities | 266,562 | 255,994 | 298,737 | 276,671 | 375,443 | 460,951 | 193,864 | 321,233 | 167,858 | 46,220 |
| Capital outlay | 21,380,655 | 11,213,317 | 9,882,212 | 28,702,858 | 17,694,234 | 7,129,337 | 6,827,030 | 8,719,385 | 23,908,132 | 9,250,083 |
| Total governmental expenditures | 194,198,451 | 188,548,759 | 174,420,140 | 191,133,353 | 183,962,795 | 166,965,431 | 145,662,796 | 140,511,760 | 150,424,644 | 128,004,889 |
| Revenues over (under) expenditures | (19,747,331) | (18,513,790) | (9,468,097) | (18,166,951) | (15,022,103) | (6,127,536) | 1,977,862 | (67,114) | (13,905,173) | (4,526,252) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 31,047,043 | 31,879,012 | 27,888,963 | 30,642,076 | 26,846,844 | 31,768,783 | 30,645,585 | 23,411,667 | 22,922,347 | 21,809,186 |
| Transfers out | (25,108,773) | (26,698,163) | (22,054,595) | (24,733,114) | (21,669,705) | (27,046,086) | (26,154,813) | (19,760,389) | (18,160,705) | (18,032,607) |
| Issuance of debt | 5,610,000 | 9,133,200 | 9,650,400 | 10,211,600 | 15,017,552 | 12,434,520 | 12,629,400 | - | 19,962,475 | - |
| Refunding bonds issued | - | 17,737,100 | - | - | 1,325,700 | 3,547,500 | - | - | 2,913,333 | - |
| Premium on issuance of debt | 427,859 | 3,411,666 | 616,989 | 93,887 | 575,073 | 305,527 | - | - | - | - |
| Payment to refunded bond escrow agent | - | (20,195,331) | - | - | (1,378,999) | (3,644,368) | - | - | (3,043,650) | - |
| Sale of capital assets | - | 352,000 | 9,000 | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 11,976,129 | 15,619,484 | 16,110,757 | 16,214,449 | 20,716,465 | 17,365,876 | 17,120,172 | 3,651,278 | 24,593,800 | 3,776,579 |
| Net change in fund balances | \$ (7,771,202) | \$ (2,894,306) | \$ 6,642,660 | \$ (1,952,502) | \$ 5,694,362 | \$ 11,238,340 | \$ 19,098,034 | \$ 3,584,164 | \$ 10,688,627 | \$ (749,673) |
| Debt service as a percentage of noncapital expenditures | | | | | | | | | | |
| Total debt service expenditures | \$ 8,882,929 | \$ 9,467,210 | \$ 8,787,726 | \$ 8,334,066 | \$ 7,270,353 | \$ 6,706,129 | \$ 7,433,683 | \$ 7,071,141 | \$ 5,418,699 | \$ 5,396,276 |
| Total governmental expenditures | 194,198,451 | 188,548,759 | 174,420,140 | 191,133,353 | 183,962,795 | 166,965,431 | 145,662,796 | 140,511,760 | 150,424,644 | 128,004,889 |
| Change in capital assets | (22,573,753) | (15,554,651) | (14,212,438) | (32,444,266) | (22,765,689) | (9,371,741) | (8,702,265) | (9,569,115) | (26,278,015) | (10,938,370) |
| Noncapital expenditures | \$ 171,624,698 | \$ 172,994,108 | \$ 160,207,702 | \$ 158,689,087 | \$ 161,197,106 | \$ 157,593,690 | \$ 136,960,531 | \$ 130,942,645 | \$ 124,146,629 | \$ 117,066,519 |
| Debt service as a percentage of noncapital expenditures | 5.18% | 5.47% | 5.49% | 5.25% | 4.51% | 4.26% | 5.43% | 5.40% | 4.36% | 4.61% |

Source: City of Charlottesville Comprehensive Annual Financial Report - Exhibit D.
Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE V

TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

| Fiscal Year | Total Taxes | Property Taxes (1) | Sales and Use Taxes | Utility and Communications Taxes (2) | Meals Tax (3) | Lodging Tax | Business License Tax | Franchise Taxes (2) | Tax on Bank Stock | Tax on Wills and Deeds | Other Taxes |
|-------------|---------------|--------------------|---------------------|--------------------------------------|---------------|--------------|----------------------|---------------------|-------------------|------------------------|-------------|
| 2013 | \$ 95,714,241 | \$ 57,894,427 | \$ 9,901,299 | \$ 7,699,029 | \$ 8,103,257 | \$ 2,932,367 | \$ 6,880,942 | \$ 13,880 | \$ 851,638 | \$ 604,597 | \$ 832,805 |
| 2012 | 94,311,894 | 57,774,887 | 9,995,523 | 7,520,977 | 7,378,230 | 2,807,326 | 6,491,428 | 10,440 | 1,051,723 | 493,248 | 788,112 |
| 2011 | 92,111,297 | 57,336,116 | 8,956,683 | 7,827,349 | 6,861,066 | 2,460,055 | 6,061,192 | 26,402 | 1,358,812 | 436,709 | 786,913 |
| 2010 | 92,251,458 | 57,520,194 | 9,312,664 | 7,771,884 | 6,454,663 | 2,475,914 | 6,502,949 | 3,500 | 975,779 | 403,918 | 829,993 |
| 2009 | 94,490,618 | 58,750,030 | 9,588,558 | 7,983,254 | 6,522,572 | 2,286,843 | 7,295,646 | 12,397 | 639,849 | 473,913 | 937,556 |
| 2008 | 90,392,806 | 54,596,231 | 10,221,226 | 8,141,140 | 6,741,885 | 2,476,572 | 5,953,851 | 8,843 | 605,562 | 665,969 | 981,527 |
| 2007 | 86,324,017 | 51,679,757 | 10,298,470 | 7,440,973 | 6,441,521 | 2,356,436 | 5,514,900 | 238,551 | 569,324 | 718,396 | 1,065,689 |
| 2006 | 80,203,931 | 46,830,323 | 9,565,488 | 7,124,868 | 6,115,832 | 2,100,084 | 5,432,749 | 420,114 | 620,707 | 786,322 | 1,207,444 |
| 2005 | 73,521,654 | 42,612,902 | 9,001,835 | 7,280,928 | 5,745,899 | 1,909,540 | 4,695,807 | 403,128 | 489,668 | 507,188 | 874,759 |
| 2004 | 68,172,692 | 39,685,234 | 8,294,661 | 6,750,575 | 5,412,912 | 1,585,307 | 4,449,915 | 349,918 | 459,424 | 340,408 | 844,338 |

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

(1) Beginning in 1998, the Commonwealth of Virginia pays a portion of the personal property tax formerly paid by the property owner; the Commonwealth's share is reported as intergovernmental revenue.

(2) Beginning in January 1, 2007, the Commonwealth of Virginia enacted the Virginia Communication Tax. This new tax replaces most of the current Virginia state and local communications taxes and fees with a central administered Communications Sales and Use Tax, a uniform statewide E-911 tax on landline telephone service and a cable television provider's public right-of-way use fee.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE VI

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

| Taxable Year | Real Estate | Public Service Real Estate | Total Taxable Real Property Assessed Value | Real Property Direct Tax Rate | Tax-Exempt Real Property | Total Value Real Property |
|-----------------|------------------|-------------------------------|--------------------------------------------------|----------------------------------|-----------------------------|------------------------------|
| 2013 | \$ 5,281,021,000 | \$ 138,256,036 | \$ 5,419,277,036 | \$ 0.95 | \$ 1,012,716,900 | \$ 6,431,993,936 |
| 2012 | 5,222,661,300 | 138,241,036 | 5,360,902,336 | 0.95 | 1,016,573,300 | 6,377,475,636 |
| 2011 | 5,282,859,100 | 135,463,526 | 5,418,322,626 | 0.95 | 1,016,346,400 | 6,434,669,026 |
| 2010 | 5,257,182,700 | 135,809,935 | 5,392,992,635 | 0.95 | 1,053,205,500 | 6,446,198,135 |
| 2009 | 5,251,290,000 | 116,776,088 | 5,368,066,088 | 0.95 | 1,045,198,200 | 6,413,264,288 |
| 2008 | 5,181,954,900 | 114,181,608 | 5,296,136,508 | 0.95 | 885,548,300 | 6,181,684,808 |
| 2007 | 4,826,991,400 | 121,343,088 | 4,948,334,488 | 0.95 | 869,720,800 | 5,818,055,288 |
| 2006 | 4,211,772,300 | 122,531,726 | 4,334,304,026 | 0.99 | 865,609,200 | 5,199,913,226 |
| 2005 | 3,595,449,500 | 127,545,711 | 3,722,995,211 | 1.05 | 767,043,300 | 4,490,038,511 |
| 2004 | 3,179,150,000 | 150,021,836 | 3,329,171,836 | 1.09 | 718,612,500 | 4,047,784,336 |

Source: Records of the City Assessor and State Corporation Commission

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE VII

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

| Year | Total Direct | | | | Public Service | | Total Direct |
|------|----------------------|--------------------------|--------------------------|---------------------------------------|----------------------|--------------------------|----------------------------------------|
| | Real Property (1) | Personal Property (2) | Machinery & Tools (2) | Tax Rate of City Assessed Property | Real Property (3) | Personal Property (3) | Tax Rate of State Assessed Property |
| 2013 | \$ 0.95 | \$ 4.20 | \$ 4.20 | \$ 9.35 | \$ 0.95 | \$ 4.20 | \$ 5.15 |
| 2012 | 0.95 | 4.20 | 4.20 | 9.35 | 0.95 | 4.20 | 5.15 |
| 2011 | 0.95 | 4.20 | 4.20 | 9.35 | 0.95 | 4.20 | 5.15 |
| 2010 | 0.95 | 4.20 | 4.20 | 9.35 | 0.95 | 4.20 | 5.15 |
| 2009 | 0.95 | 4.20 | 4.20 | 9.35 | 0.95 | 4.20 | 5.15 |
| 2008 | 0.95 | 4.20 | 4.20 | 9.35 | 0.95 | 4.20 | 5.15 |
| 2007 | 0.95 | 4.20 | 4.20 | 9.35 | 0.95 | 4.20 | 5.15 |
| 2006 | 0.99 | 4.20 | 4.20 | 9.39 | 0.99 | 4.20 | 5.19 |
| 2005 | 1.05 | 4.20 | 4.20 | 9.45 | 1.05 | 4.20 | 5.25 |
| 2004 | 1.09 | 4.20 | 4.20 | 9.49 | 1.09 | 4.20 | 5.29 |

Source: City of Charlottesville Director of Finance

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE VIII

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2013**

| Taxpayer | Type of Business | 2013 Assessed Valuation (1) | Tax Amount (2) | Rank | Percentage of Total Assessed Valuation (1) | 2004 Assessed Valuation (1) | Tax Amount (2) | Rank | Percentage of Total Assessed Valuation (1) |
|----------------------------------------|------------------|-----------------------------------|---------------------|------|-----------------------------------------------------|-----------------------------------|---------------------|------|-----------------------------------------------------|
| Federal Realty Investment Trust | Shopping Center | \$ 87,565,600 | \$ 831,873 | 1 | 1.66 % | \$ 62,344,100 | \$ 679,551 | 1 | 1.96 % |
| EDR Charlottesville Jefferson, LLC | Apartments | 63,764,000 | 605,758 | 2 | 1.21 | - | - | | - |
| Dominion Virginia Power Company | Public Utilities | 58,748,215 | 558,108 | 3 | 1.11 | 37,007,399 | 410,782 | 3 | 1.16 |
| Caton, Douglas E. | Real Estate | 39,947,900 | 379,505 | 4 | 0.76 | - | - | | - |
| Dogwood Properties (Keith O. Woodward) | Real Estate | 39,487,700 | 375,133 | 5 | 0.75 | - | - | | - |
| CenturyLink | Public Utility | 36,691,647 | 348,571 | 6 | 0.69 | 60,434,922 | 670,828 | 2 | 1.90 |
| Peyton Associates Partnership | Real Estate | 35,588,800 | 338,094 | 7 | 0.67 | - | - | | - |
| Towers Limited Partnership, ETAL | Real Estate | 34,767,500 | 330,291 | 8 | 0.66 | 12,996,200 | 141,659 | 7 | 0.41 |
| University of Virginia Foundation | Real Estate | 34,127,200 | 324,208 | 9 | 0.65 | - | - | | - |
| Wade Apartments | Apartments | 25,175,100 | 239,163 | 10 | 0.48 | 21,097,900 | 229,967 | 4 | 0.66 |
| Jefferson Court Associates | Hotel | - | - | | - | 14,701,500 | 163,187 | 5 | 0.46 |
| Reed Elsevier, Inc. | Publisher | - | - | | - | 14,620,700 | 159,366 | 6 | 0.46 |
| Wachovia Bank National Association | Bank | - | - | | - | 12,323,800 | 134,329 | 8 | 0.39 |
| Seminole Square | Shopping Center | - | - | | - | 11,428,400 | 124,570 | 9 | 0.36 |
| Rivanna River Investment Assoc., LLC | Real Estate | - | - | | - | 10,727,400 | 116,929 | 10 | 0.34 |
| | | <u>\$ 455,863,662</u> | <u>\$ 4,330,705</u> | | <u>8.63 %</u> | <u>\$ 257,682,321</u> | <u>\$ 2,831,168</u> | | <u>8.11 %</u> |

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

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

(2) Tax rate of \$.95 in 2013; Tax rate of \$1.09 in 2004

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE IX

**REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Collections in Subsequent Years | Total Tax Collections | Total Collections as a Percent of Current Levy |
|--------------------|-----------------------|--------------------------------|----------------------------------|----------------------------------------|------------------------------|-------------------------------------------------------|
| 2013 | \$ 59,958,474 | \$ 59,304,770 | 98.91 % | \$ - | \$ 59,304,770 | 98.91 % |
| 2012 | 59,419,008 | 58,573,010 | 98.58 | 640,715 | 59,213,725 | 99.65 |
| 2011 | 59,302,625 | 58,308,249 | 98.32 | 958,213 | 59,266,462 | 99.94 |
| 2010 | 59,534,997 | 58,243,180 | 97.83 | 1,227,808 | 59,470,988 | 99.89 |
| 2009 | 59,406,086 | 57,725,159 | 97.17 | 1,610,215 | 59,335,374 | 99.88 |
| 2008 | 55,670,857 | 53,115,813 | 95.41 | 2,738,960 (1) | 55,854,773 | 100.33 |
| 2007 | 51,474,969 | 50,586,848 | 98.27 | 1,317,013 (1) | 51,903,861 | 100.83 |
| 2006 | 46,625,077 | 44,440,033 | 95.31 | 1,826,999 (1) | 46,267,032 | 99.23 |
| 2005 | 42,781,336 | 42,089,865 | 98.38 | 1,259,709 (1) | 43,349,574 | 101.33 |
| 2004 | 39,321,514 | 38,825,366 | 98.74 | 1,521,987 (1) | 40,347,353 | 102.61 |

Source: Treasurer of the City of Charlottesville

(1) Delinquent Collections in fiscal years prior to 2009 include receipts collected within the fiscal year for all prior year levies.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE X

**ESTIMATED VALUE OF TAX-EXEMPT REAL PROPERTY
LAST TEN FISCAL YEARS
JUNE 30, 2013**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal | \$ 21,652,500 | \$ 21,652,500 | \$ 21,652,500 | \$ 21,652,500 | \$ 21,652,500 | \$ 18,828,200 | \$ 18,828,200 | \$ 18,828,200 | \$ 16,834,000 | \$ 15,881,200 |
| State and regional | 288,908,100 | 278,983,600 | 324,752,400 | 323,065,400 | 323,065,400 | 414,912,500 | 388,439,300 | 390,676,700 | 350,604,200 | 331,839,600 |
| Local | 191,927,100 | 181,085,000 | 192,885,400 | 190,835,500 | 188,028,700 | 221,429,200 | 202,665,400 | 196,321,600 | 175,287,100 | 165,172,900 |
| Religious, charitable, educational and other | 510,229,200 | 534,852,200 | 477,056,100 | 517,652,100 | 512,451,600 | 230,378,400 | 259,787,900 | 259,782,700 | 224,318,000 | 205,718,800 |
| Total | <u>\$ 1,012,716,900</u> | <u>\$ 1,016,573,300</u> | <u>\$ 1,016,346,400</u> | <u>\$ 1,053,205,500</u> | <u>\$ 1,045,198,200</u> | <u>\$ 885,548,300</u> | <u>\$ 869,720,800</u> | <u>\$ 865,609,200</u> | <u>\$ 767,043,300</u> | <u>\$ 718,612,500</u> |

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XI

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

| Fiscal Year | Population (1) | Real Estate Assessed Value | Gross Bonded Debt (2) | Net Bonded Debt (2) | Total Debt Service (2) | General Fund Expenditures and Net Other Financing Sources | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita | Ratio of Debt Service to Total General Fund Expenditures and Transfers |
|-------------|----------------|----------------------------|-----------------------|---------------------|------------------------|-----------------------------------------------------------|--------------------------------------------|----------------------------|------------------------------------------------------------------------|
| 2013 | 45,073 | \$ 5,281,021,000 | \$ 78,676,333 | \$ 66,505,547 | \$ 8,970,528 | \$ 137,559,888 | 1.26 % | \$1,476 | 6.52 % |
| 2012 | 44,471 | 5,222,661,300 | 78,918,183 | 67,665,200 | 9,663,272 | 134,117,472 | 1.30 | 1,522 | 7.21 |
| 2011 | 43,475 | 5,282,859,100 | 76,002,100 | 66,493,923 | 8,882,574 | 127,413,032 | 1.26 | 1,529 | 6.97 |
| 2010 | 40,745 | 5,257,182,700 | 72,117,050 | 62,570,002 | 8,441,933 | 127,775,530 | 1.19 | 1,536 | 6.61 |
| 2009 | 40,745 | 5,251,290,000 | 67,663,745 | 58,506,861 | 7,417,263 | 124,813,778 | 1.11 | 1,436 | 5.94 |
| 2008 | 40,745 | 5,181,954,900 | 57,773,730 | 49,846,598 | 6,828,517 | 127,423,919 | 0.96 | 1,223 | 5.36 |
| 2007 | 40,745 | 4,826,991,400 | 49,829,415 | 44,287,970 | 7,579,457 | 115,691,159 | 0.92 | 1,087 | 6.55 |
| 2006 | 40,745 | 4,211,772,300 | 40,897,600 | 35,934,791 | 7,074,417 | 107,022,501 | 0.85 | 882 | 6.61 |
| 2005 | 40,745 | 3,595,449,500 | 45,135,784 | 41,220,825 | 5,529,690 | 100,130,411 | 1.15 | 1,012 | 5.52 |
| 2004 | 40,099 | 3,179,150,000 | 31,353,969 | 29,241,281 | 5,406,998 | 96,651,703 | 0.92 | 729 | 5.59 |

Note: The City has no overlapping debt.

(1) 2012-2013 Weldon Cooper Center for Public Service, Demographics & Workforce Group
www.coopercenter.org/demographics/; 2004-2011 U.S. Census Bureau

(2) Excludes self-supporting utility indebtedness, net of balance available in Debt Service Fund.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XII

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

| Fiscal Year | Principal | Interest | Total Debt Service | General Governmental Expenditures and Transfers | Ratio of Debt Service to General Governmental Expenditures |
|------------------------|------------------|-----------------|-------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 2013 | \$ 6,430,175 | \$ 2,452,754 | \$ 8,882,929 | \$ 188,150,305 | 4.72 % |
| 2012 | 6,611,249 | 2,855,961 | 9,467,210 | 188,952,877 | 5.01 |
| 2011 | 6,236,895 | 2,550,831 | 8,787,726 | 178,268,372 | 4.93 |
| 2010 | 5,926,396 | 2,407,670 | 8,334,066 | 178,323,894 | 4.67 |
| 2009 | 5,241,154 | 2,029,199 | 7,270,353 | 174,450,273 | 4.17 |
| 2008 | 4,780,080 | 1,926,049 | 6,706,129 | 172,263,608 | 3.89 |
| 2007 | 4,239,294 | 1,534,641 | 5,773,935 | 158,216,806 | 3.65 |
| 2006 | 4,076,916 | 1,708,401 | 5,785,317 | 142,972,737 | 4.05 |
| 2005 | 3,804,966 | 1,249,327 | 5,054,293 | 136,982,686 | 3.69 |
| 2004 | 3,770,342 | 1,261,527 | 5,031,869 | 132,361,768 | 3.80 |

Note: Excludes Capital Projects Fund expenditures and transfers.

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XIII

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | Percentage of Personal Income | Per Capita Debt |
|-------------|--------------------------|----------------|---------------|-------------------------|--------------------------|---------------|--------------------------|-------------------------------|-----------------|
| | General Obligation Bonds | Literary Loans | Notes Payable | Total Governmental Debt | General Obligation Notes | Notes Payable | Total Primary Government | | |
| 2013 | \$ 78,676,333 | \$ 70,421 | \$ 402,486 | \$ 79,149,240 | \$ 43,325,574 | \$ - | \$ 122,474,814 | * | \$ 2,717 |
| 2012 | 78,918,183 | 90,439 | 960,793 | 79,969,415 | 37,762,227 | - | 117,731,642 | * | 2,647 |
| 2011 | 76,002,100 | 118,343 | 1,641,771 | 77,762,214 | 36,693,311 | 77,409 | 114,532,934 | 5.50 % | 2,634 |
| 2010 | 72,117,050 | 144,861 | 2,086,798 | 74,348,709 | 25,212,952 | 151,791 | 99,713,452 | 5.15 | 2,447 |
| 2009 | 67,492,366 | 171,379 | 2,399,760 | 70,063,505 | 22,187,636 | 244,456 | 92,495,597 | 4.78 | 2,270 |
| 2008 | 57,575,833 | 197,897 | 2,955,229 | 60,728,959 | 20,874,169 | 367,945 | 81,971,073 | 4.42 | 2,012 |
| 2007 | 49,605,000 | 224,415 | 3,222,604 | 53,052,019 | 19,495,002 | 128,709 | 72,675,730 | 4.28 | 1,784 |
| 2006 | 40,646,666 | 250,933 | 4,878,950 | 45,776,549 | 17,948,331 | 179,386 | 63,904,266 | 3.76 | 1,568 |
| 2005 | 44,758,333 | 377,451 | 5,932,885 | 51,068,669 | 19,461,667 | 130,000 | 70,660,336 | 4.42 | 1,734 |
| 2004 | 30,850,000 | 503,969 | 3,680,416 | 35,034,385 | 20,875,000 | - | 55,909,385 | 3.72 | 1,372 |

* Information not available at this time.

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XIV

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
JUNE 30, 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-----------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assessed value of real property | <u>\$ 5,281,021,000</u> | <u>\$ 5,222,661,300</u> | <u>\$ 5,282,859,100</u> | <u>\$ 5,257,182,700</u> | <u>\$ 5,251,290,000</u> | <u>\$ 5,181,954,900</u> | <u>\$ 4,826,991,400</u> | <u>\$ 4,211,772,300</u> | <u>\$ 3,595,449,500</u> | <u>\$ 3,179,150,000</u> |
| Debt limit - 10% of assessed value | \$ 528,102,100 | \$ 522,266,130 | \$ 528,285,910 | \$ 525,718,270 | \$ 525,129,000 | \$ 518,195,490 | \$ 482,699,140 | \$ 421,177,230 | \$ 359,544,950 | \$ 317,915,000 |
| Amount of debt applicable to debt limit | <u>110,304,028</u> | <u>106,478,659</u> | <u>104,947,348</u> | <u>90,014,613</u> | <u>83,094,257</u> | <u>73,675,998</u> | <u>67,005,577</u> | <u>53,883,124</u> | <u>66,615,375</u> | <u>53,796,697</u> |
| Legal debt margin | <u>\$ 417,798,072</u> | <u>\$ 415,787,471</u> | <u>\$ 423,338,562</u> | <u>\$ 435,703,657</u> | <u>\$ 442,034,743</u> | <u>\$ 444,519,492</u> | <u>\$ 415,693,563</u> | <u>\$ 367,294,106</u> | <u>\$ 292,929,575</u> | <u>\$ 264,118,303</u> |
| Total net debt applicable to the limit as percentage of debt limit | 20.89% | 20.39% | 19.87% | 17.12% | 15.82% | 14.22% | 13.88% | 12.79% | 18.53% | 16.92% |

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XV

**PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

| Fiscal Year | Institutional and other Construction (1) | | Commercial Construction (1) | | Residential Construction (1) | | Bank deposits (2) (in thousands) | Calendar Year | Property Values (3) | |
|----------------|------------------------------------------------|--------------|--------------------------------|--------------|---------------------------------|---------------|-------------------------------------|------------------|---------------------|------------------|
| | Number of Permits | Value | Number of Permits | Value | Number of Permits | Value | | | Taxable | Nontaxable |
| 2013 | 41 | \$17,037,847 | 545 | \$73,204,061 | 1,510 | \$114,781,757 | \$ 2,042,744 | 2013 | \$ 5,281,021,000 | \$ 1,012,716,900 |
| 2012 | 39 | 53,543,285 | 494 | 42,252,061 | 1,171 | 53,442,553 | 2,038,433 | 2012 | 5,222,661,300 | 1,016,573,300 |
| 2011 | 26 | 14,429,867 | 428 | 27,563,274 | 1,025 | 34,580,411 | 2,070,183 | 2011 | 5,282,859,100 | 1,016,346,400 |
| 2010 | 14 | 1,865,091 | 396 | 39,852,193 | 977 | 28,812,651 | 2,171,455 | 2010 | 5,257,182,700 | 1,053,205,500 |
| 2009 | 5 | 866,130 | 411 | 51,963,024 | 1,303 | 44,220,891 | 2,029,918 | 2009 | 5,251,290,000 | 1,045,198,200 |
| 2008 | 19 | 1,591,554 | 437 | 57,477,674 | 1,877 | 64,651,771 | 2,033,978 | 2008 | 5,181,954,900 | 885,548,300 |
| 2007 | 12 | 785,502 | 399 | 38,422,556 | 2,034 | 82,434,409 | 2,014,905 | 2007 | 4,826,991,400 | 869,720,800 |
| 2006 | 7 | 3,618,401 | 486 | 42,882,837 | 1,911 | 91,935,173 | 1,906,178 | 2006 | 4,211,771,400 | 865,609,200 |
| 2005 | 14 | 784,092 | 373 | 25,166,409 | 1,795 | 63,368,326 | 1,919,294 | 2005 | 3,595,449,500 | 767,043,300 |
| 2004 | 33 | 1,749,581 | 452 | 34,525,328 | 1,514 | 34,378,480 | 1,470,055 | 2004 | 3,179,150,000 | 718,612,500 |

(1) Department of Neighborhood Planning, City of Charlottesville

(2) FDIC Summary of deposits

(3) Real property values only

**DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS**

| Year | Population (1) | School Membership (2) | Unemployment Rate (3) | Total Personal Income (4) (thousands) | Per Capita Income (4) | Taxable Sales (5) (thousands) | Sales per Capita |
|------|----------------|-----------------------|-----------------------|------------------------------------------|-----------------------|----------------------------------|------------------|
| 2013 | 45,073 | 3,945 | * | * | * | * | * |
| 2012 | 44,471 | 3,914 | 5.9 | * | * | \$ 819,390 | \$ 18,425 |
| 2011 | 43,475 | 3,874 | 7.1 | \$ 6,778,562 | \$ 47,052 | 822,681 | 18,923 |
| 2010 | 40,745 | 3,915 | 6.9 | 6,463,200 | 45,282 | 814,017 | 19,978 |
| 2009 | 40,745 | 3,997 | 6.4 | 6,330,202 | 46,163 | 830,895 | 20,393 |
| 2008 | 40,745 | 4,089 | 3.9 | 6,383,281 | 46,969 | 867,331 | 21,287 |
| 2007 | 40,745 | 4,084 | 3.1 | 6,059,782 | 45,275 | 895,967 | 21,990 |
| 2006 | 40,745 | 4,130 | 3.2 | 5,757,875 | 43,416 | 854,623 | 20,975 |
| 2005 | 40,745 | 4,224 | 3.7 | 5,240,402 | 39,981 | 721,660 | 17,712 |
| 2004 | 40,099 | 4,224 | 4.0 | 4,901,470 | 37,828 | 775,827 | 19,348 |

* Information not available at this time.

Source:

- (1) 2012-2013 Weldon Cooper Center for Public Service, Demographics & Workforce Group
www.coopercenter.org/demographics/
- (2) Fall Membership Charlottesville Public Schools
- (3) Bureau of Labor Statistics Local Area Unemployment Statistics and represents unemployment for calendar year 2012
- (4) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce: Albemarle County + City of Charlottesville
- (5) Annual Report, Taxable Sales in Virginia Counties and Cities, Commonwealth of Virginia, Department of Taxation

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XVII

**PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2013**

| Employer | 2013 | | 2004 | |
|---------------------------------------|------|--------------------|------|---------------------|
| | Rank | Number of Employee | Rank | Number of Employees |
| University of Virginia Medical Center | 1 | 1000+ | 1 | 1000+ |
| Martha Jefferson Hospital | 2 | 1000+ | 2 | 1000+ |
| City of Charlottesville | 3 | 1000+ | 3 | 1000+ |
| Charlottesville City School Board | 4 | 500-999 | 4 | 500-999 |
| Aramark Campus | 5 | 250-499 | 5 | 500-999 |
| SNL Security LP | 6 | 250-499 | | |
| Rmc Events | 7 | 250-499 | | |
| Fresh Fields Whole Food Market | 8 | 250-499 | | |
| Pharmaceutical Research Association | 9 | 250-499 | 6 | 250-499 |
| Kroger | 10 | 250-499 | | |
| Matthew Bender & Company | | | 7 | 250-499 |
| Region Ten Communtiy Services | | | 8 | 250-499 |
| United State Postal Service | | | 9 | 250-499 |
| Wal Mart | | | 10 | 250-499 |

Source: Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2012

Note: 2004 employer rank/number of employees received from 4th quarter 2004 Virginia Employment Commission Labor Market Information

GOVERNMENT EMPLOYEES BY FUNCTION
JUNE 30, 2013

| Department | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Management | | | | | | | | | | |
| Mayor/Council | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| City Manager's Office/Administration and Communications | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 | 9.00 | 10.00 | 10.00 | 9.00 |
| Office of Economic Development | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| City Attorney | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Voting Registrar | 3.00 | 3.00 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Total | 23.00 | 23.00 | 21.50 | 21.50 | 21.50 | 22.50 | 22.50 | 23.50 | 24.50 | 23.50 |
| Internal Services | | | | | | | | | | |
| Finance Department: Purchasing/Risk Management/Warehouse | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Information Technology | 19.00 | 19.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 17.66 |
| Human Resources | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Total | 33.00 | 33.00 | 32.00 | 32.00 | 32.00 | 32.00 | 32.00 | 32.00 | 32.00 | 31.66 |
| Financial Services | | | | | | | | | | |
| Commissioner of Revenue | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| Finance Department: Management/Real Estate Assessment/Utility Billing Office | 34.00 | 34.00 | 34.00 | 34.00 | 34.00 | 33.00 | 33.00 | 32.00 | 35.50 | 35.51 |
| Treasurer | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 12.50 |
| Total | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 59.00 | 59.00 | 58.00 | 61.50 | 61.01 |
| Healthy Families & Community | | | | | | | | | | |
| Charlottesville/Albemarle Visitors Bureau ¹ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 8.00 | 8.00 | 8.00 |
| Community Attention | 35.25 | 34.25 | 34.25 | 33.00 | 26.00 | 26.00 | 26.00 | 27.25 | 27.75 | 26.45 |
| Children & Youth Commission/CCF | - | - | - | 1.00 | 1.00 | 1.00 | 1.00 | 5.43 | 5.43 | - |
| Department of Social Services | 100.85 | 100.85 | 99.85 | 98.85 | 104.93 | 106.18 | 106.18 | 106.68 | 105.63 | 101.93 |
| Neighborhood Development Services | 32.00 | 32.00 | 32.00 | 32.00 | 32.00 | 31.00 | 30.00 | 29.00 | 29.00 | 26.50 |
| Parks and Recreation/Parks Maintenance | 37.00 | 37.00 | 37.00 | 38.00 | 39.00 | 40.00 | 40.00 | 36.00 | 36.00 | 33.00 |
| Parks & Rec/Recreation and Programs | 29.75 | 28.75 | 26.75 | 25.25 | 25.50 | 26.00 | 26.63 | 24.65 | 25.65 | 40.00 |
| Parks & Rec/Golf Fund | 7.00 | 7.00 | 8.00 | 8.00 | 9.00 | 9.00 | 8.75 | 9.00 | 11.00 | 18.00 |
| Parks and Recreation/Downtown Mall | - | - | - | - | - | - | - | 5.00 | 5.00 | 5.00 |
| CDBG/HOME Grant Coordinator (Grant Funded) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | - | - | - |
| Weed and Seed Grant | - | - | - | - | 0.50 | 0.50 | 0.50 | 1.00 | 1.00 | - |
| Total | 252.85 | 250.85 | 248.85 | 247.10 | 248.93 | 250.68 | 250.06 | 252.01 | 254.46 | 258.88 |
| Infrastructure/Transportation | | | | | | | | | | |
| Public Works: Administration, Facilities Development | 16.73 | 15.69 | 16.00 | 16.25 | 16.25 | 16.25 | 16.00 | 17.00 | 17.00 | 15.00 |
| Public Works: School Building Maintenance | 18.28 | 18.28 | 16.00 | 16.00 | 14.00 | 14.00 | 13.00 | 9.00 | 6.00 | - |
| Public Works: Fleet Management | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Public Works: Public Service | 51.00 | 51.00 | 51.00 | 51.00 | 51.00 | 51.00 | 51.00 | 51.00 | 53.50 | 53.50 |
| Public Works: CAT/Greyhound Operations | 77.50 | 77.50 | 78.00 | 78.00 | 81.50 | 70.50 | 66.00 | 66.00 | 68.50 | 76.50 |
| Public Works: Pupil Transportation | 27.50 | 27.50 | 28.50 | 28.50 | 32.00 | 32.00 | 23.50 | 23.50 | 24.00 | - |
| Public Works: Utilities | 93.00 | 93.00 | 93.00 | 93.00 | 93.00 | 90.00 | 89.00 | 90.00 | 87.00 | 87.00 |
| Public Works: Transfer to Schools | - | - | - | - | - | - | - | 2.00 | 2.00 | - |
| Total | 296.01 | 294.97 | 294.50 | 294.75 | 299.75 | 285.75 | 270.50 | 270.50 | 270.00 | 244.00 |
| Public Safety & Justice | | | | | | | | | | |
| City Sheriff | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 12.00 |
| Commonwealth's Attorney | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 11.50 | 11.50 | 10.50 |
| Courts and Other Support Service | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 13.50 |
| Fire Department | 89.00 | 89.00 | 89.00 | 89.00 | 89.00 | 89.00 | 89.00 | 94.00 | 94.00 | 94.00 |
| Police Department | 146.00 | 146.00 | 146.00 | 146.00 | 146.43 | 146.43 | 146.43 | 146.00 | 150.00 | 151.00 |
| Total | 270.50 | 270.50 | 270.50 | 270.50 | 270.93 | 270.93 | 270.93 | 273.50 | 277.50 | 281.00 |
| City-Wide Total | 935.36 | 932.32 | 927.35 | 925.85 | 933.11 | 920.86 | 904.99 | 909.51 | 919.96 | 900.05 |

Note: FTE positions.

¹ These positions are funded cooperatively with Albemarle County.

OPERATING INDICATORS BY FUNCTION
JUNE 30, 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | |
| Date of incorporation | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 | 1888 |
| Form of government | Council-Mgr | Council-Mgr | Council-Mgr | Council-Mgr | Council-Mgr | Council-Mgr | Council-Mgr | Council-Mgr |
| Area | 10.4 sq miles | 10.4 sq miles | 10.4 sq miles | 10.4 sq miles | 10.4 sq miles | 10.4 sq miles | 10.4 sq miles | 10.4 sq miles |
| Bond rating: | | | | | | | | |
| Moody's Investor Services | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa |
| Standard & Poor's Corporation | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA |
| Number of employees: | | | | | | | | |
| City (full-time) | 935 | 932 | 927 | 925.9 | 933.1 | 919.9 | 904.0 | 905.5 |
| School Board | | 783 | 784 | 795 | 796 | 793 | 792 | 810 |
| Elections: | | | | | | | | |
| Number of registered voters: | | | | | | | | |
| Last general election - November, 2012 | 33,150 | 28,670 | 28,126 | 27,643 | 28,678 | 23,506 | 22,875 | 22,875 |
| Last municipal election - November, 2011 | 28,670 | 28,670 | N/A | 23,506 | 23,506 | 23,506 | 23,059 | 23,059 |
| Number of votes cast in: | | | | | | | | |
| Last general election | 21,797 | 7,522 | 13,862 | 20,122 | 20,122 | 6,086 | 10,208 | 10,208 |
| Last municipal election | 6,624 | 6,627 | N/A | 6,086 | 6,086 | 6,086 | 5,993 | 5,993 |
| Percentage of registered voters voting in: | | | | | | | | |
| Last general election | 65.8% | 26.2% | 49.3% | 72.8% | 70.2% | 25.9% | 44.7% | 44.7% |
| Last municipal election | 23.1% | 23.1% | N/A | 25.9% | 25.9% | 25.9% | 26.0% | 26.0% |
| Public Safety | | | | | | | | |
| Fire protection: | | | | | | | | |
| Number of firefighters and officers (exclusive of volunteer firefighters) | 86 | 86 | 86 | 86 | 87 | 87 | 87 | 91 |
| Police protection: | | | | | | | | |
| Number of police officers | 119 | 117 | 117 | 117 | 117 | 117 | 117 | 116 |
| Number of arrests | 4,417 | 5,043 | 4,700 | 5,514 | 5,773 | 5,910 | 6,139 | 6,492 |
| Traffic Citations Issued | 4,299 | 4,429 | 6,793 | 4,887 | 5,036 | 4,229 | 5,759 | 6,393 |
| 911 calls received | 43,111 | 46,059 | 48,008 | 47,883 | 48,776 | 51,250 | 50,509 | 51,447 |
| Cases investigated | 2,846 | 1,110 | 1,076 | 1,140 | 1,268 | 1,202 | 1,338 | 1,224 |
| Parking Violations | | | | | | | | |
| Violations written | 15,813 | 20,657 | 21,898 | 15,501 | 15,624 | 19,338 | 19,483 | 15,470 |
| Building permits issued | 2,096 | 1,704 | 1,479 | 1,387 | 1,719 | 2,333 | 2,445 | 2,404 |
| Education | | | | | | | | |
| Schools: | | | | | | | | |
| Number of teachers | 424 | 434 | 423 | 429 | 431 | 420 | 412 | 418 |
| Number of students | 3,945 | 3,914 | 3,874 | 3,915 | 3,997 | 4,089 | 4,063 | 4,130 |
| Pupil: teacher ratio | 9.31:1 | 9.02:1 | 9.16:1 | 9.13:1 | 9.27:1 | 9.74:1 | 9.86:1 | 9.87:1 |
| Public Utilities | | | | | | | | |
| Municipal utilities: | | | | | | | | |
| Gas: | | | | | | | | |
| Number of customers | 19,077 | 18,655 | 18,699 | 18,062 | 17,851 | 17,662 | 17,419 | 17,125 |
| Average daily consumption | 6601 DTH | 6,492 DTH | 6,894 DTH | 7,245 DTH | 7,318 DTH | 7,938 DTH | 7,422 DTH | 6,809 DTH |
| Water: | | | | | | | | |
| Number of customers | 14,446 | 14,377 | 14,395 | 13,814 | 13,748 | 13,660 | 13,470 | 13,350 |
| Average daily consumption | 577.8 MCF | 587.9 MCF | 604 MCF | 601 MCF | 602 MCF | 579 MCF | 618 MCF | 635 MCF |
| Sewer: | | | | | | | | |
| Number of customers | 14,294 | 14,251 | 14,243 | 13,688 | 13,598 | 13,490 | 13,300 | 13,179 |
| Average daily treatment | 524.2 MCF | 537.6 MCF | 556 MCF | 598 MCF | 597 MCF | 529 MCF | 583 MCF | 610 MCF |
| Public Works | | | | | | | | |
| Refuse disposed at Zion's' Transfer Station (City totals): | | | | | | | | |
| Number of customers | 13,200 | 13,200 | 13,200 | 13,200 | 13,200 | 13,200 | 13,200 | 13,200 |
| Tons of domestic refuse | 6,528 | 6,996 | 6,706 | 6,681 | 7,022 | 7,659 | 7,873 | 7,740 |
| Tons of stumps, demolition material & street sweeping | 1,654 | 1,532 | 1,505 | 1,423 | 1,250 | 1,213 | 1,160 | 2,286 |

Note: Comparative data is not available for fiscal years prior to 2006.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE XX

CAPITAL ASSET STATISTICS BY FUNCTION
JUNE 30, 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Government | | | | | | | | |
| Miles of streets | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 |
| Number of streetlights | 6,016 | 6,010 | 5,985 | 5,960 | 5,960 | 5,960 | 5,960 | 5,960 |
| Public Safety | | | | | | | | |
| Fire protection: | | | | | | | | |
| Number of stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Police protection: | | | | | | | | |
| Number of stations | 5 | 6 | 6 | 6 | 5 | 5 | 5 | 5 |
| Number of vehicular patrol units | 55 | 64 | 64 | 64 | 64 | 64 | 64 | 64 |
| Total vehicles | 134 | 126 | 126 | 126 | 126 | 126 | 126 | 126 |
| Motor Cycles | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Unmarked cars | 53 | 42 | 42 | 42 | 42 | 42 | 42 | 42 |
| Bicycle patrol | 18 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Education | | | | | | | | |
| Number of schools | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Parks, Recreation, & Culture | | | | | | | | |
| Number of parks ⁽¹⁾ | 30 | 31 | 26 | 26 | 26 | 26 | 26 | 26 |
| Acres of park land ⁽²⁾ | 785 | 1,979 | 987 | 987 | 987 | 987 | 987 | 987 |
| Number of golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of swimming pools | 5 | 5 | 5 | 5 | 4 | 6 | 6 | 6 |
| Number of recreation centers | 5 | 5 | 6 | 6 | 5 | 6 | 6 | 6 |
| Number of libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Public Utilities | | | | | | | | |
| Gas: | | | | | | | | |
| Miles of gas main lines | 322 | 317 | 316 | 315 | 314 | 308 | 302 | 298 |
| Miles of gas service lines | 257 | 221 | 219 | 217 | 214 | 211 | 207 | 204 |
| Water: | | | | | | | | |
| Water treatment plant capacity (millions of gallons per day) | 19 MGD | 19 MGD | 19 MGD | 19 MGD | 19 MGD | 19 MGD | 19 MGD | 19 MGD |
| Miles of water lines | 180 | 180 | 178.3 | 177.7 | 177 | 176 | 179 | 189 |
| Number of fire hydrants | 1,007 | 1,005 | 991 | 988 | 975 | 967 | 949 | 948 |
| Sewer: | | | | | | | | |
| Sewer treatment plant capacity (millions of gallons per day) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Miles of sanitary sewers | 165 | 167 | 167 | 167 | 166 | 164 | 163 | 173 |

Note: Comparative data is not available for fiscal years prior to 2006.

(1) Includes 3 jointly funded parks with Albemarle County beginning fiscal year 2012.

(2) In FY2013 includes only City Parks and not natural areas.

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