

City of Charlottesville, Virginia

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

# **CITY OF CHARLOTTESVILLE, VIRGINIA**

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2019**

**Prepared by  
Department of Finance**

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**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**INTRODUCTORY SECTION**

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

Office of the Director of Finance

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November 30, 2019

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

Dear Council Members:

We are pleased to submit to you the comprehensive annual financial report (CAFR) of the City of Charlottesville (the City) for the fiscal year ended June 30, 2019. The CAFR was prepared in accordance with Section 11-96 of the City Code. The City's Finance Department prepared the report and it was audited by the City's independent auditors, Brown, Edwards, & Company, LLP. Brown, Edwards' 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.

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

## **THE REPORTING ENTITY AND ITS SERVICES**

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

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

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

## **FINANCIAL CONDITION AND OUTLOOK**

For Fiscal Year 2019 (completed June 30, 2019): The City finished in compliance with all of its long-term financial policies including:

- Maintain a minimum General Fund balance of at least 14% of General Fund budget.
- Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget.
- Maintain sufficient working capital in the utilities funds (Water, Wastewater, Gas).
- Stabilize all non-general funds by ensuring they have a positive fund balance.
- Maintain a debt service to general fund total expenditure budget ratio of 8% or less.

- Transfer 1-cent of the meals tax revenue to the Debt Service Fund to be used for debt service.

The City's positive financial results and sound financial policies were affirmed again in May 2019 when both Moody's Investor Services and Standard & Poor's evaluated the City and awarded their top rating (Aaa and AAA, respectively) on the City's latest bond issue.

City management has been focused on the long-term financial sustainability of the City's retirement plan and Other Post-Employment Benefits (OPEB). As part of its AAA-rated financial management, the City has traditionally funded 100% of its required Actuarially Determined Contribution (ADC) for pension costs and OPEB and plans to do so in the future. The funded status of the City's pension plan has been 54.4%, 50.3%, 53.7%, 56.5% and 58.3% for fiscal years 2015, 2016, 2017, 2018 and 2019 respectively. The funded status of the City's OPEB plan has been 40.5%, 39.9%, 43.0%, 47.4% and 56.5% for fiscal years 2015, 2016, 2017, 2018 and 2019 respectively.

*For Fiscal Year 2020 (beginning July 1, 2020):* The fiscal year 2020 budget, with a General Fund of \$188.9 million (a 5.1% increase over the fiscal year 2019 budget) focuses on high quality services and infrastructure while considering long-term sustainability and efficiencies. In January 2019, City Council identified five priority areas for the fiscal year 2020 budget: affordable housing, race and equity, workforce development, economic development, and safety, security, preparedness. Specific budget initiatives include:

- Affordable Housing – Capital investment of \$10.6 million in fiscal year 2020 and over \$32.8 million in the five-year capital program for several affordable housing initiatives including redevelopment of public housing sites, housing rehabilitation, and assisting the Charlottesville Redevelopment and Housing Authority (CRHA) with its redevelopment efforts. Additional funds totaling \$620,000 were budgeted for the Charlottesville Housing Affordability Program (CHAP).
- Race and Equity – The City Manager's Advisory Workgroup on Organizational Equity convened to review an internal equity assessment of City departments and created recommendations to the City Manager's Office. Should these recommendations have budget impact, City Council will be provided with guidance on how and when these initiatives should be funded.
- Workforce Development and Economic Development – Continued investment in programs that support both of these priorities, including the Downtown Job Center, Growing Opportunities (GO) workforce development programs, job fairs and community events, and work done by staff to promote Charlottesville as a premier

location for business and collaborate with entrepreneurs and existing businesses seeking to grow here.

- Safety, Security, and Preparedness – Adds positions to improve safety of City employees and facilities. A Centralized Safety Coordinator in Risk Management will be responsible for developing citywide safety programs and implementing associated training and ensuring compliance across the various work divisions and department of the City. A Security Manager in the Police Department will serve the vital role of improving the City's security management profile and making the City's infrastructure more secure.

## **ECONOMIC CONDITION AND OUTLOOK**

Over the past year, a number of key economic indicators continued to show positive growth. City collected meals tax revenue increased by 3.66% in fiscal year 2019. Lodging tax revenue increased by 9.85% in fiscal year 2019 while sales tax also increased by 2.21% over the same period.

For tax year 2019, residential real estate assessments increased in value by 8.70%. Commercial real property values increased for a seventh straight year in 2019, this time by 4.58%. Combined existing residential and commercial property increased in value by 6.94%. The total value of real property in the City, including new construction, increased by 8.48% in tax year 2019. In addition, the City's unemployment rate has stabilized from its high in 2010 and, as of September 2019, is at 2.5%. That rate is below the national unemployment rate of 3.5%, and equal to the State's rate of 2.7%. The unemployment rate for the Charlottesville MSA stood at 2.6% during this same period.

The relative strength of the Charlottesville area is due in large part to its central Virginia location and the nature of the local economy which includes the University of Virginia. In addition, Charlottesville is the commercial hub for a metropolitan area population of over 206,000. The predominant economic sectors are healthcare, service related industries, leisure and hospitality, and education. The City has also attracted companies specializing in business and financial services, defense related businesses, information technology, clean energy, biotechnology and software development.

The University of Virginia and its Medical Center continue to be the area's largest employer, providing over 18,000 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 a moderate rate over the next decade. The University also enjoys nationally ranked men's and women's teams in many major sports, having recently won NCAA Championships in

men's basketball and men's lacrosse. 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 is a vibrant scene with both residential and commercial uses as a result of public and private investment in new construction and renovation/restoration projects. The Downtown Mall is thriving, with an exciting combination of residential, retail, restaurants, hotels, a cinema, music venues, as well as a number of office complexes and financial institutions, all of which draw local residents and tourists to the area. The Citywide retail vacancy rate continues to remain below average at 4.09% as of July 2019.

A growing number of companies are seeking to locate in the City. The 2019 *Inc.* 5000 list includes a number of rapidly growing Charlottesville firms including WillowTree and CoConstruct. The City continues to gain new private sector jobs, and has added over 2,000 net new jobs in the past three years. This marks the eighth consecutive year in which employment has increased in the City. The overall employment figures are now the highest in history with over 40,000 City-based jobs. At present, over 450,000 square feet of new class A commercial space is under construction across four major projects in the downtown area. This boom represents the first significant office space inventory added to the market in over a decade.

Arts and entertainment continue to draw large numbers of visitors to Charlottesville. The Paramount Theater, a 1,200-seat multi-purpose auditorium, the Jefferson Theater, a 1,000 seat concert venue, and the LiveArts performing center serve as year-around attractions. The three season Sprint Pavilion has an annual attendance of over 100,000 patrons and the venue recently completed another season featuring 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 off-street parking spaces downtown. Every effort is made to keep parking available and affordable for residents, workers, and visitors alike. In 2018, over 1,200,000 people used these parking facilities. While current parking supply meets demand, the City is taking steps to better manage its existing resources and plan for future growth with an additional facility.

The West Main Street corridor continues to see significant new private sector investment. In 2018, 380 new hotels rooms opened on or near the corridor including the Draftsman Hotel with its 150-rooms, meeting facility and restaurant. The Standard, a 600 bed student oriented apartment complex, opened in August 2018 joining the Lark on Main and The Flats at West Village, as major housing projects completed in the past three years on the west end of the corridor. Six Hundred

West Main, an 60-unit market rate apartment building and retail space opened in 2019 and the Quirk Hotel, an 80-room art inspired boutique hotel is planning to open in early 2020. Also, the City is moving forward with final plans for a \$30 million dollar streetscape improvement project.

Nearby, the Preston Avenue corridor continues to represent an opportunity for similar development and changes are underway. In addition to the recently completed Coca Cola building and the King Lumber site, Dairy Central, a major mixed-use development is expected to open in early 2020. This will be followed by phase 2 which includes the construction of 200 residential apartment units. The City will continue to look for opportunities to collaborate with private developers as redevelopment occurs along this corridor.

Continued capital investments throughout the City give us reason to be optimistic about the future. In calendar year 2018, 575 commercial construction permits were issued with an investment value of \$58,118,270. The City's proactive approach to 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.

## **OTHER INFORMATION**

*Independent Audit:* State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial records of the City has been performed by the accounting firm of Brown, Edwards & Company, LLP, for the year ended June 30, 2019. The audit was also designed to meet the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The independent auditor's report on the government-wide financial statements and the fund financial statements and required supplementary information is included in the financial section of this report.

*Awards:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-ninth (39th) 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

Honorable Mayor and Members  
of the City Council  
November 30, 2019

accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### **ACKNOWLEDGEMENTS**

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

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

Respectfully submitted,



Dr. Tarron Richardson  
City Manager



Christopher V. Cullinan  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Charlottesville  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF CHARLOTTESVILLE, VIRGINIA

## LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2019

### ELECTED OFFICIALS

#### **Council Members:**

Nikuyah Walker	Mayor
Heather Hill	Vice-Mayor
Dr. Wes Bellamy	Council Member
Kathy Galvin	Council Member
Michael Signer	Council Member

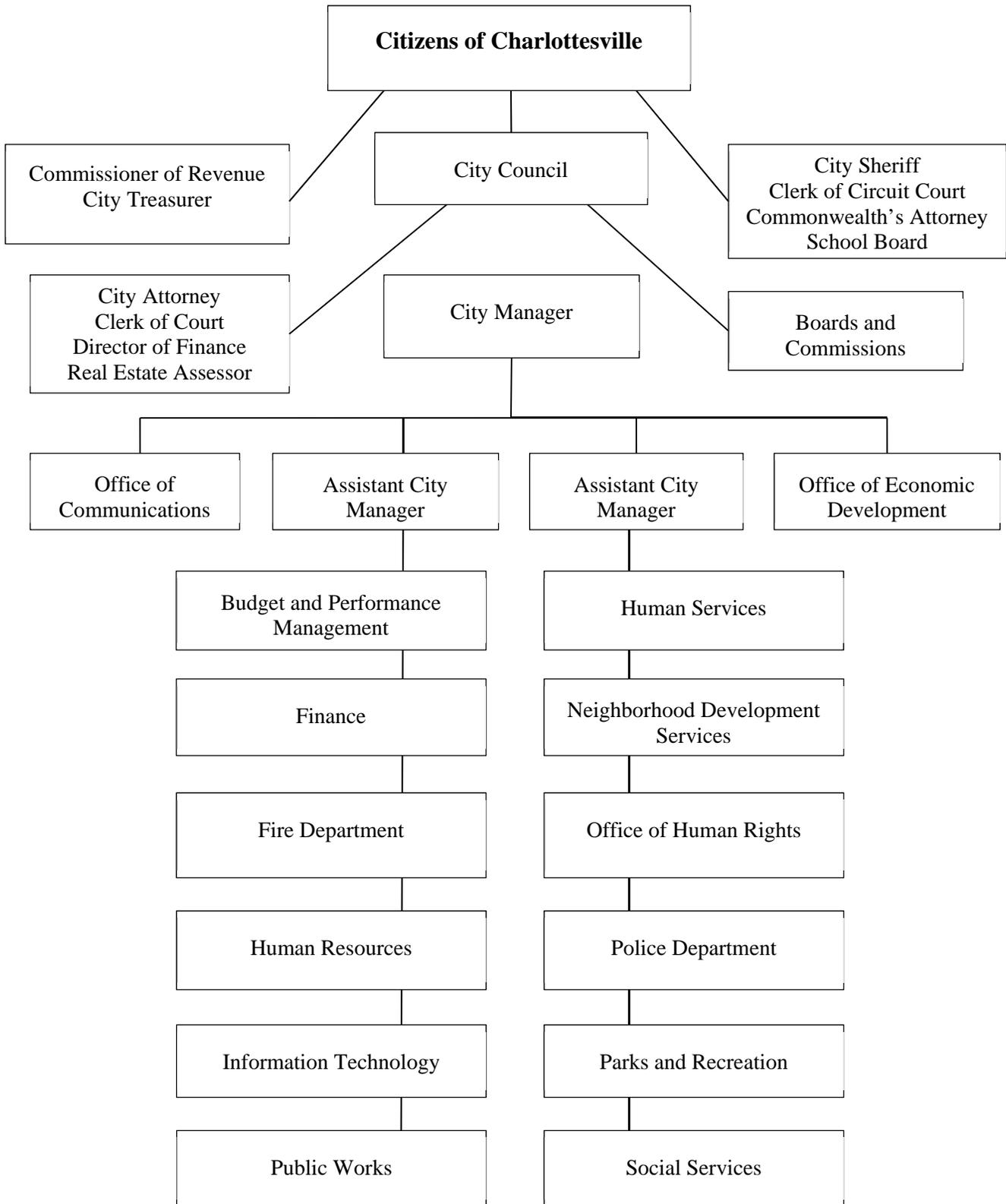
#### **Constitutional Officers:**

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

### APPOINTED OFFICIALS

Dr. Tarron Richardson	City Manager
Leslie Beauregard	Assistant City Manager
Michael Murphy	Assistant City Manager
John Blair	City Attorney
Brian Wheeler	Director of Communications
Chris Engel	Director of Economic Development
Christopher V. Cullinan	Director of Finance
Andrew Baxter	Fire Chief
H. Galloway Beck	Director of Human Resources
Sunny Hwang	Acting Director of Information Technology
Alexander Ikefuna	Director of Neighborhood Development Services
Dr. RaShall Brackney	Chief of Police
Paul Oberdorfer	Director of Public Works
Jeffrey Davis	Real Estate Assessor
Brian Daly	Director of Parks and Recreation
Melissa Morton	General Registrar
Diane E. Kuknyo	Director of Social Services
Kaki Dimock	Director of Human Services
Lauren Hildebrand	Director of Utilities
Kaki Dimock	Acting Director of Transit

# City Organizational Chart



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia (the "City") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 22, 2019

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2019

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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, 2019. 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 \$196.0 million at June 30, 2019. Of this amount, \$1.8 million is unrestricted.
- The City's total net position increased by \$10.8 million over the prior year. This increase is the sum of a \$6.6 million increase, as restated, for the governmental net position and a \$4.3 million increase in business-type net position.

#### Government Funds

- At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$77.6 million, an increase of \$3.4 million over the prior year. Approximately 38.0 percent, or \$33.5 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported revenues over budget of \$1,653,647, primarily due to several of the tax revenues (real estate, personal property, business license, and lodging) performing better than expected. The expenditures and other financing sources (net) finished out the year under budget primarily due City departments continued budget monitoring, which resulted in expenditures less than budget. Savings resulted from vacancies, efficiencies and staff's constant due diligence with city tax dollars.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$33.5 million, or 17.1 percent of total General Fund expenditures and net transfers.

#### Long-term Liabilities

- The City's total long-term liabilities, consisting of general obligation bonds, compensated absences, pension, and OPEB obligations decreased by \$268,039 during the current fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

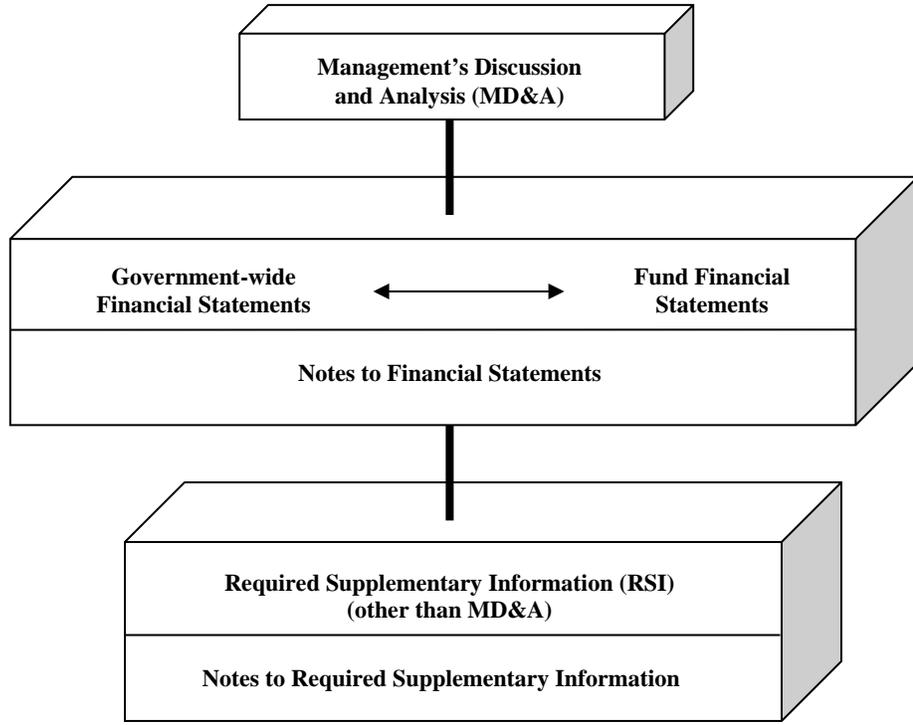
This report contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

**Figure A**  
**Required Components of City's Financial Statements**



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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

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

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

## **OTHER INFORMATION**

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

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

Financial Statements for the Charlottesville School Board – Component unit are presented in Exhibits M-1, M-2, M-3, M-4, M-5, M-6 and M-7. Progress in funding School Board obligation to provide pension and other postemployment benefits (OPEB) plans to its employees is provided as Exhibits N-1, N-2, N-3, N-4, N-5, N-6, and N-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, 2019 and 2018

Table I

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018*	2019	2018*	2019	2018*	2018-2019
<b>Assets:</b>							
Current and other assets	\$ 154,735,155	\$ 142,769,674	\$ 29,586,961	\$ 27,837,914	\$ 184,322,116	\$ 170,607,588	8.0 %
Capital assets	240,940,779	238,121,136	91,899,003	86,006,083	332,839,782	324,127,219	2.7
Total assets	395,675,934	380,890,810	121,485,964	113,843,997	517,161,898	494,734,807	4.5
<b>Deferred Outflow of Resources</b>							
	24,243,867	27,722,665	2,934,733	3,255,204	27,178,600	30,977,869	(12.3)
<b>Liabilities:</b>							
<b>Long-term liabilities</b>							
outstanding	199,997,795	208,506,596	62,079,349	62,569,770	262,077,144	271,076,366	(3.3)
Other liabilities	26,902,631	16,551,531	9,498,021	5,927,403	36,400,652	22,478,934	61.9
Total liabilities	226,900,426	225,058,127	71,577,370	68,497,173	298,477,796	293,555,300	1.7
<b>Deferred Inflow of Resources</b>							
	48,804,317	46,298,441	1,056,971	1,085,210	49,861,288	47,383,651	5.2
<b>Net position:</b>							
<b>Net investment in capital assets</b>							
	150,327,831	147,349,262	43,208,912	41,719,356	193,536,743	189,068,618	2.4
<b>Restricted</b>							
Public safety	470,480	142,581	-	-	470,480	142,581	230.0
Parks, recreation, and culture	6,560	197,518	-	-	6,560	197,518	-
Health and welfare	17,071	-	-	-	17,071	-	-
Conservation and development	10,000	-	-	-	10,000	-	100.0
<b>Nonexpendable</b>							
permanent fund	164,422	184,504	-	-	164,422	184,504	(10.9)
Unrestricted	(6,781,306)	(10,209,157)	8,577,443	5,800,462	1,796,137	(4,408,695)	(140.7)
Total net position *	\$ 144,215,058	\$ 137,664,708	\$ 51,786,355	\$ 47,519,818	\$ 196,001,413	\$ 185,184,526	5.8

\*As restated.

Net position (the difference between assets and liabilities plus deferred outflows of resources less deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, the net position was \$196.0 million at the close of fiscal year 2019. The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less accumulated depreciation, less any related outstanding debt and adding unspent proceeds from debt used to acquire those assets. The City uses these assets to provide services to

its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

### **Governmental Activities**

The net position of the City's governmental activities increased from \$137.7 million to \$144.2 million.

### **Business-type Activities**

The City's business-type activities net position increased by \$4.3 million primarily due to a consistent increase in net position of all utility activities. Business-type activity resources are not to be used to make up for a net position deficit in the governmental activities. In general, the City can only use the unrestricted net position of business-type activities to finance the continued operations of its enterprise operations, which include the Water, Sewer, Stormwater, Gas and Meadowcreek Golf Course funds.

## Statement of Activities

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

### City of Charlottesville, Virginia Changes in Net Position For the Years Ended June 30, 2019 and 2018

**Table II**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Revenues:							
Program Revenues:							
Charges for services	\$ 15,370,819	\$ 12,111,145	\$ 56,842,922	\$ 50,811,369	\$ 72,213,741	\$ 62,922,514	14.8 %
Operating grants and contributions	21,336,890	11,797,231	24,287	-	21,361,177	11,797,231	81.1
Capital grants and contributions	877,575	3,490,466	-	-	877,575	3,490,466	(74.9)
General Revenues:							
Property taxes	80,460,113	75,042,232	-	-	80,460,113	75,042,232	7.2
Other taxes	50,937,245	44,503,888	-	-	50,937,245	44,503,888	14.5
Grants and contributions*	39,975,597	54,414,478	-	158,054	39,975,597	54,572,532	-
Miscellaneous	896,195	980,353	297,137	15,116	1,193,332	995,469	-
Use of money and property	2,926,912	1,297,431	222,983	125,665	3,149,895	1,423,096	121.3
Total revenues	212,781,346	203,637,224	57,387,329	51,110,204	270,168,675	254,747,428	6.1
Expenses:							
General government	28,445,537	21,921,172	-	-	28,445,537	21,921,172	29.8
Public safety	39,513,247	39,334,221	-	-	39,513,247	39,334,221	0.5
Community services	22,110,867	19,938,224	-	-	22,110,867	19,938,224	10.9
Health and welfare	35,670,836	34,893,670	-	-	35,670,836	34,893,670	2.2
Parks, recreation and culture	14,061,131	13,476,760	-	-	14,061,131	13,476,760	4.3
Education	55,709,768	52,237,967	-	-	55,709,768	52,237,967	6.6
Conservation and development	15,426,140	15,142,115	-	-	15,426,140	15,142,115	1.9
Interest on long term debt	860,768	3,705,543	-	-	860,768	3,705,543	(76.8)
Water	-	-	10,037,485	9,056,356	10,037,485	9,056,356	10.8
Sewer	-	-	13,623,419	10,762,194	13,623,419	10,762,194	26.6
Gas	-	-	22,276,461	23,467,175	22,276,461	23,467,175	(5.1)
Stormwater	-	-	684,091	570,454	684,091	570,454	-
Golf	-	-	932,038	889,392	932,038	889,392	4.8
Total expenses	211,798,294	200,649,672	47,553,494	44,745,571	259,351,788	245,395,243	5.7
Change in net position before transfers	983,052	2,987,552	9,833,835	6,364,633	10,816,887	9,352,185	15.7
Transfers	5,567,298	5,264,759	(5,567,298)	(5,264,759)	-	-	-
Change in net position	6,550,350	8,252,311	4,266,537	1,099,874	10,816,887	9,352,185	15.7
Net position - beginning of year, restated **	137,664,708	129,004,596	47,519,818	46,419,944	185,184,526	175,424,540	5.6
Net position - end of year	\$ 144,215,058	\$ 137,256,907	\$ 51,786,355	\$ 47,519,818	\$ 196,001,413	\$ 184,776,725	6.1

\* Not restricted to specific programs.

\*\* FY19 Net position beginning balance was restated due to restatement in the General Fund.

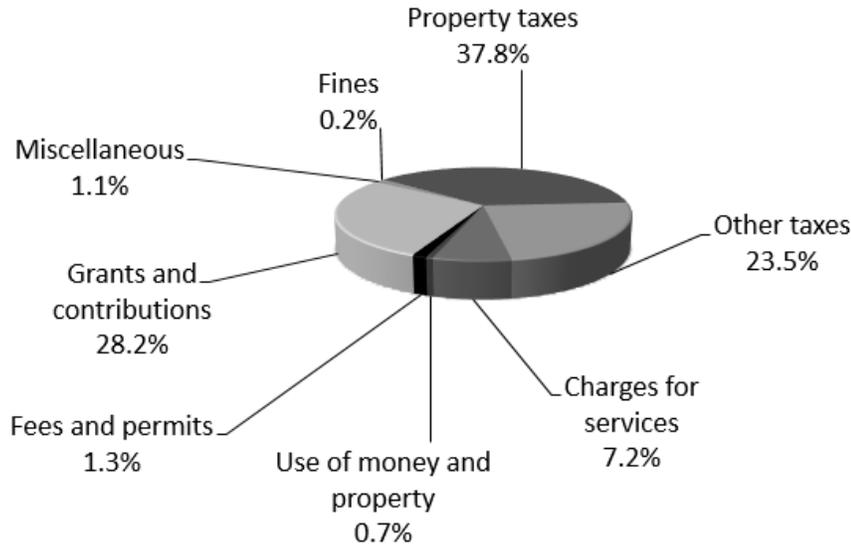
## Governmental Activities

The City's total revenues from governmental activities were \$212.8 million for the fiscal year ended June 30, 2019.

Approximately 61.3% of the City's revenue from governmental activities comes from property and other taxes (58.8% in 2018).

### Revenues by Source – Governmental Activities

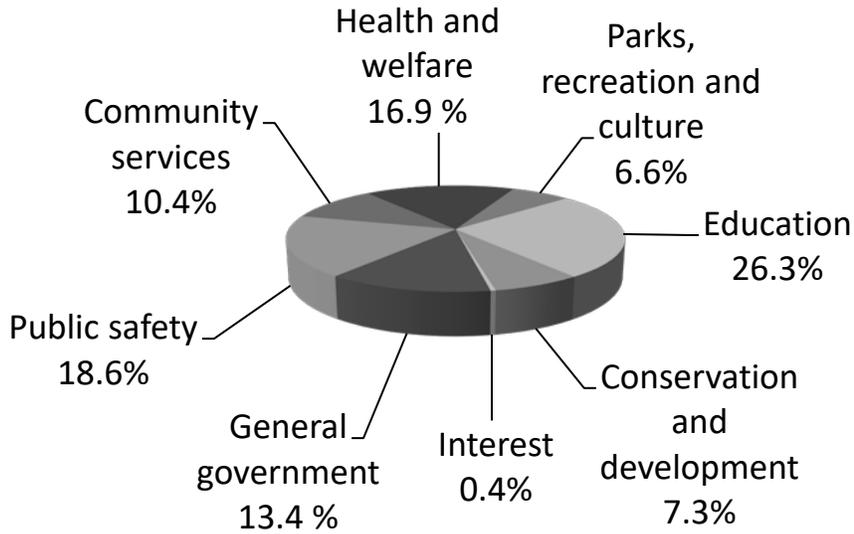
**City of Charlottesville  
Sources of Revenue for Fiscal Year 2019  
Governmental Activities**



The City's governmental activity expenses increased by \$7.5 million in 2019. Expenses for fiscal year 2019 cover a wide range of services, with 16.8% or \$35.7 million related to health and welfare, 26.3% or \$54.8 million for education (primarily payments to the City's Public Schools, a component unit), and 18.7% or \$38.1 million related to public safety.

**Expenses by Function – Governmental Activities**

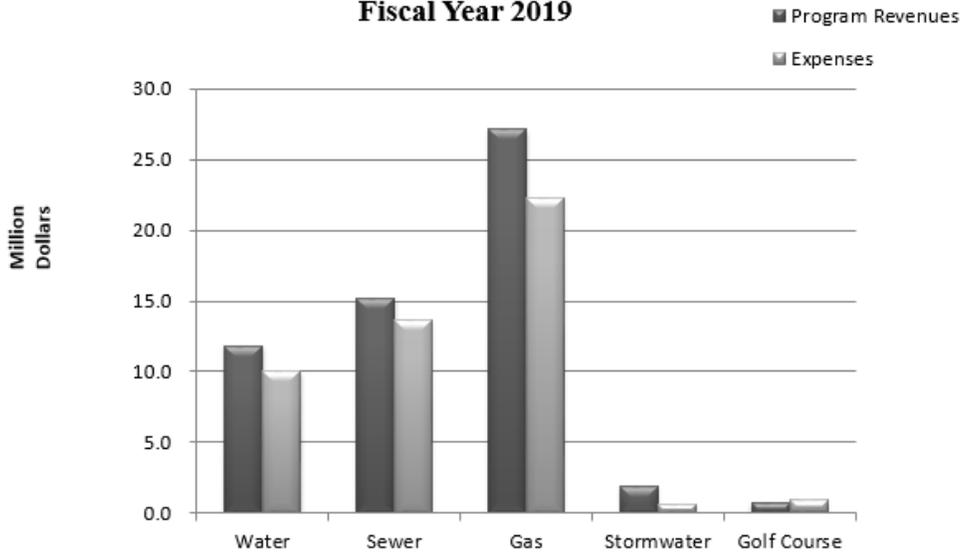
**City of Charlottesville  
Functional Expenses for Fiscal Year 2019  
Governmental Activities**



**Business-Type Activities**

Net position for the City’s business-type increased by \$4.3 million.

**City of Charlottesville  
Expenses and Program Revenues  
Business-type Activities  
Fiscal Year 2019**



## **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, 2019, the governmental funds reported combined ending fund balances of \$77.6 million, an increase of \$3.4 million, with restatement, in comparison with the prior year. Included in this are the following major transactions:

- \$10.2 million spent in the Capital Projects Fund for capital outlay to fund McIntire Park trail, Circuit Court renovation, CHS track, Skateboard Park, replacement Fire apparatus, road and sidewalk construction and other projects.
- \$54.8 million net, contributed by the City's governmental funds to finance the Public Schools' operations.

Approximately \$43.5 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 \$12.8 million committed for debt service.

Nonspendable fund balance is \$164.4 thousand from the Permanent Fund. This amount represents assets that are not readily available to the City for current expenditures. The City also has \$504.1 thousand in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received grant funds that must be used for a specific purpose but have not yet been spent.

The remaining fund balance at June 30, 2019, indicated as unassigned, is \$33.5 million in the General Fund. This amount represents 17.9% of General Fund expenditures and transfers (net) and is a measure of the General Fund's liquidity. Total fund balance of the General Fund increased by \$1.7 million in fiscal year 2019.

### **Proprietary Funds**

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

The Water Fund had an increase in net position of \$1,105,155. The Sewer Fund had an increase in net position of \$739,096. The Gas Fund had an increase in net position of \$1,064,962. The Stormwater Fund had an increase in net position of \$1,332,171. The Golf Fund had an increase in net position of \$21,572.

## GENERAL FUND BUDGETARY HIGHLIGHTS

### General Fund For the Year Ended June 30, 2019

**Table III**

	Original Budget	Amended Budget	Actual	Variance Positive/(Negative)
<b>Revenues</b>				
Real Estate taxes	\$ 68,267,693	\$ 68,267,693	\$ 70,804,123	\$ 2,536,430
Other taxes	56,768,649	56,768,649	59,653,529	2,884,880
Intergovernmental	31,354,271	31,354,271	29,230,239	(2,124,032)
Other	13,994,882	5,893,842	15,640,113	9,746,271
Total	170,385,495	162,284,455	175,328,004	13,043,549
<b>Expenditures and transfers (net)</b>				
Expenditures	153,213,158	161,428,977	149,726,418	11,702,559
Transfers (net)	19,114,230	24,123,844	23,947,939	175,905
Total	172,327,388	185,552,821	173,674,357	11,878,464
Change in Fund Balance	\$ (1,941,893)	\$ (23,268,366)	\$ 1,653,647	\$ 24,922,013

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$1,107,752 for encumbrances re-appropriated from June 30, 2018, as well as continuing appropriations from the prior year totaling \$2,839,995 for equipment and facilities as well as \$2,390,433 for the Landfill Remediation Reserve.

Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled \$13,225,433. 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 \$1,653,648, primarily due to higher than estimated tax revenues. Several of the significant differences between budgeted and actual revenue were in meals tax, lodging tax, real estate tax and personal property tax. Expenditures and transfers were below budget by \$11,878,467.

## 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, 2019, amounts to \$332.7 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.

**City of Charlottesville's Capital Assets**  
(net of accumulated depreciation)  
**June 30, 2019 and 2018**

**Table IV**

	Governmental		Business-Type		Total		Percentage
	Activities		Activities				Change
	2019	2018	2019	2018	2019	2018	2018-2019
Land	\$ 21,786,374	\$ 21,725,574	\$ 2,064,048	\$ 2,064,048	\$ 23,850,422	\$ 23,789,622	0.3 %
Assets under construction	35,342,072	31,068,020	-	-	35,342,072	31,068,020	-
Buildings and improvements	99,517,726	99,887,488	449,553	485,544	99,967,279	100,373,032	(0.4)
Vehicles	10,125,601	8,396,885	1,285,903	1,018,550	11,411,504	9,415,435	21.2
Equipment	3,937,585	3,809,991	360,947	464,100	4,298,532	4,274,091	0.6
Streets	40,382,215	42,235,196	-	-	40,382,215	42,235,196	(4.4)
Bridges	2,408,370	2,540,270	-	-	2,408,370	2,540,270	(5.2)
Infrastructure	27,440,836	28,457,712	87,738,552	81,976,840	115,179,388	110,434,552	4.3
Total	<u>\$ 240,940,779</u>	<u>\$ 238,121,136</u>	<u>\$ 91,899,003</u>	<u>\$ 86,009,082</u>	<u>\$ 332,839,782</u>	<u>\$ 324,130,218</u>	2.7

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

- Utility Infrastructure Improvements (Water, Sewer, and Stormwater)
- McIntire Park Trail Bridge
- Circuit Court Renovations
- CHS Track Improvements

The City's fiscal year 2019 capital budget provided approximately \$24.9 million for various capital projects. Some of the major categories include \$2.1 million in school related projects, \$1.2 million for street projects, \$7.7 million for parks and recreation facility improvements, \$2.5 million for public safety, and \$10.5 million for urban redevelopment and housing. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan.

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

**Long-term Liabilities**

At the end of the current fiscal year, the City of Charlottesville had total bonded debt (including unamortized premiums, and notes payable) outstanding of \$144.1 million. This entire amount is backed by the full faith and credit of the City and \$48.7 million is being repaid by the City's utilities.

**City of Charlottesville's Outstanding Debt**  
**General Obligation Bonds**  
**June 30, 2019 and 2018**

**Table V**

	Governmental		Business-Type		Total		Total
	Activities		Activities				Change
	2019	2018	2019	2018	2019	2018	2018-2019
General obligation bonds	\$ 87,670,733	\$ 92,582,812	\$ 49,234,305	\$ 48,728,590	\$ 136,905,038	\$ 141,311,402	(3.1) %
Total	<u>\$ 87,670,733</u>	<u>\$ 92,582,812</u>	<u>\$ 49,234,305</u>	<u>\$ 48,728,590</u>	<u>\$ 136,905,038</u>	<u>\$ 141,311,402</u>	(3.1) %

Charlottesville's total debt increased by \$2.8 million during the fiscal year. On its most recent bond issue in May 2019, the City's bond rating was reaffirmed by Standard & Poor's Corporation and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$766 million. This is significantly more than the City's current total outstanding debt.

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

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

- The City's unemployment rate has stabilized from its high in 2010 and as of July 2019 is at 2.6%. This compares favorably to the national unemployment rate of 3.7%, and the state's rate of 2.9%.
- City labor force increased 0.99% from 25,758 in July 2018 to 26,014 in July 2019 based on current Virginia Employment Commission statistics.
- The City has an estimated population of 49,281 according to the Weldon Cooper Center for Public Service.

These indicators were taken into account when adopting the General Fund budget for 2020. Amounts available for appropriation in the General Fund budget for 2020 are \$192.8 million, an increase of 13.1% over the 2019 budget of \$179.7 million.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
<b>ASSETS</b>					
Cash, cash equivalents and investments (note 3)	\$ 89,368,860	\$ 19,685,974	\$ 109,054,834	\$ 2,532,933	\$ 8,713,223
Interest receivable	207,536	-	207,536	-	-
Accounts receivable, net	2,576,664	4,336,171	6,912,835	-	344,161
Taxes receivable, net	42,595,895	-	42,595,895	-	-
Loans receivable (note 5)	4,274,840	-	4,274,840	1,193,974	-
Due from other governments (note 6)	10,965,858	-	10,965,858	-	2,635,929
Inventories	127,968	586,518	714,486	-	-
Prepaid expenses	112,856	1,568,654	1,681,510	17	-
Restricted cash and investments (note 3)	4,504,678	3,409,644	7,914,322	-	-
Capital assets (note 8):					
Capital assets not being depreciated	57,128,446	2,064,048	59,192,494	-	982,889
Capital assets being depreciated	183,812,333	89,834,955	273,647,288	-	22,477,259
Total assets	<u>395,675,934</u>	<u>121,485,964</u>	<u>517,161,898</u>	<u>3,726,924</u>	<u>35,153,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges on refunding resulting in loss transactions	1,326	38,935	40,261	-	-
Deferred charges - pension (notes 11 and 15)	19,393,499	2,376,045	21,769,544	-	7,595,816
Deferred charges - OPEB (notes 13 and 16)	4,849,042	519,753	5,368,795	-	1,018,159
Total deferred outflows of resources	<u>24,243,867</u>	<u>2,934,733</u>	<u>27,178,600</u>	<u>-</u>	<u>8,613,975</u>
<b>LIABILITIES</b>					
Accounts payable	3,227,698	2,196,325	5,424,023	4,108	1,230,414
Accrued liabilities	10,230,457	2,327,468	12,557,925	67,430	5,841,645
Customer deposits	15,291	991,437	1,006,728	-	-
Due to other governments	1,799,744	-	1,799,744	-	-
Unearned revenue	75,234	-	75,234	20,000	302,347
Accrued interest payable	1,143,409	557,057	1,700,466	49,687	-
Long-term liabilities (note 9):					
Due within one year	10,410,800	3,425,734	13,836,534	130,000	413,187
Due in more than one year	89,070,194	48,785,214	137,855,408	-	3,415,268
Net pension liability (notes 9,11 and 15)	72,925,795	8,681,297	81,607,092	-	55,942,044
Net OPEB liability (notes 9, 13 and 15)	38,001,806	4,612,838	42,614,644	-	12,917,000
Total liabilities	<u>226,900,428</u>	<u>71,577,370</u>	<u>298,477,798</u>	<u>271,225</u>	<u>80,061,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred tax revenue	40,565,408	-	40,565,408	-	-
Deferred charges on refunding resulting in gain transactions	883,682	233,886	1,117,568	-	-
Deferred charges - pension (notes 11 and 15)	5,150,677	591,728	5,742,405	-	6,597,336
Deferred charges - OPEB (notes 13 and 16)	2,204,550	231,357	2,435,907	-	570,000
Total deferred inflows of resources	<u>48,804,317</u>	<u>1,056,971</u>	<u>49,861,288</u>	<u>-</u>	<u>7,167,336</u>
<b>NET POSITION</b>					
Net Investment in capital assets	150,327,831	43,208,912	193,536,743	-	23,460,148
Restricted for (note 2a):					
Public safety	470,480	-	470,480	-	-
Community services	17,071	-	17,071	-	-
Parks, recreation and culture	6,560	-	6,560	-	-
Education	-	-	-	-	2,008,369
Conservation and development	10,000	-	10,000	-	-
Permanent fund, nonexpendable	164,422	-	164,422	-	-
Unrestricted	(6,781,306)	8,577,443	1,796,137	3,455,699	(68,930,324)
Total net position	<u>\$ 144,215,058</u>	<u>\$ 51,786,355</u>	<u>\$ 196,001,413</u>	<u>\$ 3,455,699</u>	<u>\$ (43,461,807)</u>

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

CITY OF CHARLOTTESVILLE, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 28,445,537	\$ 2,171,318	\$ 3,065,503	\$ -
Public safety	39,513,247	56,035	4,686,110	154,845
Community services	22,110,867	1,305,654	7,623,041	661,930
Health and welfare	35,670,836	5,235,853	1,838,249	-
Parks, recreation and culture	14,061,131	1,588,889	621,157	-
Education	55,709,768	210,003	-	-
Conservation and development	15,426,140	4,803,067	3,502,830	60,800
Interest on long term debt	860,768	-	-	-
Total governmental activities	<u>211,798,294</u>	<u>15,370,819</u>	<u>21,336,890</u>	<u>877,575</u>
Business-type activities:				
Water	10,037,485	11,815,767	-	-
Sewer	13,623,419	15,201,858	-	-
Gas	22,276,461	27,104,835	9,173	-
Stormwater	684,091	1,936,374	-	-
Golf	932,038	784,088	15,114	-
Total business-type activities	<u>47,553,494</u>	<u>56,842,922</u>	<u>24,287</u>	<u>-</u>
Total Primary Government	<u>\$ 259,351,788</u>	<u>\$ 72,213,741</u>	<u>\$ 21,361,177</u>	<u>\$ 877,575</u>
<b>COMPONENT UNITS</b>				
Economic Development Authority	\$ 608,192	\$ 23,250	\$ -	\$ -
School Board	74,459,716	2,906,219	8,750,937	-
Total Component Units	<u>\$ 75,067,908</u>	<u>\$ 2,929,469</u>	<u>\$ 8,750,937</u>	<u>\$ -</u>

Continued

**CITY OF CHARLOTTESVILLE, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT B - Concluded**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units	
				Economic Development Authority	School Board
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
General government	\$ (23,208,716)	\$ -	\$ (23,208,716)		
Public safety	(34,616,257)	-	(34,616,257)		
Community services	(12,520,242)	-	(12,520,242)		
Health and welfare	(28,596,734)	-	(28,596,734)		
Parks, recreation and culture	(11,851,085)	-	(11,851,085)		
Education	(55,499,765)	-	(55,499,765)		
Conservation and development	(7,059,443)	-	(7,059,443)		
Interest on long term debt	(860,768)	-	(860,768)		
Total governmental activities	<u>(174,213,010)</u>	<u>-</u>	<u>(174,213,010)</u>		
Business-type activities:					
Water	-	1,778,282	1,778,282		
Sewer	-	1,578,439	1,578,439		
Gas	-	4,837,547	4,837,547		
Stormwater	-	1,252,283	1,252,283		
Golf	-	(132,836)	(132,836)		
Total business-type activities	<u>-</u>	<u>9,313,715</u>	<u>9,313,715</u>		
Total Primary Government	<u>(174,213,010)</u>	<u>9,313,715</u>	<u>(164,899,295)</u>		
<b>COMPONENT UNITS</b>					
Economic Development Authority				\$ (584,942)	\$ -
School Board				-	(62,802,560)
Total Component Units				<u>(584,942)</u>	<u>(62,802,560)</u>
<b>GENERAL REVENUES</b>					
General property taxes	80,460,113	-	80,460,113	-	-
Sales tax	11,876,599	-	11,876,599	-	-
Utility tax	4,764,420	-	4,764,420	-	-
Communications tax	2,716,128	-	2,716,128	-	-
Meals tax	12,212,802	-	12,212,802	-	-
Lodging tax	5,659,226	-	5,659,226	-	-
Public service corporation tax	1,447,032	-	1,447,032	-	-
Franchise tax	3,500	-	3,500	-	-
Wills and deeds tax	751,569	-	751,569	-	-
Rolling stock tax	36,940	-	36,940	-	-
Short-term rental tax	56,557	-	56,557	-	-
Cigarette tax	671,562	-	671,562	-	-
State recordation tax	236,226	-	236,226	-	-
Bank stock tax	1,369,883	-	1,369,883	-	-
Business license tax	9,134,801	-	9,134,801	-	-
Grants & contributions not restricted to specific programs	39,975,597	-	39,975,597	-	15,697,356
Payment from City	-	-	-	343,422	47,229,709
Unrestricted revenue from use of money and property	1,893,575	16,855	1,910,430	240,100	-
Interest on investment earnings	1,033,337	206,128	1,239,465	67,587	-
Miscellaneous	896,195	297,137	1,193,332	-	-
Transfers, net	5,567,298	(5,567,298)	-	-	-
Total general revenues and transfers	<u>180,763,360</u>	<u>(5,047,178)</u>	<u>175,716,182</u>	<u>651,109</u>	<u>62,927,065</u>
Change in net position	6,550,350	4,266,537	10,816,887	66,167	124,505
Net Position - July 1, 2018 as restated	137,664,708	47,519,818	185,184,526	3,389,532	(43,586,312)
Net Position - June 30, 2019	<u>\$ 144,215,058</u>	<u>\$ 51,786,355</u>	<u>\$ 196,001,413</u>	<u>\$ 3,455,699</u>	<u>\$ (43,461,807)</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 46,159,103	\$ 12,590,697	\$ 12,842,718	\$ 59,106	\$ 2,046,548	\$ 73,698,172
Interest receivable	207,536	-	-	-	-	207,536
Accounts receivable, net	545,315	3,997	-	9,486	7,461	566,259
Taxes receivable, net	42,595,895	-	-	-	-	42,595,895
Due from other governments (note 6)	3,110,601	2,439,808	-	785,173	4,630,275	10,965,857
Due from other funds (note 7)	2,010,405	-	-	-	-	2,010,405
Loans receivable (note 5)	-	2,530,000	-	-	1,744,840	4,274,840
Prepaid items	1,920	-	-	-	-	1,920
Total assets	<u>\$ 94,630,775</u>	<u>\$ 17,564,502</u>	<u>\$ 12,842,718</u>	<u>\$ 853,765</u>	<u>\$ 8,429,124</u>	<u>\$ 134,320,884</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,219,893	\$ 1,470,445	\$ 7,394	\$ 13,425	\$ 458,891	\$ 3,170,048
Accrued liabilities	3,836,202	639,772	5,250	347,900	1,676,757	6,505,881
Due to other governments	-	-	-	-	1,799,744	1,799,744
Due to other funds (note 7)	-	-	-	372,742	1,637,663	2,010,405
Unearned revenue-other	42,224	-	-	-	33,010	75,234
Total liabilities	<u>5,098,319</u>	<u>2,110,217</u>	<u>12,644</u>	<u>734,067</u>	<u>5,606,065</u>	<u>13,561,312</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable tax revenue	41,710,372	1,435,766	-	-	-	43,146,138
<b>FUND BALANCES (Note 2b):</b>						
Nonspendable	1,920	-	-	-	162,502	164,422
Restricted	327,770	-	-	-	176,341	504,111
Committed	7,990,059	-	12,830,074	-	-	20,820,133
Assigned	6,229,997	14,018,519	-	119,698	2,484,216	22,852,430
Unassigned	33,272,338	-	-	-	-	33,272,338
Total fund balances	<u>47,822,084</u>	<u>14,018,519</u>	<u>12,830,074</u>	<u>119,698</u>	<u>2,823,059</u>	<u>77,613,434</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 94,630,775</u>	<u>\$ 17,564,502</u>	<u>\$ 12,842,718</u>	<u>\$ 853,765</u>	<u>\$ 8,429,124</u>	<u>\$ 134,320,884</u>

(continued)

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

Total fund balances per the Balance Sheet for Governmental Funds \$ 77,613,434

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

Capital assets are not financial resources and therefore are not reported in the funds statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation: 240,940,779

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

Net deferred inflows and outflows of resources for pension charges 14,242,822  
Net deferred amount on OPEB 2,644,492

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

Internal service funds net position, less amounts reflected in capital assets, deferred inflows/outflows, and net pension liabilities 17,425,721

Some of the city's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are unavailable in the funds: 1,144,964

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

Accrued interest payable (1,143,409)  
Unamortized premiums on bonds (6,419,819)  
Bonds payable (87,670,733)  
Net deferred amount on refunding (882,356)  
Net pension liability (72,925,795)  
Net OPEB liability (38,001,806)  
Compensated absences (2,753,236)

Net position per the Statement of Net Position (Exhibit A) \$ 144,215,058

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

CITY OF CHARLOTTESVILLE, VIRGINIA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT D

	General Fund	Capital Projects Fund	Debt Service Fund	Social Service Fund	Other Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 130,457,652	\$ -	\$ -	\$ -	\$ -	\$ 130,457,652
Fees and permits	2,801,483	50,575	-	-	-	2,852,058
Intergovernmental	29,230,238	3,938,162	148,845	10,152,679	16,570,360	60,040,284
Charges for services	9,587,144	-	-	7,925	5,718,814	15,313,883
Fines	362,381	-	-	-	-	362,381
Investment earnings	882,355	-	147,680	-	3,303	1,033,338
Miscellaneous	2,006,747	250,012	-	9,638	94,567	2,360,964
Total revenues	<u>175,328,000</u>	<u>4,238,749</u>	<u>296,525</u>	<u>10,170,242</u>	<u>22,387,044</u>	<u>212,420,560</u>
<b>EXPENDITURES</b>						
Current:						
General government	23,177,528	2,826,493	193,281	-	783,562	26,980,864
Public safety	37,803,772	69,520	-	-	367,156	38,240,448
Community services	7,928,717	1,808,532	-	-	9,269,226	19,006,475
Health and welfare	5,017,088	-	-	13,382,868	17,336,351	35,736,307
Parks, recreation and culture	12,877,191	359,784	-	-	89,045	13,326,020
Education	53,168,613	1,629,867	-	-	-	54,798,480
Conservation and development	7,664,413	5,192,994	-	-	387,446	13,244,853
Debt service:						
Retirement of principal	-	-	7,140,323	-	-	7,140,323
Interest	-	-	3,041,563	-	-	3,041,563
Capital outlay	2,089,092	10,209,265	-	23,624	1,009,771	13,331,752
Total expenditures	<u>149,726,414</u>	<u>22,096,455</u>	<u>10,375,167</u>	<u>13,406,492</u>	<u>29,242,557</u>	<u>224,847,085</u>
Revenues over (under) expenditures	<u>25,601,586</u>	<u>(17,857,706)</u>	<u>(10,078,642)</u>	<u>(3,236,250)</u>	<u>(6,855,513)</u>	<u>(12,426,525)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (note 7)	6,344,655	9,265,627	11,003,348	3,236,250	6,870,258	36,720,138
Transfers out (note 7)	(30,292,594)	(1,144,534)	-	-	(113,938)	(31,551,066)
Issuance of debt (note 9)	-	9,520,000	-	-	-	9,520,000
Premium on issuance of debt (note 9)	-	1,126,606	-	-	-	1,126,606
Total other financial sources (uses)	<u>(23,947,939)</u>	<u>18,767,699</u>	<u>11,003,348</u>	<u>3,236,250</u>	<u>6,756,320</u>	<u>15,815,678</u>
Net change in fund balance	1,653,647	909,993	924,706	-	(99,193)	3,389,153
Fund Balance July 1, 2018 as restated	<u>46,168,437</u>	<u>13,108,526</u>	<u>11,905,368</u>	<u>119,698</u>	<u>2,922,252</u>	<u>74,224,281</u>
Fund Balance June 30, 2019	<u>\$ 47,822,084</u>	<u>\$ 14,018,519</u>	<u>\$ 12,830,074</u>	<u>\$ 119,698</u>	<u>\$ 2,823,059</u>	<u>\$ 77,613,434</u>

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT D, Continued**

Net change in fund balances - total governmental funds (Exhibit D) \$ 3,389,153

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

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

Capital outlay	13,346,753
Depreciation expense	(10,522,854)
Net gain (loss) on disposal of assets	(4,255)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:

Change in deferred property taxes	345,786
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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	(9,520,000)
Principal payments	7,140,323

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	(26,883)
Change in amortization of bond premium	871,938
Interest earned on bond refunding	209,134

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	(168,122)
Change in net pension liability	743,686
Net change in deferred outflows and deferred inflows of resources related to net pension liability	(3,033,849)
Change in net OPEB liability	1,667,380
Net change in deferred outflows and deferred inflows of resources related to net OPEB liability	(646,469)

The change in net position of internal service funds, less amounts reflected in long term assets and liabilities, and deferred outflows of resources, and deferred inflows of resources, is combined with governmental activities on the Statement of Activities.	2,758,629
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Change in net position per the Statement of Activities (Exhibit B)	\$ 6,550,350
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The accompanying notes are an integral part of the basic financial statements.

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 1,187,459	\$ 3,496,389	\$ 8,879,686	\$ 6,042,005	\$ 41,114	\$ 19,646,653	\$ 20,214,688
Accounts receivable, net	764,797	687,487	333,432	46,440	987	1,833,143	27,844
Unbilled accounts receivable	818,950	1,051,683	604,550	-	-	2,475,183	-
Inventories	-	-	-	-	26,905	26,905	687,580
Prepaid expenses	-	-	1,568,654	-	-	1,568,654	110,936
Restricted cash and investments	3,100	2,081,904	-	1,324,640	-	3,409,644	-
Total current assets	<u>2,774,306</u>	<u>7,317,463</u>	<u>11,386,322</u>	<u>7,413,085</u>	<u>69,006</u>	<u>28,960,182</u>	<u>21,041,048</u>
Noncurrent assets:							
Land	-	-	584,291	-	1,337,432	1,921,723	-
Easements	12,625	95,600	34,100	-	-	142,325	-
Buildings and improvements	18,919	39,014	-	-	1,819,260	1,877,193	48,364
Vehicles	478,139	765,934	2,075,089	82,350	13,732	3,415,244	66,848
Transmission lines and mains	44,507,045	46,480,786	43,188,795	1,016,826	-	135,193,452	-
Storm drainage	-	-	-	5,046,966	-	5,046,966	-
Equipment	552,415	338,063	1,793,602	19,374	241,498	2,944,952	9,394,956
Accumulated depreciation	(14,516,656)	(10,742,910)	(31,282,162)	(444,903)	(1,660,571)	(58,647,202)	(9,361,103)
Total noncurrent assets	<u>31,052,487</u>	<u>36,976,487</u>	<u>16,393,715</u>	<u>5,720,613</u>	<u>1,751,351</u>	<u>91,894,653</u>	<u>149,065</u>
Total assets	<u>33,826,793</u>	<u>44,293,950</u>	<u>27,780,037</u>	<u>13,133,698</u>	<u>1,820,357</u>	<u>120,854,835</u>	<u>21,190,113</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charges on refunding losses	1,419	35,493	2,023	-	-	38,935	-
Deferred charges-pension	359,387	368,012	1,464,306	74,653	66,427	2,332,785	621,339
Deferred charges-OPEB	85,664	91,657	313,536	10,778	7,009	508,644	89,779
Total deferred outflows of resources	<u>446,470</u>	<u>495,162</u>	<u>1,779,865</u>	<u>85,431</u>	<u>73,436</u>	<u>2,880,364</u>	<u>711,118</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,113,155	863,054	138,498	60,235	2,338	2,177,280	104,076
Accrued liabilities	439,972	432,600	1,141,611	257,566	49,637	2,321,386	2,909,600
Accrued interest payable	200,768	314,260	2,309	39,719	-	557,056	-
Customer deposits	257,437	-	734,001	-	-	991,438	-
Liabilities due in less than one year	1,506,037	1,638,157	23,224	255,998	1,855	3,425,271	8,230
Total current liabilities	<u>3,517,369</u>	<u>3,248,071</u>	<u>2,039,643</u>	<u>613,518</u>	<u>53,830</u>	<u>9,472,431</u>	<u>3,021,906</u>
Noncurrent liabilities:							
Liabilities due in more than one year	17,858,373	25,950,458	344,408	4,614,970	13,601	48,781,810	60,355
Net pension liability	1,348,827	1,221,268	5,432,854	108,071	433,119	8,544,139	2,731,559
Net OPEB liability	722,967	677,702	2,824,557	133,987	177,267	4,536,480	1,563,526
Total noncurrent liabilities	<u>19,930,167</u>	<u>27,849,428</u>	<u>8,601,819</u>	<u>4,857,028</u>	<u>623,987</u>	<u>61,862,429</u>	<u>4,355,440</u>
Total liabilities	<u>23,447,536</u>	<u>31,097,499</u>	<u>10,641,462</u>	<u>5,470,546</u>	<u>677,817</u>	<u>71,334,860</u>	<u>7,377,346</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred charges on refunding gains	119,601	113,850	435	-	-	233,886	-
Deferred charges-pension	101,747	83,044	371,715	1,071	23,912	581,489	205,008
Deferred charges-OPEB	39,837	35,577	136,802	6,447	8,780	227,443	82,673
Total deferred inflows of resources	<u>261,185</u>	<u>232,471</u>	<u>508,952</u>	<u>7,518</u>	<u>32,692</u>	<u>1,042,818</u>	<u>287,681</u>
<b>NET POSITION</b>							
Net investment in capital assets	11,618,629	11,434,280	16,217,705	2,182,599	1,751,351	43,204,564	149,067
Unrestricted	(1,054,086)	2,024,862	2,191,785	5,558,466	(568,066)	8,152,961	14,087,139
Total net position	<u>\$ 10,564,543</u>	<u>\$ 13,459,142</u>	<u>\$ 18,409,490</u>	<u>\$ 7,741,065</u>	<u>\$ 1,183,285</u>	<u>\$ 51,357,525</u>	<u>\$ 14,236,206</u>
						Total net position	\$ 51,357,525
Allocated internal services:							
Warehouse assets						631,125	
Warehouse deferred outflows						54,369	
Warehouse liabilities						(242,511)	
Warehouse deferred inflows						(14,153)	
Total allocation of warehouse net position						428,830	
Net position of business-type activities						\$ 51,786,355	

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, 2019**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
<b>OPERATING REVENUES</b>							
Utility charges	\$ 11,382,693	\$ 16,317,525	\$ 26,962,660	\$ 1,922,072	\$ -	\$ 56,584,950	\$ -
Charges for services	314,905	73,126	212,183	14,303	804,604	1,419,121	24,653,980
Total operating revenues	<u>11,697,598</u>	<u>16,390,651</u>	<u>27,174,843</u>	<u>1,936,375</u>	<u>804,604</u>	<u>58,004,071</u>	<u>24,653,980</u>
<b>OPERATING EXPENSES</b>							
Purchases for resale	5,638,812	9,765,889	12,077,595	-	37,384	27,519,680	1,990,032
Personnel costs	1,247,526	1,220,864	5,134,263	355,976	382,680	8,341,309	1,817,250
Materials and supplies	460,015	80,152	775,242	(1,566)	65,031	1,378,874	792,366
Contractual services and charges	1,105,509	2,384,703	2,925,315	59,188	419,101	6,893,816	1,345,613
Depreciation	1,127,558	1,060,052	1,316,693	152,833	28,040	3,685,176	34,980
Claims incurred	-	-	-	-	-	-	13,281,774
Insurance premiums	-	-	-	-	-	-	3,011,602
Total operating expenses	<u>9,579,420</u>	<u>14,511,660</u>	<u>22,229,108</u>	<u>566,431</u>	<u>932,236</u>	<u>47,818,855</u>	<u>22,273,617</u>
Operating income (loss)	<u>2,118,178</u>	<u>1,878,991</u>	<u>4,945,735</u>	<u>1,369,944</u>	<u>(127,632)</u>	<u>10,185,216</u>	<u>2,380,363</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Gain/Loss on capital asset disposition	3,938	-	-	-	-	3,938	3,654
Interest expense	(451,264)	(718,644)	(14,282)	(94,282)	-	(1,278,472)	-
Interest income	23,930	46,974	55,204	80,020	-	206,128	109,342
Bond issuance expense	(30,549)	(40,432)	-	(23,511)	-	(94,492)	-
Capacity fees	307,450	500,485	-	-	-	807,935	-
Insurance recovery	-	-	-	-	-	-	48,204
Total nonoperating revenues (expenses), net	<u>(146,495)</u>	<u>(211,617)</u>	<u>40,922</u>	<u>(37,773)</u>	<u>-</u>	<u>(354,963)</u>	<u>161,200</u>
Income (loss) before contributions and transfers	1,971,683	1,667,374	4,986,657	1,332,171	(127,632)	9,830,253	2,541,563
Transfers in	1,800,000	3,000,000	359,700	1,349,683	149,204	6,658,587	-
Transfers out	(2,666,528)	(3,928,278)	(4,281,395)	(1,349,683)	-	(12,225,884)	(101,774)
Total transfers, net	<u>(866,528)</u>	<u>(928,278)</u>	<u>(3,921,695)</u>	<u>-</u>	<u>149,204</u>	<u>(5,567,297)</u>	<u>(101,774)</u>
Change in net position	1,105,155	739,096	1,064,962	1,332,171	21,572	4,262,956	2,439,789
Total net position - July 1, 2018	<u>9,459,388</u>	<u>12,720,046</u>	<u>17,344,528</u>	<u>6,408,894</u>	<u>1,161,713</u>	<u>47,094,569</u>	<u>11,796,416</u>
Total net position - June 30, 2019	<u>\$ 10,564,543</u>	<u>\$ 13,459,142</u>	<u>\$ 18,409,490</u>	<u>\$ 7,741,065</u>	<u>\$ 1,183,285</u>	<u>\$ 51,357,525</u>	<u>\$ 14,236,205</u>
Total business-type change in net position						\$ 4,262,956	
Warehouse sales operating revenues						986,772	
Expenses associated with warehouse sales						(983,191)	
Net internal service fund allocation						<u>3,581</u>	
Change in net position of business-type activities						<u>\$ 4,266,537</u>	

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDING JUNE 30, 2019**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
<b>OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 11,488,821	\$ 14,509,475	\$ 27,264,705	\$ 1,907,535	\$ 808,276	\$ 55,978,812	\$ 24,645,321
Payments to suppliers	(6,697,143)	(10,668,943)	(16,018,853)	(207,459)	(560,829)	(34,153,227)	(20,522,051)
Payments to employees	(1,199,491)	(1,224,708)	(5,112,771)	(317,486)	(355,537)	(8,209,993)	(1,514,204)
Net cash provided by (used for) operating activities	3,592,187	2,615,824	6,133,081	1,382,590	(108,090)	13,615,592	2,609,066
<b>NONCAPITAL FINANCING ACTIVITIES</b>							
Insurance recovery	-	-	-	-	-	-	48,204
Transfers in	-	-	59,700	-	149,204	208,904	-
Transfers out	(866,528)	(928,278)	(3,981,395)	-	-	(5,776,201)	(101,774)
Net cash provided by (used for) noncapital financing activities	(866,528)	(928,278)	(3,921,695)	-	149,204	(5,567,297)	(53,570)
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition of capital assets	(6,051,584)	(1,384,521)	(907,490)	(1,233,508)	-	(9,577,103)	-
Proceeds from sale of capital assets	3,936	-	-	-	-	3,936	3,654
Capacity fees	307,450	500,485	-	-	-	807,935	-
Bond proceeds	2,040,000	2,700,000	-	1,570,000	-	6,310,000	-
Bond principal paid	(1,388,994)	(1,963,721)	(122,633)	(156,159)	-	(3,631,507)	-
Interest paid	(602,690)	(842,745)	(18,647)	(102,172)	-	(1,566,254)	-
Bond issuance expenses	(30,549)	(40,432)	-	(23,511)	-	(94,492)	-
Premium on bonds issued	243,649	342,193	-	204,967	-	790,809	-
Net cash provided by (used for) capital and related financing	(5,478,782)	(688,741)	(1,048,770)	259,617	-	(6,956,676)	3,654
<b>INVESTING ACTIVITIES</b>							
Interest on investments	23,930	46,974	55,203	80,020	-	206,127	109,342
Net cash provided by investment activities	23,930	46,974	55,203	80,020	-	206,127	109,342
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,729,193)	1,045,779	1,217,819	1,722,227	41,114	1,297,746	2,668,492
<b>Balances - July 1, 2018</b>	3,919,752	4,532,516	7,661,867	5,644,418	\$ -	21,758,553	17,546,197
<b>Balances - June 30, 2019</b>	\$ 1,190,559	\$ 5,578,293	\$ 8,879,686	\$ 7,366,645	\$ 41,114	\$ 23,056,297	\$ 20,214,688
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>							
Operating income (loss)	\$ 2,118,178	\$ 1,878,991	\$ 4,945,735	\$ 1,369,944	\$ (127,632)	\$ 10,185,216	\$ 2,380,363
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	1,127,558	1,060,052	1,316,693	152,833	28,040	3,685,176	34,981
(Increase) decrease in accounts receivable	(170,473)	(234,358)	36,819	(28,840)	(986)	(397,838)	(8,659)
(Increase) decrease in inventories	-	-	-	-	1,267	1,267	(71,921)
(Increase) decrease in prepaid expenses	-	-	(19,060)	-	-	(19,060)	-
Increase (decrease) in accounts payable	484,011	(85,017)	(186,385)	(117,837)	(40,581)	54,191	104,464
Increase (decrease) in accrued liabilities	7,984	(3,034)	4,997	2,934	(10,529)	2,352	(93,984)
Increase (decrease) in customer deposits	(15,122)	-	17,786	-	-	2,664	-
Increase (decrease) in unredeemed gift certificates	-	-	-	-	4,659	4,659	-
Increase (decrease) in compensated absences	5,165	(792)	(276)	4,562	1,662	10,321	(28,500)
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	(19,376)
Net pension liability change for measurement year	49,802	25,406	99,156	2,173	28,848	205,385	257,896
Net OPEB liability change for measurement year	(14,916)	(25,424)	(82,384)	(3,179)	7,162	(118,741)	53,802
Net cash provided by (used for) operating activities	\$ 3,592,187	\$ 2,615,824	\$ 6,133,081	\$ 1,382,590	\$ (108,090)	\$ 13,615,592	\$ 2,609,066

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

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents (note 3b)	\$ 2,708,237
Interest receivable	288,331
Investments (note 3b):	
Common stocks	48,862,848
Corporate fixed income securities	12,808,646
Government and agency fixed income securities	19,370,040
Mutual Funds:	
Domestic	32,966,763
International	21,899,671
Alternative Investments:	
Agriculture	7,060,872
Real Estate	16,551,164
Total investments	<u>159,520,004</u>
Total assets	<u>162,516,572</u>
<b>LIABILITIES</b>	
Accounts payable	48,441
Total liabilities	<u>48,441</u>
<b>NET POSITION</b>	
Net position - restricted	<u>\$ 162,468,131</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

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	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 15,632,242
Plan members	2,437,111
Total contributions	<u>18,069,353</u>
Investment earnings:	
Net increase in fair value of investments	10,500,429
Interest	1,132,785
Dividends	1,416,845
Total investment earnings	<u>13,050,059</u>
Less investment expenses	750,275
Net investment earnings	<u>12,299,784</u>
Total additions	<u>30,369,137</u>
<b>DEDUCTIONS</b>	
Pension benefits	12,666,079
Refund of plan member contributions	114,365
Other post-retirement benefits	5,537,826
Administrative expenses	330,998
Total deductions	<u>18,649,268</u>
Increase in net position	11,719,869
Net Position - July 1, 2018	150,748,262
Net position - June 30, 2019	<u>\$ 162,468,131</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, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Description of government-wide financial statements**

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

**(b) Reporting entity**

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

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

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

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

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

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

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

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

**(d) Basis of presentation – fund financial statements**

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**(e) Measurement focus and basis of accounting**

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

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

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

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

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

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

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

**(f) Cash, cash equivalents and investments**

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

**(g) Allowance for uncollectible accounts**

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2019, the allowances approximated \$1,098,223 in the General Fund, \$1,134,616 in the Proprietary Funds (\$229,623, \$326,025, \$25,866, and \$553,102) for the Water, Sewer, Stormwater and Gas Funds, respectively, and \$3,609,401 in the Capital Projects Fund.

**(h) Inventory of supplies and prepaid items**

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

**(i) Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets and bridges,) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All infrastructures has been inventoried, valued and included in the basic financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of at least two years. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition cost on the date donated.

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

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

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

**(j) Deferred outflows/inflow of resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

Pension and OPEB plan changes for measurement date June 30, 2018 are presented on the Statement of Net Position. Actuarially determined *deferred outflows of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion on beginning net pension liability, changes in proportions and difference between employer contribution and proportionate share of contributions, and changes in assumptions. *Deferred inflows of resources* consists of the current year's amortization, actuarially determined changes in proportion on beginning net pension liability, and changes in proportion between employer contribution and proportionate share of contributions.

**(k) Compensated absences**

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

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

Sick leave earned but not taken by City and School Board employees at June 30, 2019, was \$13,628,793 and \$14,134,066 respectively. Upon retirement, no cash payments are made for sick leave. Therefore, an accrued balance is not recorded in the financial statements.

**(l) Risk management**

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

**(m) Encumbrances**

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

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

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about the fiduciary net position of the City of Charlottesville Supplemental Retirement or Pension Plan and Virginia Retirement System (VRS) and additions to/deductions from those fiduciary net positions have been determined on the same basis as they are reported by the City Pension Plan and VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 2. GOVERNMENT-WIDE AND FUND EQUITY

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

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

### (a) Fund Balances:

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

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

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

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

Fund balances are composed of the following at June 30, 2019:

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>						
General fund prepaid expenditures	\$ 1,920	\$ -	\$ -	\$ -	\$ -	\$ 1,920
Cemetery perpetual care - permanent fund	-	-	-	-	162,502	162,502
Total nonspendable	<u>1,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,502</u>	<u>164,422</u>
<b>Restricted:</b>						
Loans receivable	-	-	-	-	10,000	10,000
Fire programs	-	-	-	-	100,320	100,320
Law enforcement	172,557	-	-	-	42,390	214,947
Court house security	155,213	-	-	-	-	155,213
Childrens Services Act	-	-	-	-	17,071	17,071
Youth programs	-	-	-	-	6,560	6,560
Total restricted:	<u>327,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,341</u>	<u>504,111</u>
<b>Committed:</b>						
Nonrecurring vehicle and equipment purchases	1,468,014	-	-	-	-	1,468,014
Building repairs and improvements	476,870	-	-	-	-	476,870
Parking enterprise fund	1,147,321	-	-	-	-	1,147,321
Parks and recreation programs	111,915	-	-	-	-	111,915
Fire programs	51,150	-	-	-	-	51,150
City Council initiatives	448,910	-	-	-	-	448,910
Council Reserve	228,613	-	-	-	-	228,613
Contingency reserve	973,041	-	-	-	-	973,041
Historic resources	42,093	-	-	-	-	42,093
Workforce development	61,521	-	-	-	-	61,521
Law enforcement	9,765	-	-	-	-	9,765
Sheriff programs	339,101	-	-	-	-	339,101
Public service	1,676	-	-	-	-	1,676
Communications	85,646	-	-	-	-	85,646
Community Outreach	45,847	-	-	-	-	45,847
Corporate training	108,143	-	-	-	-	108,143
Reserve for landfill remediation	2,390,433	-	-	-	-	2,390,433
Future debt service	-	-	12,830,074	-	-	12,830,074
Total committed:	<u>7,990,059</u>	<u>-</u>	<u>12,830,074</u>	<u>-</u>	<u>-</u>	<u>20,820,133</u>
<b>Assigned:</b>						
Purchases on order	1,268,495	14,018,519	-	-	21,766	15,308,780
Health and welfare	-	-	-	119,698	2,462,450	2,582,148
Subsequent year's budget:	4,961,502	-	-	-	-	4,961,502
Total assigned:	<u>6,229,997</u>	<u>14,018,519</u>	<u>-</u>	<u>119,698</u>	<u>2,484,216</u>	<u>22,852,430</u>
<b>Unassigned:</b>						
	<u>33,272,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,272,338</u>
Total fund balance	<u>\$ 47,822,084</u>	<u>\$ 14,018,519</u>	<u>\$ 12,830,074</u>	<u>\$ 119,698</u>	<u>\$ 2,823,059</u>	<u>\$ 77,613,434</u>

**(b) Encumbrances**

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

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
Vehicle and Equipment purchases	\$ 7,869	\$ -	\$ -	\$ -	\$ -	\$ 7,869
Government Building improvement:	101,604	3,994,252	-	-	-	4,095,856
Parking enterprise fund	40,874	-	-	-	-	40,874
General Programs	195,665	25,738	-	-	-	221,403
Public Safety	476,324	142,971	-	-	26,585	645,880
Community Service	16,415	371,527	-	-	45,741	433,683
Street Construction and Maintenanc	138,519	5,683,556	-	-	-	5,822,075
Health and Welfare	7,223	-	-	220	103,742	111,185
Park and Recreation	38,377	1,209,585	-	-	-	1,247,962
Education	40,402	1,843,377	-	-	-	1,883,779
Redevelopment and Housing	205,222	2,853,974	-	-	240,631	3,299,827
Other Activities	-	7,078	-	-	-	7,078
	<u>\$ 1,268,494</u>	<u>\$ 16,132,058</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 416,699</u>	<u>\$ 17,817,471</u>

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

#### (a) Primary Government

At June 30, 2019, 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	\$ 21,893,404	Various
Cash on hand	6,740	Various
Commonwealth LGIP	39,400,546	AAAm
Money Market Mutual Funds	1,053,299	AAAm
Commonwealth Non-Arbitrage Program (SNAP)	13,327,616	AAAm
Total deposits and investments	<u>\$ 75,681,605</u>	

#### Investments at Fair Value:

Effective July 1, 2015, the City adopted the provisions of GASB Statement 72, *Fair Value Measurement and Application*. This statement establishes standards of accounting and reporting related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

At June 30, 2019, the fair value hierarchy of Primary Government Investments was as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Credit Rating</u>
Corporate certificate of deposit	\$ -	\$ 2,197,074	\$ -	\$ 2,197,074	Aa2 to Aa3
Corporate notes	-	11,059,421	-	11,059,421	Aaa to A3
U. S. Treasury notes	18,879,965	-	-	18,879,965	Aaa
Federal agency notes	-	9,151,091	-	9,151,091	Aaa
Total fair value investments	<u>\$ 18,879,965</u>	<u>\$ 22,407,586</u>	<u>\$ -</u>	<u>\$ 41,287,551</u>	

**Credit Risk:**

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

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

Local Government Investment Pool (LGIP) is a specialized money market-like fund created in the 1980 session of the Virginia General Assembly designed to offer a convenient and cost-effective investment vehicle for public entities. The Fund is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAM by Standard & Pools, 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. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

Corporate notes are held with a rating at least Aa (or its equivalent) by Moody’s Investor’s Service, Inc. and Standard and Pools, 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	20	3
Bankers’ Acceptances	10	3
Corporate Notes	20	3
Negotiable Certificates of Deposit and Bank Deposit Notes	20	3
Money Market Mutual Funds	100	50
LGIP	50	50
Repurchase Agreements	35	35

At June 30, 2019, 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, 2019, all investments in the City’s portfolio had a maturity of five years or less.

**Restricted Cash and Investments:**

The City had unspent bond proceeds of \$7,914,322. Of this amount, \$4,504,678 was for governmental activities, and \$3,409,644 was business-type activities.

**(b) City of Charlottesville Pension and OPEB Trust Funds**

At June 30, 2019, the fair value hierarchy of Primary Government Investments, and the deposits and investments of the Pension Trust Fund, with the respective credit ratings, was as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Credit Rating</u>
Common Stock	\$ 48,862,849	\$ -	\$ -	\$ 48,862,849	Various
Corp Fixed Income Securities	12,330,841	-	-	12,330,841	Aaa-B3
Government and agency fixed income securities					
Explicitly guaranteed by U.S. government	12,372,450	-	-	12,372,450	Various
Implicitly guaranteed by U.S. government	6,217,031	-	-	6,217,031	Aaa-Aa1
Municipal	1,258,363	-	-	1,258,363	Aaa-Aa1
Mutual Funds - domestic	-	32,966,762	-	32,966,762	Various
Mutual Funds - international	-	21,899,672	-	21,899,672	Various
<b>Total investments at fair value</b>	<b>\$ 81,041,534</b>	<b>\$ 54,866,434</b>	<b>\$ -</b>	<b>\$ 135,907,968</b>	
Demand deposits	\$ -	\$ -	\$ -	\$ 2,708,235	
<b>Total demand deposits and investments at fair value</b>				<b>\$ 138,616,203</b>	

**Alternative Investments:**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Redemptions Frequency</u> <u>(if currently eligible)</u>	<u>Redemption</u> <u>Notice Period</u>
Alternative investments - UBS AgriVest	\$ 3,652,744	Quarterly	60 days
Alternative investments - Ceres Farms	3,408,129	Annually	150 days
Alternative investments - RE PRISA	8,404,371	Quarterly	90 days
Alternative investments - RE PRISA II	8,146,794	Quarterly	90 days
<b>Total alternative investments at fair value</b>	<b>\$ 23,612,038</b>		

**Credit Risk:**

Investments in the Pension Trust Fund are managed in accordance with policies adopted by the Retirement Commission. These policies set target allocations of 50% for domestic equities, 20% for fixed income, 15% for international equities, and 15% for real assets and authorizes investments in cash equivalents, fixed income securities, equity securities and

mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. Fixed income investments rated below BBB shall constitute no more than 10% of the total market value of all assets in the account. Credit ratings in the table below are ratings from Moody's Investor's Service. If the investment was rated only by Standard & Poor's Rating Services, the table below has the Moody's equivalent rating. The following table summarizes the Pension Trusts' credit risk for corporate, implicitly guaranteed by U.S. government and municipal fixed income securities at June 30, 2019:

<u>Investment Type</u>	<u>Rating</u>	<u>% of Total Portfolio</u>
Corporate Bonds	No rating	0.4 %
Corporate Bonds	Aa1-Aa3	1.0
Corporate Bonds	A1-A3	2.9
Corporate Bonds	Baa1-B3	3.5
Federal Home Loan Mortgage Corporation	Aaa-Aa1	0.1
Federal National Mortgage Association	Aaa-Aa1	3.5
Implicitly Guaranteed Bonds	Aaa-Aa1	0.6
Municipal Bonds	Aaa-Aa1	0.8

### **Concentration of Credit Risk:**

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

Company is not to exceed 5% of the total fund

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

### **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, 2019, 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	\$ 12,330,841	\$ 5,086,130	\$ 3,224,881	\$ 4,019,830
Government fixed income	19,847,844	807,696	3,616,821	15,423,327
Total	<u>\$ 32,178,685</u>	<u>\$ 5,893,826</u>	<u>\$ 6,841,702</u>	<u>\$ 19,443,157</u>

### **Rate of Return:**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.18% at June 30, 2019 and 10.49% at June 30, 2018. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

### **(c) School Board Component Unit**

At June 30, 2019, the carrying value of the School Board component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 7,036,662	N/A
Commonwealth LGIP	1,676,561	AAAm
Total deposits and investments	<u>\$ 8,713,223</u>	

School Board deposits are invested in accordance with the City’s investment policy. At June 30, 2019, 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, 2019, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 2,532,933	N/A
Total deposits and investments	<u>\$ 2,532,933</u>	

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City’s investment policy. At June 30, 2019, excluding the demand deposits and U.S. government agency securities, there were no investments. Accordingly, based on this minimal risk, the CEDA does not have the need for a formal investment policy that addresses credit risk, concentration of credit risk or interest rate risk.

**4. GENERAL PROPERTY TAXES**

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

**(a) Real Estate**

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

Real estate taxes are collected in equal semiannual payments that are due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2018, assessment which is due December 5, 2018. The first half of the January 1, 2019 assessment due June 5, 2019, less an allowance for uncollectable and less taxes not considered available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2018 and 2019 was \$.95, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2019, and due December 5, 2019, 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, 2019, are included in deferred revenue, since they are not due for the current fiscal year.

**(b) Personal Property**

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and prorated for motor vehicles acquired or sold during the year, with payment in equal semiannual installments due June 5 and December 5. During fiscal year 2018, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2018, assessment due December 5, 2018, and the first half of the January 1, 2019, assessment due June 5, 2019, less an allowance for uncollectable and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2018 and 2019 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2019 and due December 5, 2019, 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, 2019, are included in deferred revenue, since they are not due for the current fiscal year.

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

## 5. LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Special Revenue Fund has \$17,051 in outstanding installment loans and \$756,431 in deferred payment loans, which are secured by property liens. Both installment and deferred payment loans have terms from 5 to 30 years, bear an interest rate of three percent, and are payable upon sale, transfer or disposal of the property. These loans represent monies advanced to low-income qualified property owners under federally-funded housing renovation and rehabilitation projects and are fully offset on the balance sheet by an amount due to the federal government.

The Grants Special Revenue Fund has \$971,358 in deferred payment loans, which are secured by property liens. All loans represent federally-funded monies advanced to low-income qualified property owners under the HOME Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- \$850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.
- \$130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.
- \$1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4<sup>th</sup> Street, NW Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculates at 4.3% per annum. The entire principle balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.
- \$3,645,214 in deferred payment loans advanced to low-income property owners with terms similar to those of the CDBG and HOME grants described above, but funded by the City rather than federal funds. The loans are secured by property liens on the participating homeowners. Depending on the terms of each loan, a ratable portion of the loan balance is forgiven each month in which the participant owns the home. If the participant sells the home before the entire loan is forgiven, they are responsible for repayment of the remaining loan balance. Because this rarely happens, and therefore most loans are forgiven, an allowance for the full amount is recorded to offset the receivable.

The Charlottesville Economic Development Authority (CEDA) entered into a 20 year promissory note with the Charlottesville Pavilion in the amount of \$2.4 million for construction cost of the Amphitheater in 2004, with periodic payments of principle and interest, at 3.70%, of \$85,442. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, and accounts receivable. In 2018, a modification of the promissory note was executed to re-advance \$500,000 for the replacement of the roof of the Amphitheater, and extend the maturity date of the note to 2026. The balance of the note receivable was \$1,063,974 at June 30, 2019. In 2013, CEDA also executed a \$130,000 promissory note with the Lewis & Clark Exploratory Center for the construction of their learning center at Darden Towe Park.

## 6. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2019, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
City Government Activities:				
Major funds:				
General Fund	\$ 9,638	\$ 3,037,171	\$ 63,793	\$ 3,110,602
Capital Projects Fund	-	2,404,846	34,962	2,439,808
Social Services Fund	709	780,776	3,688	785,173
Total major funds	<u>10,347</u>	<u>6,222,793</u>	<u>102,443</u>	<u>6,335,583</u>
Non-major funds	584,910	2,424,553	1,620,812	4,630,275
Total Primary Government	<u>\$ 595,257</u>	<u>\$ 8,647,346</u>	<u>\$ 1,723,255</u>	<u>\$ 10,965,858</u>
Component Unit - Schools	<u>\$ 2,109,795</u>	<u>\$ 439,593</u>	<u>\$ 86,541</u>	<u>\$ 2,635,929</u>

## 7. DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

- (a) Individual fund deficits in consolidated pooled cash are considered short-term receivables of the General Fund. Individual fund interfund receivable and payable balances of the City at June 30, 2019, are presented below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General Fund	\$ 2,010,405	\$ -
Social Services Fund	-	372,742
Total major funds	<u>2,010,405</u>	<u>372,742</u>
Non-major funds:		
Special Revenue Funds:		
Community Development Block Grant	-	16,507
Grants Fund	-	179,064
Comprehensive Services Act Fund	-	1,350,103
Transit Fund	-	91,989
Total non-major funds	<u>-</u>	<u>1,637,663</u>
Total due to/from other funds	<u>\$ 2,010,405</u>	<u>\$ 2,010,405</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, 2019, consisted of the following:

	Transfers in:								<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Social Services</u>	<u>Nonmajor Government</u>	<u>Proprietary</u>	<u>Internal Services</u>	<u>Fiduciary</u>	
Transfers out:									
General fund	\$ -	\$ 8,734,280	\$ 11,003,348	\$ 3,236,250	\$ 6,209,812	\$ 208,904	\$ 101,774	\$ 500,000	\$ 29,994,368
Capital Projects fund	66,680	-	-	-	546,507	-	-	-	613,187
Nonmajor governmental	-	-	-	-	113,938	-	-	-	113,938
Water fund	866,528	-	-	-	-	-	-	-	866,528
Sewer fund	928,278	-	-	-	-	-	-	-	928,278
Gas fund	3,981,395	-	-	-	-	-	-	-	3,981,395
Total	<u>\$ 5,842,881</u>	<u>\$ 8,734,280</u>	<u>\$ 11,003,348</u>	<u>\$ 3,236,250</u>	<u>\$ 6,870,257</u>	<u>\$ 208,904</u>	<u>\$ 101,774</u>	<u>\$ 500,000</u>	<u>\$ 36,497,694</u>
Reconciliation to exhibits:									
		<u>Transfers in:</u>	<u>Transfers out:</u>						
Governmental Funds	Exhibit D	\$ 36,720,138	\$ 31,551,067						
Proprietary Funds	Exhibit E-2	208,904	5,776,201						
Internal Service Funds	Exhibit L-2	-	101,774						
Fiduciary Funds	Exhibit F-2	500,000	-						
Total		<u>\$ 37,429,042</u>	<u>\$ 37,429,042</u>						

## 8. CAPITAL ASSETS

### (a) Primary Government

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 18,471,075	\$ 60,800	\$ -	\$ 18,531,875
Infrastructures right of way	3,254,499	-	-	3,254,499
Assets under construction	31,068,021	8,184,749	3,910,698	35,342,072
Total capital assets not being depreciated	<u>52,793,595</u>	<u>8,245,549</u>	<u>3,910,698</u>	<u>57,128,446</u>
Other capital assets:				
Building and improvements	162,594,715	3,781,375	-	166,376,090
Vehicles	36,581,300	4,439,686	1,253,732	39,767,254
Furniture and equipment	25,556,317	790,835	5,038	26,342,114
Streets	90,311,509	-	-	90,311,509
Bridges	4,744,266	-	-	4,744,266
Infrastructure	56,446,371	-	-	56,446,371
Total other capital assets at historic cost	<u>376,234,478</u>	<u>9,011,896</u>	<u>1,258,770</u>	<u>383,987,604</u>
Less accumulated depreciation:				
Building and improvements	62,707,227	4,151,137	-	66,858,364
Vehicles	28,184,416	2,706,718	1,249,481	29,641,653
Furniture and equipment	21,746,326	663,241	5,038	22,404,529
Streets	48,076,313	1,852,981	-	49,929,294
Bridges	2,203,996	131,900	-	2,335,896
Infrastructure	27,988,659	1,016,877	-	29,005,536
Total accumulated depreciation	<u>190,906,937</u>	<u>10,522,854</u>	<u>1,254,519</u>	<u>200,175,272</u>
Other capital assets, net	<u>185,327,541</u>	<u>(1,510,958)</u>	<u>4,251</u>	<u>183,812,332</u>
Governmental activities capital assets, net	<u>\$ 238,121,136</u>	<u>\$ 6,734,591</u>	<u>\$ 3,914,949</u>	<u>\$ 240,940,778</u>
Business-Type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,921,723	\$ -	\$ -	\$ 1,921,723
Easements	142,325	-	-	142,325
Total capital assets not being depreciated	<u>2,064,048</u>	<u>-</u>	<u>-</u>	<u>2,064,048</u>
Other capital assets:				
Building and improvements	1,877,194	-	-	1,877,194
Vehicles	2,906,087	529,155	20,000	3,415,242
Equipment	2,926,077	38,942	-	2,965,019
Infrastructure	131,192,473	9,047,946	-	140,240,419
Total other capital assets at historic cost	<u>138,901,831</u>	<u>9,616,043</u>	<u>20,000</u>	<u>148,497,874</u>
Less accumulated depreciation:				
Building and improvements	1,401,131	26,510	-	1,427,641
Vehicles	1,859,136	290,203	20,000	2,129,339
Equipment	2,500,919	103,153	-	2,604,072
Infrastructure	49,234,553	3,267,314	-	52,501,867
Total accumulated depreciation	<u>54,995,739</u>	<u>3,687,180</u>	<u>20,000</u>	<u>58,662,919</u>
Other capital assets, net	<u>83,906,092</u>	<u>5,928,863</u>	<u>-</u>	<u>89,834,955</u>
Business-Type activities capital assets, net	<u>\$ 85,970,140</u>	<u>\$ 5,928,863</u>	<u>\$ -</u>	<u>\$ 91,899,003</u>

**(b) School Board Component Unit**

	Balance July 1, 2018	Increases	Decreases	Balance July 1, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 982,889	\$ -	\$ -	\$ 982,889
Other capital assets:				
Building and improvements	59,473,244	-	-	59,473,244
Vehicles	231,515	-	-	231,515
Furniture and equipment	4,358,309	144,210	-	4,502,519
Total other capital assets at historical cost	<u>64,063,068</u>	<u>144,210</u>	<u>-</u>	<u>64,207,278</u>
Less accumulated depreciation:				
Building and improvements	36,135,281	1,364,588	-	37,499,869
Vehicles	179,044	12,863	-	191,907
Furniture and equipment	3,856,113	182,130	-	4,038,243
Total accumulated depreciation	<u>40,170,438</u>	<u>1,559,581</u>	<u>-</u>	<u>41,730,019</u>
Other capital assets, net	<u>23,892,630</u>	<u>(1,415,371)</u>	<u>-</u>	<u>22,477,259</u>
Governmental activities capital assets, net	<u>\$ 24,875,519</u>	<u>\$ (1,415,371)</u>	<u>\$ -</u>	<u>\$ 23,460,148</u>

**(c) Allocation of Depreciation Expense**

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

Governmental activities:		
General government		\$ 1,476,318
Public safety		1,199,009
Community services		3,338,733
Health and welfare		81,968
Parks, recreation and culture		1,149,000
Education		1,026,205
Conservation and development		2,251,621
Total increase in accumulated depreciation - governmental		<u>\$ 10,522,854</u>
Business-Type activities:		
Water		\$ 1,127,558
Sewer		1,060,052
Gas		1,316,693
Stormwater		152,833
Golf course		28,040
Warehouse		2,004
Total increase in accumulated depreciation - business type		<u>\$ 3,687,180</u>

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

Instruction and instruction-related service	\$ 920,153
Support services - student based	545,853
Administrative support services	93,575
Total accumulated depreciation	<u>\$ 1,559,581</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 Statement 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City’s general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

**9. LONG-TERM LIABILITIES**

**(a) City**

At June 30, 2019, the City’s long-term liabilities consisted of the following:

	Interest Rates	Original Amount of Debt	Principal Amount Outstanding
<b>Governmental Activities:</b>			
<b>General obligation bonds:</b>			
General Improvement Refunding, Series 2009	2.00-5.00	15,875,700	245,700
General Improvement, Series 2010	2.00-4.38	9,956,200	5,460,500
General Improvement, Series 2011	2.00-5.00	9,425,000	4,560,000
General Improvement Refunding, Series 2012	1.25-4.50	26,870,300	14,917,400
General Improvement, Series 2013	3.00-4.00	5,610,000	3,920,000
General Improvement Refunding, Series 2014	2.125-5.00	7,130,695	4,683,465
General Improvement Refunding, Series 2015	2.00-5.00	23,068,366	20,011,790
General Improvement Refunding, Series 2016	2.00-5.00	11,125,466	9,956,878
General Improvement Series 2017	5.00	11,140,000	10,020,000
General Improvement Series 2018		4,610,000	4,375,000
General Improvement Series 2019		9,520,000	9,520,000
Total bonds			<u>\$ 87,670,733</u>
Insurance claims payable			2,637,204
Compensated absences			2,753,238
Net pension liability			72,925,795
Net OPEB liability			<u>38,001,806</u>
<b>Total</b>			<b>\$ 203,988,776 *</b>
<b>Business-Type Activities:</b>			
<b>General obligation bonds:</b>			
General Improvement Refunding, Series 2009	2.00-5.00	6,494,300	664,300
General Improvement, Series 2010	2.00-4.38	4,903,800	2,689,500
General Improvement, Series 2010 (VRA)	2.93	5,030,409	5,110,000
General Improvement, Series 2011	2.00-5.00	8,560,000	3,352,763
General Improvement Refunding, Series 2012	1.25-4.50	7,224,700	3,492,600
General Improvement, Series 2013	3.00-4.00	8,420,000	5,880,000
General Improvement Refunding, Series 2014	2.125-5.00	8,864,305	6,657,128
General Improvement Refunding, Series 2015	2.00-5.00	4,424,331	5,164,892
General Improvement Refunding, Series 2016	2.00-5.00	1,754,534	1,688,122
General Improvement Series 2017	5.00	2,680,000	2,400,000
General Improvement Series 2018	3.00 - 5.00	6,125,000	5,825,000
General Improvement Series 2019		6,310,000	6,310,000
Total bonds			<u>\$ 49,234,305</u>
Compensated absences			306,165
Net pension liability			8,681,297
Net OPEB liability			<u>4,612,838</u>
<b>Total</b>			<b>\$ 62,834,605 *</b>

The Water, Sewer, Gas and Stormwater Funds are responsible for \$18,129,558; \$26,509,187; \$174,968 and \$4,425,000 respectively, of the Business-Type Activities bonds payable.

\*Amounts exclude unamortized premium amounts on bonds of \$9,090,298.

**(b) School Board Component Unit**

At June 30, 2019, the School Board's long-term liabilities consisted of:

Compensated absences	\$ 3,443,215
Lease payable	385,239
Net pension liability	55,942,044
Net OPEB liability	<u>12,917,000</u>
Total	<u>\$ 72,687,498</u>

**(c) Changes in Long-Term Liabilities**

The following is a summary of the long-term liabilities transactions for the City and component units for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 85,291,055	\$ 9,520,000	\$ 7,140,322	\$ 87,670,733	\$ 7,443,208
Unamortized premium	7,291,757	1,126,606	1,998,544	6,419,819	-
Total bonds payable	<u>92,582,812</u>	<u>10,646,606</u>	<u>9,138,866</u>	<u>94,090,552</u>	<u>7,443,208</u>
Insurance claims payable	2,657,812	13,374,998	13,395,606	2,637,204	1,749,436
Compensated absences	2,585,116	673,170	505,048	2,753,238	330,389
Net pension liability	73,669,481	-	743,686	72,925,795	-
Net OPEB liability	39,669,186	-	1,667,380	38,001,806	-
Total governmental activities	<u>\$ 211,164,407</u>	<u>\$ 24,694,774</u>	<u>\$ 25,450,586</u>	<u>\$ 210,408,595</u>	<u>\$ 9,523,033</u>

Compensated absences are paid by General Fund, Social Services Fund and non-major governmental funds responsible for salary costs.

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

Net pension liability measurement date is June 30, 2018. The net OPEB liability measurement date is also June 30, 2018.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 46,555,810	\$ 6,310,000	\$ 3,631,505	\$ 49,234,305	\$ 3,388,994
Unamortized premium	2,173,780	790,808	294,110	2,670,478	-
Total bonds payable	<u>48,729,590</u>	<u>7,100,808</u>	<u>3,925,615</u>	<u>51,904,783</u>	<u>3,388,994</u>
Compensated absences	296,487	37,479	27,801	306,165	36,740
Net pension liability	8,758,271	-	76,974	8,681,297	-
Net OPEB liability	4,785,422	-	172,584	4,612,838	-
Total business-type activities	<u>\$ 62,569,770</u>	<u>\$ 7,138,287</u>	<u>\$ 4,202,974</u>	<u>\$ 65,505,083</u>	<u>\$ 3,425,734</u>

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

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
School Board:					
Lease payable	\$ -	\$ 385,239	\$ -	\$ 385,239	\$ -
Compensated absences	3,243,817	3,929,788	3,730,390	3,443,215	413,186
Net OPEB Liability	12,760,000	164,000	7,000	12,917,000	-
Net pension liability	58,743,720	-	2,801,676	55,942,044	-
Total	\$ 74,747,537	\$ 4,479,027	\$ 6,539,066	\$ 72,687,498	\$ 413,186

Net pension and OPEB liability measurement date is June 30, 2018.

**(d) Debt Compliance and Repayment**

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

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

The City has no overlapping debt with other jurisdictions. At June 30, 2019, the City had a debt limit of \$764,789,300 which is 10% of assessed value of real property and a legal debt margin of \$627,884,262.

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

**(e) General Obligation Public Improvement Bonds**

On May 15, 2019, the City issued \$15,830,000 principal amount of General Obligation Public Improvement Bonds, Series 2019, at a true interest cost of 2.361%. The full faith and credit and unlimited taxing power of the City are 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 September 15, 2019, and ending September 15, 2039.

Series 2019 bonds will fund public improvement projects as follows: \$9,520,000 of debt for general government to finance the costs of public improvement capital projects, \$2,040,000 for water improvement projects, \$2,700,000 for wastewater improvement projects and \$1,570,000 for stormwater improvement projects.

**(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, 2019, \$14,739,220 of defeased bonds remains outstanding.

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

General Obligation Bonds:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	7,566,058	3,155,879	3,993,073	1,703,098
2021	7,280,278	2,936,805	3,913,986	1,600,125
2022	7,154,024	2,630,488	3,575,480	1,448,009
2023	7,346,732	2,339,223	3,448,119	1,312,990
2024	7,086,310	2,064,507	3,593,998	1,179,662
2025 - 2029	28,419,941	6,410,906	16,474,752	3,923,197
2030 - 2034	15,922,390	2,229,820	10,529,897	1,324,518
2035 - 2039	6,895,000	408,178	3,705,000	248,000
Total bonds	<u>\$ 87,670,733</u>	<u>\$ 22,175,807</u>	<u>\$ 49,234,305</u>	<u>\$ 12,739,599</u>

**(h) Other Long-Term Obligations**

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

Fiscal Year	Golf Fund
2020	\$ 55,913
2021	\$ 55,931
2022	\$ 55,914
2023	\$ 55,914
2024	\$ 55,914
	<u>\$ 279,586</u>

During fiscal year 2019, the School Board entered into a two year computer lease which was not capitalized due to capitalization policies for a total of \$770,478 in lease payments. Future year payments are shown below:

Fiscal Year	Component Unit
	School Board
2020	385,239
	<u>\$ 385,239</u>

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

Because the City does not issue a separate financial report of the Defined Benefit Pension Plan, the City must report certain information for the plan as of, and for the year ended, June 30, 2019 which is the most recent measurement date for this plan. This information is disclosed below and in Exhibits F-1 and F-2. Investment information is disclosed in Note 3b to the financial statements.

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

*Plan description.* The City administers the Pension Plan, a single-employer defined benefit plan for general and public safety employees. The Pension Plan provides retirement and disability benefits to eligible plan members and their beneficiaries. The plan is governed by City Council, as provided in Article II, IV and V of Chapter 19 of the City Code, 1990, as amended, of the City of Charlottesville and is an irrevocable trust fund. City Council may amend benefits and other plan provisions, and is responsible for the management of plan assets. The Plan does not provide automatic annual increases (COLA) in benefits. The Pension Plan is considered a part of the City’s Reporting Entity and is included in

the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City Supplementary Retirement or Pension Plan report.

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

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

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

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

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

*Contributions.* The contribution requirements of plan members and the City are established and may be amended by City Council. Plan members hired before July 1, 2012 are required to contribute 1% of base pay, (annual covered salary) members hired on or after July 1, 2012 must contribute 3% of base pay, and members hired on or after July 1, 2017 must contribute 5% of base pay for the Pension. The City’s contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2019 are based on the July 1, 2017, actuarial report. The general employee contribution rate for 2019 was 19.97% and the public safety contribution rate was 35.31%.

*Actuarial methods and assumptions.* The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2019 actuarial valuation using the following methods and assumptions:

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

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

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

*Net Pension Liability.* Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of June 30, 2019 and June 30, 2018 is as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total Pension Liability	\$ 201,427,626	\$ 195,103,526
Fiduciary Net Position	117,476,409	110,307,442
Net Pension Liability	<u>\$ 83,951,217</u>	<u>\$ 84,796,084</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	58.3%	56.5%

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

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

*Long-term expected rate of return.* The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2019 was 8.18%. The investment return on the smoothed value of assets (actuarial value of assets) was 7.86%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City’s contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market

value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity:		
Large Cap	30.0%	4.8%
Mid Cap	12.5%	8.0%
Small Cap	7.5%	6.8%
International equity	10.0%	3.9%
Emerging equity	5.0%	7.3%
Real estate	10.0%	6.8%
Farmland	5.0%	10.4%
Fixed income	20.0%	2.8%
Total	100%	5.5%

## 11. CITY OF CHARLOTTEVILLE - NET PENSION LIABILITY

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

*Membership* in the City’s Pension Plan consists of the following at June 30, 2018, the date of the most recent actuarial valuation:

	<u>City</u> <u>Members</u>	<u>JMRL</u> <u>Members</u>	<u>CACVB</u> <u>Members</u>
Retirees and beneficiaries currently receiving benefits	595	39	6
Vested terminated employees	412	12	4
Current employees:			
Vested	455	25	-
Nonvested	278	-	-
Total	1,740	76	10

*Contributions.* The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2018 are based on the July 1, 2016, actuarial report. The general employee contribution rate for 2018 was 19.72% and the public safety contribution rate was 37.53%.

*Actuarial methods and assumptions.* The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2016 actuarial valuation using the following methods and assumptions:

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

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

*Net pension liability.* The City’s net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The following chart is for the plan as a whole. The City’s portion of the plan is 95.20%.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2017	\$ 186,981,459	\$ 100,400,439	\$ 86,581,020
Changes for the year:			
Service cost	2,659,173	-	2,659,173
Interest	13,594,672	-	13,594,672
Differences between expected and actual experience	3,517,133	-	3,517,133
Changes of assumptions	-	-	-
Contributions - employer	-	9,910,900	(9,910,900)
Contributions - employee	-	792,561	(792,561)
Net investment income	-	10,527,419	(10,527,419)
Benefit payments, including refunds of employee contributions	(11,648,911)	(11,648,911)	-
Other	-	553,281	(553,281)
Administrative expense	-	(228,247)	228,247
Net Changes	<u>8,122,067</u>	<u>9,907,003</u>	<u>(1,784,936)</u>
Balance at June 30, 2018	<u>\$ 195,103,526</u>	<u>\$ 110,307,442</u>	<u>\$ 84,796,084</u>

*Changes in Net Pension Liability per participating entity:*

	City Net Pension Liability	JMRL Net Pension Liability	CACVB Net Pension Liability	All Entities - Net Pension Liability
Balance at June 30, 2017	\$ 82,427,752	\$ 3,769,195	\$ 384,073	\$ 86,581,020
Employer contributions	(9,538,173)	(332,247)	(40,480)	(9,910,900)
Expense	12,307,582	(362,438)	22,057	11,967,201
Change in deferred outflows of resources	(4,347,759)	(329,062)	(25,226)	(4,702,047)
Change in deferred inflows of resources	757,690	97,204	5,916	860,810
Balance at June 30, 2018	<u>\$ 81,607,092</u>	<u>\$ 2,842,652</u>	<u>\$ 346,340</u>	<u>\$ 84,796,084</u>

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	\$102,365,663	\$81,607,092	\$64,083,208

Information on the annual money-weighted rate of return for 2019 is found in Note 3b and Exhibit I-1.

*City Changes in deferred inflows and outflows:*

	Deferred Outflow of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 5,111,943	\$ -
Prior years changes in proportion and differences between contributions	(276,011)	263,478
Prior years impact of change in proportion on beginning NPL	1,224,006	890,317
Prior years difference between expected and actual investment earnings	9,420,772	11,530,347
Prior years changes in assumptions	13,451,500	-
Prior years amortization	(12,628,064)	(6,184,047)
Current year amortization	(7,155,224)	(3,104,316)
Differences between expected and actual experience	2,678,733	-
Impact of change in proportion on beginning NPL	897,153	-
Difference between expected and actual investment earnings	-	2,284,799
Changes in proportion and difference between employer contribution and proportionate share of contribution	(768,420)	61,827
Employer contributions subsequent to the measurement date	9,813,156	-
	<u>\$ 21,769,544</u>	<u>\$ 5,742,405</u>

Deferred outflows of resources amounting to \$9,813,156 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	(1,553,495)
2021	(1,553,496)
2022	(1,553,496)
2023	(1,553,496)
Thereafter	-
Total	<u>\$ (6,213,983)</u>

**12. CITY OF CHARLOTTESVILLE - DEFINED CONTRIBUTION PENSION PLAN**

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

All new hires are given a one-time option to choose either the Pension Plan or the DC Plan when they are hired. Under the DC Plan, the city contribution rate is 8% of the employee’s base salary to their individual ICMA-RC account. There is no employee contribution required. Employees determine how their account balance is invested from a range of available options. DC Plan contributions vest ratably over a three year period. If the employee leaves the city before they are fully vested, part of the account balance may be forfeited. Forfeitures by policy are used to pay plan related expenses. There are no forfeitures reflected in pension expenses during the reporting period and no employer liability is outstanding to ICMA-RC at June 30, 2019.

At June 30, 2019, there were 254 active City employees and a total of 412 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$920,160 for active employees.

There is also a separate defined contribution plan for senior management to which the City contributes. For the year ended June 30, 2019, a total of \$634,974 was contributed for 19 active senior management employees. The City contribution rate is 25.89% of eligible compensation.

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

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

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

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

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

*Funding policy.* The contribution requirements for current and future Pension Plan members are established and may be amended by City Council. The city contribution is determined annually by City Council. Pension Plan members hired before December 3, 2002, received 100% of the city contribution towards the cost of medical and dental insurance. For Pension Plan Members hired on or after December 3, 2002, the city contribution toward the cost of medical and dental insurance is pro-rated based on vesting requirements and years of creditable service. Pension Plan members must pay for family members at their own expense. Surviving spouses of Pension Plan members may elect to continue health care benefits at their own expense. Life insurance is provided at no direct cost to the plan members. Defined Contribution Plan senior management is eligible for the same OPEB benefits as Pension Plan members. Defined Contribution Plan members may be eligible for access to continue medical and dental benefits. The City does not pay any of the costs. The DC Plan member is not eligible for life insurance benefits. The contribution rates for 2019 are based on the July 1, 2017, actuarial report. The general employee contribution rate is 12.59% and the public safety contribution rate is 12.51%.

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

The annual required contribution (ARC) was determined as part of the July 1, 2019 actuarial valuation using the following methods and assumptions:

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

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

*Net OPEB Liability.* Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2019 and June 30, 2018 is as follows:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability	\$ 85,380,320	\$ 79,509,679
Fiduciary Net Position	40,440,821	44,992,032
Net OPEB Liability	<u>\$ 44,939,499</u>	<u>\$ 34,517,647</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	47.4%	56.6%

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	<u>\$44,983,202</u>	<u>\$34,579,297</u>	<u>\$25,974,618</u>

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

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	<u>\$26,653,199</u>	<u>\$34,579,297</u>	<u>\$44,206,427</u>

*Long-term expected rate of return.* The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2018 was 10.49%. The investment return on the smoothed value of assets (actuarial value of assets) was 8.07%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity:		
Large Cap	30.0%	4.6%
Mid Cap	12.5%	7.4%
Small Cap	7.5%	6.3%
International equity	10.0%	3.5%
Emerging equity	5.0%	7.9%
Real estate	10.0%	6.4%
Farmland	5.0%	9.6%
Fixed income	20.0%	1.8%
Total	<u>100%</u>	<u>5.0%</u>

#### 14. CITY OF CHARLOTTESVILLE - NET OPEB LIABILITY

As described in Note 13, the City administers the OPEB plan. As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2019 are based on a OPEB plan measurement date of June 30, 2018.

Membership in the City's OPEB Plan consists of the following at June 30, 2018, the date of the most recent actuarial valuation:

	<u>City</u>	<u>JMRL</u>	<u>CACVB</u>
Inactive plan members or beneficiaries currently receiving benefit payments	482	39	6
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	999	25	-
Total	<u>1,481</u>	<u>64</u>	<u>6</u>

*Contributions.* The contribution requirements of plan members and the City are described in Note 13. The contribution rates for 2018 are based on the July 1, 2016, actuarial report. The general employee contribution rate for 2018 was 13.03% and the public safety contribution rate was 12.15%.

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

The annual required contribution (ARC) was determined as part of the July 1, 2017 actuarial valuation using the following methods and assumptions:

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

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

*Net OPEB liability.* The City’s net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2018. The following chart is for the plan as a whole. The City’s portion of the plan is 94.82%.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balance at June 30, 2017	\$ 83,493,234	\$ 35,868,205	\$ 47,625,029
Changes for the year:			
Service cost	1,369,561	-	1,369,561
Interest	6,176,094	-	6,176,094
Differences between expected and actual experience	(628,815)	-	(628,815)
Contributions - employer	-	5,217,817	(5,217,817)
Contributions - employee	-	1,192,134	(1,192,134)
Net investment income	-	3,777,505	(3,777,505)
Benefit payments, including refunds of employee contributions	(5,029,754)	(5,029,754)	-
Audit Adjustment	-	(503,185)	503,185
Administrative expense	-	(81,901)	81,901
Net Changes	<u>1,887,086</u>	<u>4,572,616</u>	<u>(2,685,530)</u>
Balance at June 30, 2018	<u>\$ 85,380,320</u>	<u>\$ 40,440,821</u>	<u>\$ 44,939,499</u>

*Changes in Net OPEB Liability per participating entity:*

	City Net OPEB Liability	JMRL Net OPEB Liability	CACVB Net OPEB Liability	All Entities - Net OPEB Liability
Balance at June 30, 2017	\$ 44,454,608	\$ 2,898,351	\$ 272,070	\$ 47,625,029
Employer contributions	(4,947,880)	(243,189)	(26,748)	(5,217,817)
Change in OPEB expense	4,110,100	(532,580)	(10,487)	3,567,033
Change in deferred outflows of resources	(20,761)	(3,192)	(209)	(24,162)
Change in deferred inflows of resources	(981,423)	(24,895)	(4,266)	(1,010,584)
Balance at June 30, 2018	\$ 42,614,644	\$ 2,094,495	\$ 230,360	\$ 44,939,499

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$56,135,406	\$44,939,499	\$35,680,599

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

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	\$36,220,261	\$44,939,499	\$55,532,858

*City Changes in deferred inflows and outflows:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 136,560	\$ -
Prior years changes in proportion and differences between contributions	(1,240)	(435,992)
Prior years impact of change in proportion on beginning NOL	-	422,663
Prior years difference between expected and actual investment earnings	-	1,467,813
Current year amortization	(22,554)	(363,621)
Differences between expected and actual experience	-	503,104
Impact of change in proportion on beginning NOL	706,660	-
Difference between expected and actual investment earnings	-	803,826
Changes in proportion and difference between employer contribution and proportionate share of contribution	(704,867)	38,114
Employer contributions subsequent to the measurement date	5,254,236	-
	<u>\$ 5,368,795</u>	<u>\$ 2,435,907</u>

Deferred outflows of resources amounting to \$5,254,236 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	580,337
2021	580,337
2022	580,337
2023	580,337
Thereafter	-
Total	<u>\$ 2,321,348</u>

## 15. PENSION OBLIGATIONS – SCHOOL BOARD

### School Board Component Unit – Virginia Retirement System (VRS)

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

### School Board Teachers Cost Sharing Plan

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

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

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

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

*Contributions.* Teachers and employers are required to contribute to the retirement plans as provided by Section 51.1-145 of the *Code of Virginia*, as amended. For Plans 1 and 2, teachers are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% teacher contribution may have been assumed by the employer. Beginning July 1, 2012, new teachers were required to pay the 5.0% member contribution. In addition, for existing teachers, employers were required to begin making the teacher pay the member contribution.

This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the teacher-paid member contribution. The Hybrid Plan contributions are mandatory and voluntary contributions made by the member and employer to both the defined benefit and defined contribution components. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both member and the employer. Members of this plan may choose to make voluntary contributions to the defined contributions component and the employer is required to match those voluntary contributions according to a specified percentage.

The School Board's contractually required rate for the year ended June 30, 2019 was 15.68% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2017. The actuarial rate for the School Board plan was 15.68%. This actuarially determined rate, when combined with teacher contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions may be impacted as a result of funding provided to school divisions by the VA General Assembly. Contributions to the pension plan from the School Board were \$6,344,268 and \$6,355,218 for the years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2019, the School Board reported a liability of \$56,399,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating teachers. At June 30, 2018 the School Board's proportion was .47959% as compared to .48042% at June 30, 2017.

For the year ended June 30, 2019, the School Board recognized teacher pension expense of \$3,476,000. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to the deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of the employer contributions.

At June 30, 2019 the School Board reported deferred outflows and deferred inflows of resources related to teacher pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,196,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	696,000	431,000
Changes in assumptions	673,000	
Net difference between expected and actual experience	-	4,822,000
Employer contributions subsequent to the measurement date	6,158,803	-
Total	<u>\$ 7,527,803</u>	<u>\$ 6,449,000</u>

Deferred outflows of resources amounting to \$6,158,803 related to teachers' pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to teachers' pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	(638,059)
2021	(1,198,825)
2022	(2,367,716)
2023	(679,794)
2024	(195,606)
Total	<u>\$ (5,080,000)</u>

*Actuarial assumptions.* The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 – 5.35%

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

*Mortality rates:*

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

*Net Pension Liability* The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employer's Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	  74.81%

*Long-term Expected Rate of Return.* The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of

return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.0%	4.54%	1.82%
Fixed Income	15.0%	0.69%	0.10%
Credit Strategies	15.0%	3.96%	0.59%
Real Assets	15.0%	5.76%	0.86%
Private Equity	15.0%	9.53%	1.43%
<b>Total</b>	<b>100.0%</b>		<b>4.80%</b>
Inflation			2.50%
*Expected arithmetic nominal return			<b>7.30%</b>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, the participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*  
The table below presents the proportionate share of the Net Pension Liability for the School Board calculated using the discount rate of 7.00%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.00%	Current Discount Rate: 7.00%	1.00% Higher 8.00%
Entity's Net Pension Liability	\$86,152,000	\$56,399,000	\$31,773,000

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS financial report. That report is available at the VRS website at <http://www.employers.varetire.org/Pdf/publications/valuation-report-2017-gasb68.pdf>. The fiduciary net position has been determined using the flow of economic resources measurement focus and the accrual basis of accounting, which is the same basis that is used by VRS.

### School Board Non-Professional Pension Plan

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

purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

*Employees covered by benefit terms.* The following employees were covered by the benefit terms of the Plan as of the June 30, 2018 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits:	83
Inactive employees entitled to but not yet receiving benefits:	
Vested	3
Non-vested	27
Active elsewhere in VRS	12
Total inactive	<u>42</u>
Active employees:	67
Total covered employees	<u><u>192</u></u>

*Contributions.* The Contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but, may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board’s contractually required rate for the year ended June 30, 2019 was 3.67% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school Board were \$68,013 and \$89,157, for the years ended June 30, 2019 and 2018, respectively.

*Net pension liability.* The School Board’s net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

*Actuarial assumption.* The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net if pension plan investment expense, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 to 5.35%

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

*Mortality rates*

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

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

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

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

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

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

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

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

15% of deaths are assumed to be service related.

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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

*Long-term expected rate of return.* The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rated of return (expected returns, net of pension System investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.0%	4.54%	1.82%
Fixed Income	15.0%	0.69%	0.10%
Credit Strategies	15.0%	3.96%	0.59%
Real Assets	15.0%	5.76%	0.86%
Private Equity	15.0%	9.53%	1.43%
Total	100.0%		4.80%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, the participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2017	\$ 10,693,432	\$ 11,031,712	\$ (338,280)
Changes for the year:			
Service cost	187,291	-	187,291
Interest	722,190	-	722,190
Differences between expected and actual experience	(55,260)	-	(55,260)
Contributions - employer	-	84,487	(84,487)
Contributions - employee	-	94,766	(94,766)
Net investment income	-	801,592	(801,592)
Benefit payments, including refunds of employee contributions	(752,873)	(752,873)	-
Administrative expense	-	(7,250)	7,250
Other changes	-	(698)	698
Net Changes	101,348	220,024	(118,676)
Balances at June 30, 2018	\$ 10,794,780	\$ 11,251,736	\$ (456,956)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The table below presents the net pension liability for the School Board calculated using the discount rate of 7.00%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.00%	Current Discount Rate: 7.00%	1.00% Higher 8.00%
Net Pension Liability	\$667,526	\$(456,956)	\$(1,412,183)

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2019 the School Board recognized pension expense of \$(180,072). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 47,602
Changes in assumptions	-	17,250
Net difference between projected and actual earnings on plan investments	-	83,484
Employer contributions subsequent to the measurement date	68,013	-
	\$ 68,013	\$ 148,336

Deferred outflows of resources amounting to \$68,013 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2020	(5,865)
2021	(17,637)
2022	(114,887)
2023	(9,947)
2024	-
Total	\$ (148,336)

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

### School Board Component Unit – Post-Employment Medical Plan Subsidy

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

Membership in the School’s Local OPEB Plan consists of the following at July 1, 2018, the date of the most recent actuarial valuation:

	<u>Local Plan</u>
Inactive plan members or beneficiaries currently receiving benefit payments	18
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>690</u>
Total	<u><u>708</u></u>

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

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

The following assumptions were used in the most recent actuarial report dated July 1, 2018:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Actuarial Cost Method
Remaining amortization period	27
Asset valuation method	Market Value
Investment return	3.56%
Healthcare cost trend rate	7% FYE 2018 decreasing 0.50% per year to ultimate rate of 5.00%

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

*Net OPEB Liability.* Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2019 and June 30, 2018 is as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability	\$ 3,535,000	\$ 3,539,000
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%

At June 30, 2019 the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ (118,000)
Changes in assumptions	-	(23,000)
Employer contributions subsequent to the measurement date	128,000	-
	\$ 128,000	\$ (141,000)

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$3,893,000	\$3,535,000	\$3,211,000

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

	1.00% Lower 7.0%	Current Trend Rate: 8.0%	1.00% Higher 9.0%
Net OPEB Liability	\$3,226,000	\$3,535,000	\$3,915,000

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

#### *Plan Descriptions.*

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

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

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

*Contributions.* Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2018. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

### Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	\$223,133
June 30, 2018 Contribution	\$201,997

### Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.23% of covered employee compensation.
June 30, 2019 Contribution	\$486,026
June 30, 2018 Contribution	\$479,005

*Actuarial methods and assumptions.* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities. Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 15.

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

<u>Method</u>	<u>Assumption</u>
Inflation	2.5%
Salary Increases – General employees	3.5 – 5.35%
Salary Increases – Teachers	3.5 – 5.95%
Healthcare cost trend rates – Under 65	7.75 – 5.00%
Healthcare cost trend rates – 65 and up	5.75 – 5.00%
Investment rate of return – GLI & HIC	7.00%

*Net OPEB Liability.* The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<u>GLI</u>	<u>HIC</u>
Total OPEB Liability	\$ 6,701,668	\$ 6,650,500
Fiduciary Net Position	3,432,668	537,500
Net OPEB Liability	<u>\$ 3,269,000</u>	<u>\$ 6,113,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	51.2%	8.1%

### *Long-Term Expected Rate of Return*

### Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

\* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

*Net OPEB Obligation* As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2019 are based on a measurement date of June 30, 2018.

	<b>Group Life Insurance Program</b>	<b>Teacher Health Insurance Credit Program</b>
June 30, 2018 proportionate share of liability:	\$ 3,269,000	\$ 6,113,000
June 20, 2018 proportion	0.21523%	0.48153%
June 30, 2017 proportion	0.21709%	0.48208%
June 30, 2018 OPEB expense	\$ 21,000	\$ 497,000

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

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to GLI and HIC OPEB from the following sources:

<b>Group Life Insurance Program</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 160,000	\$ 59,000
Change in Assumptions	-	137,000
Net difference between projected and actual earnings on OPEB plan investments	-	106,000
Changes in proportion	21,000	33,000
Employer contributions subsequent to the measurement date	223,133	-
Total	<u>\$ 404,133</u>	<u>\$ 335,000</u>

<b>Teacher Health Insurance Credit Program</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 30,000
Change in Assumptions	-	53,000
Net difference between projected and actual earnings on OPEB plan investments	-	5,000
Changes in proportion	-	6,000
Employer contributions subsequent to the measurement date	486,026	-
Total	<u>\$ 486,026</u>	<u>\$ 94,000</u>

The deferred outflows of resources related to GLI and HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

<b>Group Life Insurance Program</b>		<b>Teacher Health Insurance Credit Program</b>	
<b>Year ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>	<b>Year ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2020	\$ (50,000)	2020	\$ (16,994)
2021	(50,000)	2021	(16,994)
2022	(50,000)	2022	(16,984)
2023	(19,000)	2023	(14,052)
2024	5,000	2024	(15,038)
Thereafter	10,000	Thereafter	(13,938)
	<u>\$ (154,000)</u>		<u>\$ (94,000)</u>

**Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the School Board for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the GLI and Teacher HIC, as well as what the School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00% HIC; GLI) or one percentage point higher (8.00% HIC; GLI) than the current discount rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
GLI Net OPEB liability	\$ 4,272,000	\$ 3,269,000	\$ 2,454,000
Teacher HIC Net OPEB liability	6,828,000	6,113,000	5,505,000
Net OPEB liability	<u>\$ 11,100,000</u>	<u>\$ 9,382,000</u>	<u>\$ 7,959,000</u>

**OPEB Plan Fiduciary Net Position**

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

**17. REVENUE SHARING AGREEMENT**

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

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

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

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

During the fiscal year, the County paid \$15,696,360 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

## **18. JOINT VENTURES**

### **(a) Rivanna Water and Sewer Authority**

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. Beginning in November of 2015, RWSA began charging each locality a fixed monthly amount to cover the debt portion owed by each locality. For the year ended June 30, 2019, the City paid a total of \$15,404,701 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 2019 calendar year and for fiscal year 2019 is \$1,959,914. Annual certificates must be filed every December 30<sup>th</sup> 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 \$1,941,399 to JMRL for the year ended June 30, 2019. 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, 2019, the City's share of the costs of the Jail was \$4,952,622. Complete, audited financial statements for the Jail can be obtained at their administrative offices at Avon Street Extended, Charlottesville, Virginia 22902.

**(e) Blue Ridge Juvenile Detention Center**

The City, with Albemarle, Culpeper, Fluvanna and Greene Counties, share the cost of operating a regional Juvenile Detention Commission per an adopted agreement dated July 1, 1999, and amended July 2, 2007. Commission members are appointed by each participating locality, with not locality appointing a majority of Board members. Under the terms of the operating agreements, the participating governments share the costs of operations and capital based on their respective aggregate percentages of usage during the preceding three years on an annual basis. For the year ended June 30, 2019, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was \$871,266. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

**(f) Emergency Communications Center**

The City, Albemarle County and the University of Virginia jointly participate in operating a centralized dispatching facility for law enforcement and emergency services. The Emergency Communications Center (the Center) is governed by an eight-member board, three of whom are ex-officio members from the City. The Center operates under the terms of an agreement whereby any participant may discontinue its participation with one year's written notice. The operating costs of the Center are shared by the three participants on the basis of population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2019 the City's share of the costs of the Center was \$1,573,094. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

**(g) Charlottesville Albemarle Convention & Visitors Bureau**

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2019, the City contributed \$1,038,546 to the Bureau.

**(h) Darden Towe Park**

The City and County jointly own and operate a park, known as Darden Towe Park (the Park). The Park is governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Park are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2019, the City's share of the Park's operating costs was \$108,153. Complete, audited financial statements for the Park can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

**19. RELATED ORGANIZATIONS**

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

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

Charlottesville – Albemarle Child Services Act  
Community Policy and Management Team  
Charlottesville Economic Development Authority  
Charlottesville Redevelopment and Housing Authority

Charlottesville Youth Council  
 Citizen's Advisory Panel  
 Citizen's Transportation Advisory Committee  
 Community Development Block Grant Task Force  
 Housing Advisory Committee  
 Human Rights Commission  
 JAUNT (Jefferson Area United Transportation Board)  
 Jefferson Area Board of Aging Advisory Council (JABA)  
 Jefferson Area Board of Aging-Board of Directors (JABA)  
 Jefferson Area Community Criminal Justice Board  
 Metropolitan Planning Organization Policy Board  
 Monticello Area Community Action Agency Board (MACAA)  
 Parks and Recreation Advisory Committee  
 Personnel Appeals Board

Piedmont Virginia Community College Board  
 Planning Commission/Entrance Corridor Review Board  
 PLACE Design Task Force  
 Region Ten Community Services Board  
 Regional Disability Service Board  
 Retirement Commission  
 Rivanna Solid Waste Authority  
 Rivanna Water and Sewer Authority  
 Sister Cities Commission  
 Social Services Advisory Board  
 Streets That Work / Code Audit Steering Committee  
 Thomas Jefferson Planning District Commission  
 Towing Advisory Board  
 Tree Commission  
 Vendor Appeals Board  
 Water Resources Protection Program Advisory Committee

## 20. RISK MANAGEMENT

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net position balance of \$11,688,836 at June 30, 2019, is a reserve for future extraordinary claims.

Major risks retained by the City include:

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

	<u>2018-2019</u>	<u>2017-2018</u>
Accrued claims, July 1	\$ 2,657,812	\$ 3,199,605
Add claims incurred during the current fiscal year including changes in estimated claim payable	13,374,998	13,414,424
Less payments on claims	<u>(13,395,606)</u>	<u>(13,956,217)</u>
Accrued claims, June 30	<u>\$ 2,637,204</u>	<u>\$ 2,657,812</u>
Claims or judgments due within one year	\$ 1,748,204	\$ 2,528,698
Claims or judgments due in more than one year	889,000	129,115
Total	<u>\$ 2,637,204</u>	<u>\$ 2,657,813</u>

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

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

## 21. CONTINGENCIES

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

## 22. FUND BALANCE/NET POSITION AT JULY 1, 2018 RESTATED

The General Fund beginning Fund Balance was restated due to a reconciliation of prior year taxes. This restatement also affected the Government-wide beginning Net Position.

	General Fund Fund Balance	Government-wide Net Position
Fund Balance/Net Position as previously reported at June 30, 2018	\$ 45,760,635	\$ 137,256,906
Reconciled FY2018 real estate and personal property taxes	407,802	407,802
Fund Balance/Net Position as restated at June 30, 2018	<u>\$ 46,168,437</u>	<u>\$ 137,664,708</u>

## 23. NET POSITION DEFICIT

The Charlottesville School Board had a net position deficit of \$43,461,807 at June 30, 2019. This deficit is due to the long-term net pension and OPEB liabilities.

## 24. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2019 the City had several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended to Date	Balance
Hillsdale Drive	\$ 6,556,237	\$ 6,359,620	\$ 196,617
Water Infrastructure	19,181,128	17,185,924	1,995,204
Sewer Infrastructure	16,660,064	15,677,337	982,727
Gas Infrastructure	2,500,000	1,414,885	1,085,115
Stormwater Infrastructure	2,200,485	1,363,806	836,679
Utility Locating Services	1,221,938	1,163,735	58,203
West Main Street	1,590,578	886,113	704,465
Belmont Bridge	2,110,653	2,013,387	97,266
Dairy Road Bridge Project	1,100,000	925,892	174,108
Emmet Streetscape	3,297,808	1,218,444	2,079,364
McIntire Railroad Pedestrian Bridge	987,948	153,370	834,578
Bridge Repairs	3,757,766	891,787	2,865,979
Circuit Court Renovation	2,329,944	2,225,267	104,677
Barracks/Emmet Intersection	1,065,754	82,854	982,900

**25. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2019**

The City has one major water and gas customer, the University of Virginia. For the current year, water and gas revenue from this customer was \$2,114,942 and \$1,649,156 respectively, which represents 18.88% of water revenue and 5.91% of gas revenue.

**26. TAX ABATEMENTS**

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

These incentives were made to the following entities for the number years and the minimum performance measures indicated:

<b>Agreement Date</b>	<b>Length of Agreement (Years)</b>	<b>Agreement Entity</b>	<b>Minimum Number of Jobs to be Created</b>	<b>Minimum Increase in Real Estate Value</b>
August 9, 2010	5	Waterhouse LLC	215	\$20 Million
June 2, 2011	10	459 Locust Charlottesville LLC	400	\$40 Million

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

<b>Fiscal Year</b>	<b>Amount</b>
2015	\$ 267,000
2016	78,000
2017	342,936
2018	220,483
2019	343,422
	<u>\$ 1,251,841</u>

To date, these agreements have generated nearly 900 jobs and added \$90 million in real estate value within the City.



**REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF CHARLOTTESVILLE, VIRGINIA

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

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### 1. BUDGETARY ACCOUNTING

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

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT G-1**  
**Page 1 of 5**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Real estate	\$ 68,267,343	\$ 68,267,343	\$ 70,263,898	\$ 1,996,555
Personal property	8,629,200	8,629,200	9,310,203	681,003
Public service corporation	1,350,000	1,350,000	1,447,032	97,032
Penalties and interest on delinquent taxes	350,000	350,000	540,225	190,225
Sales and use	11,663,391	11,663,391	11,876,599	213,208
Business license	7,400,000	7,400,000	8,540,881	1,140,881
Utilities	4,699,842	4,699,842	4,764,420	64,578
Communications	3,000,000	3,000,000	2,716,128	(283,872)
Meals	11,817,375	11,817,375	12,212,802	395,427
Lodging	5,100,000	5,100,000	5,659,226	559,226
Franchise	-	-	3,500	3,500
Tax on bank stock	1,200,000	1,200,000	1,369,883	169,883
Tax on wills and deeds	550,000	550,000	751,569	201,569
Rolling stock	21,000	21,000	36,940	15,940
Short-term rental	60,000	60,000	56,557	(3,443)
Cigarette	725,000	725,000	671,562	(53,438)
Recordation	203,191	203,191	236,226	33,035
Total Taxes:	<u>125,036,342</u>	<u>125,036,342</u>	<u>130,457,652</u>	<u>5,421,310</u>
Licenses and permits:				
Vehicle license fees	915,000	915,000	902,902	(12,098)
Dog licenses	15,000	15,000	9,024	(5,976)
Electrical, heating and mechanical permits	250,000	250,000	265,251	15,251
Building and plumbing permits	400,000	400,000	726,066	326,066
Erosion control fees	27,000	27,000	37,125	10,125
Sign permits	8,000	8,000	8,750	750
Other permits	570,500	570,500	852,365	281,865
Total Licenses and permits:	<u>2,185,500</u>	<u>2,185,500</u>	<u>2,801,483</u>	<u>615,983</u>
Intergovernmental:				
Revenue from Federal government	-	6,937	13,171	6,234
Revenue from State agencies:				
State highway assistance	4,103,696	4,103,696	4,206,501	102,805
Reimbursement for constitutional officers	1,634,635	1,634,635	1,680,881	46,246
Police assistance	2,012,664	2,012,664	2,154,332	141,668
Trailer titling tax	1,200	1,200	3,750	2,550
PPTRA revenue	3,498,256	3,498,256	3,498,256	-
Other State assistance	150,000	150,000	226,866	76,866
Revenue from other local governments:				
Revenue sharing - Albemarle County	15,696,360	15,696,360	15,696,360	-
Fire Department operations	191,850	191,850	194,465	2,615
Juvenile and Domestic Relations Court	124,668	124,668	124,668	-
Court revenue	490,000	490,000	438,947	(51,053)
Circuit Court reimbursement	10,000	10,000	10,178	178
University of Virginia service charge	46,000	46,000	76,538	30,538
Payment in lieu of taxes - CRHA	33,828	33,828	24,726	(9,102)
Other local governments	3,350,657	3,354,177	880,599	(2,473,578)
Total Intergovernmental:	<u>31,343,814</u>	<u>31,354,271</u>	<u>29,230,238</u>	<u>(2,124,033)</u>

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT G-1**  
**Page 2 of 5**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Recreation income	1,426,129	1,428,249	1,313,825	(114,424)
Parking meter receipts	1,500	1,500	50,571	49,071
Parking garage revenue	774,828	1,751,983	1,354,591	(397,392)
Solid waste collection fees	1,050,000	1,050,000	1,117,434	67,434
Emergency Medical Services	1,440,000	1,440,000	1,427,530	(12,470)
Tax abatement application fees	-	-	1,750	1,750
DMV Select Commissions	-	-	4,392	4,392
Other charges for services	3,422,463	3,479,399	4,317,050	837,651
Total Charges for services:	<u>8,114,920</u>	<u>9,151,131</u>	<u>9,587,144</u>	<u>436,013</u>
Fines:				
Parking fines	450,000	450,000	362,381	(87,619)
Investment earnings:	515,000	515,000	882,355	367,355
Miscellaneous revenues:				
Rent	495,832	500,080	566,941	66,861
Proceeds from drug seizures	-	6,781	20,778	13,997
Contributions	-	34,218	40,671	6,453
Refund of prior year expenditures	30,000	30,000	273,202	243,202
Indirect cost recovery	125,000	125,000	109,258	(15,742)
Other miscellaneous revenues	921,500	997,172	995,898	(1,274)
Total Miscellaneous revenues:	<u>1,572,332</u>	<u>1,693,251</u>	<u>2,006,747</u>	<u>313,496</u>
Total Revenues	<u>169,217,908</u>	<u>170,385,495</u>	<u>175,328,001</u>	<u>4,942,506</u>
<b>EXPENDITURES-CURRENT</b>				
General government:				
Legislative:				
Mayor and Council	574,520	584,520	514,767	69,753
Reserve for Council	606,400	1,751,050	1,077,437	673,613
First Cities	18,000	18,000	17,870	130
Sister Cities	15,000	72,191	18,179	54,012
Judicial:				
City Circuit Court	928,628	933,465	877,866	55,599
General District Court	21,208	24,273	24,273	-
Court Services Unit	9,820	9,820	9,726	94
Juvenile and Domestic Relations Court	340,227	346,252	346,251	1
Commonwealth's Attorney	1,166,741	1,115,866	1,076,319	39,547
City Sheriff	1,395,065	1,766,581	1,374,844	391,737
Executive:				
City Manager	2,043,785	2,199,954	1,889,141	310,813
Human Rights Commission	250,301	250,301	222,779	27,522
Citywide Reserve	945,281	2,101,799	564,127	1,537,672
Legal:				
City Attorney	1,040,151	1,040,151	923,864	116,287
Financial administration:				
Commissioner of Revenue	1,344,682	1,377,595	1,377,595	-
Real Estate Assessor	823,069	823,069	822,135	934
Treasurer	1,331,312	1,331,312	1,311,265	20,047
Finance - Administration	1,380,986	1,389,656	1,389,656	-
Purchasing	345,052	336,382	308,706	27,675
Personnel administration:				
Human Resources Department	1,226,916	1,226,916	1,147,157	79,759
Elections:				
Office of the Registrar	560,232	598,691	598,691	-

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT G-1**  
**Page 3 of 5**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
General government buildings and plant:				
Public Works - Administration	1,058,663	1,062,183	901,048	161,135
Custodial	457,252	500,452	500,435	17
Maintenance	2,939,658	2,727,013	2,209,758	517,255
Information technology:				
IT Operations	2,881,027	2,934,801	2,851,882	82,919
Total General government:	<u>23,703,975</u>	<u>26,522,292</u>	<u>22,355,772</u>	<u>4,166,521</u>
Public safety:				
Police protection:				
Police Department	17,020,666	17,347,788	17,121,822	225,967
Drug investigation	-	32,067	28,875	3,191
Fire protection:				
Fire Department	11,669,751	11,851,039	11,747,018	104,021
Volunteer Fire Company	22,342	22,342	9,912	12,430
Other protection:				
Contribution - Charlottesville-Albemarle Regional Jail	5,030,787	5,030,787	4,952,622	78,165
Blue Ridge Juvenile Detention Center	892,045	892,045	871,266	20,779
Office of the Magistrate	8,300	8,343	8,343	-
Traffic Engineering	855,075	873,805	902,946	(29,142)
Contribution - Emergency Communications Center	1,585,328	1,585,328	1,573,094	12,234
Four for Life	-	19,747	4,050	15,697
Emergency medical services	777,080	886,972	886,972	-
Crisis Intervention Training	106,449	106,449	82,913	23,536
Total Public safety:	<u>37,967,823</u>	<u>38,656,712</u>	<u>38,189,833</u>	<u>466,879</u>
Community services				
Highways and streets:				
Public Service - Administration	405,792	482,381	482,378	3
Streets and sidewalks	4,537,130	4,442,780	3,602,254	840,526
Public Works - Stormwater	338,681	338,681	320,456	18,225
Street lighting	705,358	713,358	713,092	266
Sanitation:				
Refuse collection and disposal	1,907,571	1,964,821	1,946,009	18,812
Contribution to Ivy Landfill	-	271,189	271,189	-
Transportation:				
Contribution to JAUNT	1,377,047	1,377,047	1,377,047	-
Total Community services	<u>9,271,579</u>	<u>9,590,257</u>	<u>8,712,424</u>	<u>877,833</u>
Health and welfare:				
Health:				
Thomas Jefferson Health Department	561,344	626,344	626,344	-
Region Ten Community Services Board	1,001,865	1,021,865	1,021,865	-
Society for the Prevention of Cruelty to Animals	264,039	264,039	264,039	-
Offender Aid and Restoration	242,403	242,403	242,403	-
Welfare:				
Tax relief for the elderly	400,000	431,179	431,178	1
Rent relief for the elderly	18,000	18,000	16,111	1,889
Tax relief for the disabled	120,000	120,000	105,756	14,244
Rent relief for the disabled	195,000	195,000	188,429	6,571
CHAR homeowners tax relief prog	569,500	569,500	506,800	62,700
Stormwater fee assistance program	20,000	20,000	-	20,000
Education Extension program	49,961	49,961	48,636	1,325
Contributions to community organizations	2,219,333	2,220,713	2,173,023	47,690
Total Health and welfare:	<u>5,661,445</u>	<u>5,779,004</u>	<u>5,624,584</u>	<u>154,420</u>

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT G-1**  
**Page 4 of 5**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	-	1,941,399	1,941,399	-
Contributions to community organizations	178,198	178,198	128,198	50,000
Contributions to festivals	73,000	68,500	43,513	24,987
Recreation:				
Administration	1,003,521	1,009,775	993,763	16,012
Athletics	264,487	270,782	250,687	20,096
Aquatics	2,195,260	2,273,401	2,168,281	105,119
Recreation centers	2,088,565	2,027,685	1,930,235	97,450
Special activities	826,589	937,893	870,794	67,100
Therapeutic programs	370,327	429,983	401,886	28,098
Parks:				
Park maintenance	4,469,616	4,499,356	4,336,065	163,291
Contribution to Towle Park operations	87,553	108,153	108,153	-
Total Parks, recreation and culture:	<u>11,557,115</u>	<u>13,745,126</u>	<u>13,172,973</u>	<u>572,153</u>
Education:				
Contribution to School Board component unit	50,321,149	50,321,149	47,229,709	3,091,440
School pupil transportation	3,346,234	3,185,595	2,558,207	627,388
School maintenance and energy management	3,664,358	3,824,996	3,703,579	121,417
Piedmont Virginia Community College	11,126	11,126	11,126	-
Lighthouse Studio	38,321	38,321	38,321	-
Schoolyard Garden	19,200	19,200	19,200	-
Contributions to community organizations	73,180	73,180	73,180	-
Total Education:	<u>57,473,568</u>	<u>57,473,567</u>	<u>53,633,322</u>	<u>3,840,245</u>
Conservation and development:				
Economic development:				
Office of Economic Development	952,435	1,009,524	862,828	146,696
Chamber of Commerce	1,605	1,605	1,605	-
Contribution to Convention and Visitors Bureau	-	1,038,546	1,038,546	-
Urban redevelopment and housing:				
Parking enterprise	826,621	1,803,776	1,958,573	(154,797)
Neighborhood Development Services Department	4,157,426	4,091,106	3,878,528	212,577
Historic Preservation Task Force	5,000	42,093	-	42,093
Thomas Jefferson Planning District	68,590	68,590	68,590	-
Albemarle Housing Improvement Program	99,050	99,050	99,050	-
Small Business Development Center	12,000	12,000	12,000	-
Contributions to community organizations	145,763	145,763	145,763	-
Total Conservation and development:	<u>6,268,490</u>	<u>8,312,053</u>	<u>8,065,483</u>	<u>246,570</u>
Other activities:				
Virginia Municipal League	16,820	17,342	17,342	-
Employee benefits	1,258,024	1,038,534	1,020,097	18,437
Corporate training program	-	257,029	166,019	91,010
Thomas Jefferson Soil & Water	12,669	12,669	12,669	-
Virginia Institute for Government	2,500	2,500	2,500	-
Alliance for Innovation	2,550	2,550	2,550	-
Rivanna Conservation Alliance	11,000	11,000	11,000	-
National League of Cities	5,000	7,740	7,740	-
Center for Nonprofit Excellence	600	600	600	-
Total Other activities:	<u>1,309,163</u>	<u>1,349,964</u>	<u>1,240,517</u>	<u>109,447</u>
Total Expenditures - Budgetary Basis	<u>153,213,158</u>	<u>161,428,976</u>	<u>150,994,909</u>	<u>10,434,069</u>

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT G-1**  
**Page 5 of 5**

	<u>Budgeted Amounts</u>		<u>Actual-Budget Basis (see Note 1)</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>ENCUMBRANCES</b>				
Less open encumbrances - June 30, 2019	-	-	(1,268,494)	1,268,494
Total Expenditures	<u>153,213,158</u>	<u>161,428,976</u>	<u>149,726,415</u>	<u>11,702,563</u>
Revenues Over Expenditures	<u>16,004,750</u>	<u>8,956,520</u>	<u>25,601,586</u>	<u>16,645,069</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Transfer from Information Technology Fund	-	101,774	101,774	-
Transfer from Capital Projects Fund	-	66,680	66,680	-
Transfer from Water Fund	-	866,528	866,528	-
Transfer from Sewer Fund	-	928,278	928,278	-
Transfer from Gas Fund	-	3,981,395	3,981,395	-
Total Transfers in:	<u>-</u>	<u>5,944,655</u>	<u>5,944,655</u>	<u>-</u>
Transfers out:				
Transfer to State Grants Fund	(33,000)	(46,306)	(20,359)	25,947
Transfer to Social Services Fund	(3,302,777)	(3,302,777)	(3,236,250)	66,527
Transfer to Human Services Fund	(662,030)	(1,074,537)	(1,074,537)	-
Transfer to Children's Services Act Fund	(1,804,722)	(2,064,092)	(2,064,092)	-
Transfer to Virginia Juvenile Comm Crime Control Act Fund	(108,415)	(108,415)	(108,415)	-
Transfer to Transit Fund	(2,437,365)	(2,942,409)	(2,942,409)	-
Transfer to Debt Service Fund	(10,924,263)	(11,003,348)	(11,003,348)	-
Transfer to Capital Projects Fund	(5,458,198)	(8,817,712)	(8,734,280)	83,432
Transfer to Golf Fund	(149,204)	(149,204)	(149,204)	-
Transfer to Gas Fund	-	(59,700)	(59,700)	-
Transfer to Retirement Fund	-	(500,000)	(500,000)	-
Total Transfers out:	<u>(24,879,974)</u>	<u>(30,068,499)</u>	<u>(29,892,594)</u>	<u>175,906</u>
Total Other Financing Sources (Uses), Net	<u>(24,879,974)</u>	<u>(24,123,844)</u>	<u>(23,947,939)</u>	<u>175,906</u>
Net Change in Fund Balance	<u>\$ (8,875,224)</u>	<u>\$ (15,167,325)</u>	1,653,647	<u>\$ 16,820,975</u>
Fund Balance - July 1, 2018 as restated			<u>46,168,437</u>	
Fund Balance - June 30, 2019			<u>\$ 47,822,084</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, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 9,722,791	\$ 9,891,449	\$ 10,152,679	\$ 261,230
Charges for services	-	-	7,925	7,925
Miscellaneous	-	12,512	9,638	(2,874)
Total revenues	<u>9,722,791</u>	<u>9,903,961</u>	<u>10,170,242</u>	<u>266,281</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	14,303,664	14,303,664	13,383,088	920,576
Capital outlay	50,000	50,000	23,624	26,376
Total expenditures - budgetary basis	<u>14,353,664</u>	<u>14,353,664</u>	<u>13,406,712</u>	<u>946,952</u>
Less open encumbrances at June 30	-	-	(220)	(220)
Total expenditures	<u>14,353,664</u>	<u>14,353,664</u>	<u>13,406,492</u>	<u>947,172</u>
Revenues over (under) expenditures	<u>(4,630,873)</u>	<u>(4,449,703)</u>	<u>(3,236,250)</u>	<u>1,213,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,630,733	4,630,733	3,236,250	(1,394,483)
Total other financing sources (uses), net	<u>4,630,733</u>	<u>\$ 4,630,733</u>	<u>3,236,250</u>	<u>(1,394,483)</u>
Net change in fund balance	(140)	181,030	-	(181,030)
<b>FUND BALANCE July 1, 2018</b>	119,698	119,698	119,698	-
<b>FUND BALANCE June 30, 2019</b>	<u>\$ 119,558</u>	<u>\$ 300,728</u>	<u>\$ 119,698</u>	<u>\$ (181,030)</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service cost	\$ 2,718,977	\$ 2,659,173	\$ 2,512,981	\$ 2,500,699	\$ 2,240,673	\$ 2,209,225
Interest	14,162,162	13,594,672	13,196,843	12,850,577	11,096,155	10,715,382
Changes of benefit terms	-	-	(961,615)	-	-	-
Differences between expected and actual experience	2,223,406	3,517,133	1,889,654	26,647	2,803,443	1,767,216
Changes of assumptions	-	-	-	-	17,484,857	-
Benefit payments, including refunds of employee contributions	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Net change in total pension liability	6,324,100	8,122,067	5,608,628	4,875,537	23,652,279	5,422,275
Total pension liability - beginning	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015	147,422,740
Total pension liability - ending (a)	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015
Plan fiduciary net position						
Contributions - employer	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872
Contributions - employee	1,099,463	792,561	329,599	342,352	226,903	138,129
Net investment income	8,946,662	10,527,419	12,294,092	(1,546,127)	3,424,127	15,709,061
Benefit payments, including refunds of employee contributions	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Administrative expense	(240,537)	(228,247)	(253,592)	(268,455)	(272,012)	(239,503)
Other	30	553,281	83,757	-	-	-
Net change in plan fiduciary net position	7,168,967	9,907,003	9,187,705	(4,886,341)	200,941	13,239,011
Plan fiduciary net position - beginning	110,307,442	100,400,439	91,212,734	96,099,075	95,898,134	82,659,123
Plan fiduciary net position - ending	\$ 117,476,409	\$ 110,307,442	\$ 100,400,439	\$ 91,212,734	\$ 96,099,075	\$ 95,898,134
Total net pension liability - ending	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
City Portion of Total net pension liability - ending	\$ 81,214,818	\$ 81,607,092	\$ 82,427,752	\$ 86,534,334	\$ 77,045,318	\$ 54,763,111
JMRL (Library) Portion of total net pension liability - ending	2,638,484	2,842,652	3,769,195	3,255,673	2,968,515	1,950,754
CACVB (Visitors Bureau) portion of net pension liability - ending	97,915	346,340	384,073	370,090	384,386	233,016
	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
Plan fiduciary net position as a percentage of total pension liability	58%	57%	54%	50.29%	54.45%	62.74%
Covered employee payroll	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022
Net pension liability as a percentage of covered employee payroll	212%	224%	235%	258.9%	227.6%	166.3%
<i>Pension liability and related ratios are presented for all pension plan members</i>						
<i>Benefit changes:</i>	No benefit changes were approved by Charlottesville City Council					
<i>Changes of assumptions:</i>	In 2017 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.					
<i>Rate of Return:</i>	The annual money-weighted rate of return on pension plan investments, net of plan investment expense, expresses investment performance adjusted for the changing amounts invested as follows:					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	8.18%	10.49%	13.71%	-1.80%	3.70%	19.40%

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

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

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
CITY PENSION PLAN**

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

Schedule is intended to show information for 10 years. Additional years will be included as they become available  
The schedule does not include member contributions  
Pension liability and related ratios are presented for all pension plan members

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

Methods and assumptions used to determine contribution rates:

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**EXHIBIT H-3**

**SCHEDULE OF FUNDING PROGRESS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS FOR THE YEAR ENDED JUNE 30, 2019**

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**EXHIBIT H-4**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 1,328,196	\$ 1,369,561	\$ 1,310,967
Interest	6,293,159	6,176,094	5,972,029
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(7,892,521)	(628,815)	169,133
Changes in assumptions	-	-	-
Benefit Payments	(5,599,475)	(5,029,754)	(4,549,930)
Net change in total OPEB liability	<u>(5,870,641)</u>	<u>1,887,086</u>	<u>2,902,199</u>
Total OPEB liability - beginning	<u>85,380,320</u>	<u>83,493,234</u>	<u>80,591,035</u>
Total OPEB liability - ending (a)	<u>79,509,679</u>	<u>85,380,320</u>	<u>83,493,234</u>
Plan fiduciary net position			
Contributions - employer	5,488,448	5,217,817	3,928,227
Contributions - employee	1,337,648	1,192,134	1,068,293
Net investment income	3,353,122	3,777,505	4,301,828
Benefit payments, including refunds of employee contributions	(5,599,475)	(5,029,754)	(4,500,181)
Administrative expense	(90,151)	(81,901)	(88,644)
Other	(31)	(503,185)	(21,208)
Net change in plan fiduciary net position	<u>4,489,561</u>	<u>4,572,616</u>	<u>4,688,315</u>
Plan fiduciary net position - beginning	<u>40,440,821</u>	<u>35,868,205</u>	<u>31,179,890</u>
Plan fiduciary net position - ending	<u>\$ 44,930,382</u>	<u>\$ 40,440,821</u>	<u>\$ 35,868,205</u>
Total net OPEB liability - ending	<u>\$ 34,579,297</u>	<u>\$ 44,939,499</u>	<u>\$ 47,625,029</u>
City Portion of Total net pension liability - ending	33,103,660	42,614,612	\$ 43,033,976
JMRL (Library) Portion of total net pension liability - ending	1,428,644	2,094,514	4,114,803
CACVB (Visitors Bureau) portion of net pension liability - ending	46,933	230,373	476,250
	<u>\$ 34,579,237</u>	<u>\$ 44,939,499</u>	<u>\$ 47,625,029</u>
Plan fiduciary net position as a percentage of total pension liability	56.51%	47.37%	42.96%
Covered employee payroll	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404
Net OPEB liability as a percentage of covered employee payroll	87.38%	118.74%	129.41%

*OPEB liability and related ratios are presented for all pension plan members*

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

*Changes of assumptions:* In 2018 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.

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

<u>2018</u>	<u>2017</u>
10.49%	13.71%

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

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



**CHARLOTTESVILLE SCHOOL BOARD  
COMPONENT UNIT**

**Required Supplementary Information**

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

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

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

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

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**  
**VIRGINIA RETIREMENT SYSTEM (VRS)**  
**SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN**

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

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

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

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

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

**SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VIRGINIA RETIREMENT SYSTEM (VRS)  
 SCHOOL BOARD TEACHERS COST SHARING PLAN**

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**EXHIBIT H-8**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 6,158,803	\$ 6,355,218	\$ 5,579,163	\$ 5,166,947	\$ 6,467,698	\$ 4,422,563
Contributions in relation to actuarially determined contribution	6,158,803	6,355,218	5,579,163	5,166,168	5,156,160	3,969,047
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 779</u>	<u>\$ 1,311,538</u>	<u>\$ 453,516</u>
Covered-employee payroll	\$40,460,883	\$38,941,499	\$38,057,049	\$36,749,269	\$ 35,536,803	\$24,299,798
Contributions as a percentage of covered-employee payroll	15.2%	16.3%	14.7%	14.1%	14.5%	16.3%

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

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

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

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- No salary changes

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**EXHIBIT H-9**

**SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**EXHIBIT H-11**

**SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS  
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE FOR OPEB PLANS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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



**SUPPLEMENTARY SECTION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amount		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees and permits	\$ -	\$ 50,575	\$ 50,575	\$ -
Intergovernmental	53,147,795	67,240,547	3,938,162	(63,302,385)
Charges for services	-	5,000	-	(5,000)
Miscellaneous	18,713	194,389	250,012	55,622
Total revenues	<u>53,166,508</u>	<u>67,490,511</u>	<u>4,238,749</u>	<u>(63,251,763)</u>
<b>EXPENDITURES</b>				
Current:				
General government	27,729,626	27,671,343	6,989,174	20,682,169
Public safety	2,367,558	2,601,078	69,800	2,531,278
Community services	6,235,264	6,313,564	2,180,060	4,133,504
Parks, recreation and culture	9,996,638	11,983,718	1,569,369	10,414,349
Education	4,541,757	4,696,250	3,473,244	1,223,006
Conservation and development	82,242,088	96,217,201	13,730,523	82,486,678
Gas	115,923	115,923	3,000	112,923
Information technology	100,000	100,000	-	100,000
Departmental services	1,068,331	1,068,331	4,078	1,064,253
Capital outlay	38,985	38,985	10,209,265	(10,170,280)
Total expenditures - budgetary basis	<u>134,436,170</u>	<u>150,806,393</u>	<u>38,228,513</u>	<u>112,577,880</u>
Less open encumbrances at June 30	-	-	(16,132,058)	16,132,058
Total expenditures	<u>134,436,170</u>	<u>150,806,393</u>	<u>22,096,455</u>	<u>128,709,938</u>
Revenues over (under) expenditures	<u>(81,269,662)</u>	<u>(83,315,882)</u>	<u>(17,857,706)</u>	<u>(65,458,176)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,951,766	11,227,848	9,265,627	(1,962,221)
Transfers out	-	-	(1,144,534)	(1,144,534)
Issuance of debt	15,367,176	15,367,176	9,520,000	(5,847,176)
Premium on issuance of debt	-	-	1,126,606	1,126,606
Total other financing sources (uses), net	<u>23,318,942</u>	<u>26,595,024</u>	<u>18,767,699</u>	<u>(7,827,325)</u>
<b>Net change in fund balance</b>	<u>(57,950,720)</u>	<u>(56,720,858)</u>	<u>909,993</u>	<u>(57,630,851)</u>
<b>FUND BALANCE July 1, 2018</b>	<u>13,108,526</u>	<u>13,108,526</u>	<u>13,108,526</u>	<u>-</u>
<b>FUND BALANCE June 30, 2019</b>	<u>\$ (44,842,194)</u>	<u>\$ (43,612,332)</u>	<u>\$ 14,018,519</u>	<u>\$ (57,630,851)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 158,446	\$ 148,845	\$ 148,845	\$ -
Investment earnings	-	147,680	147,680	-
Total revenues	158,446	296,525	296,525	-
<b>EXPENDITURES</b>				
General government	150,000	193,281	193,281	-
Retirement of principle	7,796,982	7,140,323	7,140,323	-
Interest	3,793,752	3,041,563	3,041,563	-
Total expenditures - budgetary basis	11,740,734	10,375,167	10,375,167	-
Less open encumbrances at June 30	-	-	-	-
Total expenditures	11,740,734	10,375,167	10,375,167	-
Revenue over (under) expenditures	(11,582,288)	(10,078,642)	(10,078,642)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,918,538	11,003,348	11,003,348	-
Total other financing sources (uses), net	10,918,538	11,003,348	11,003,348	-
Net change in fund balance	(663,750)	924,706	924,706	-
<b>FUND BALANCE July 1, 2018</b>	11,905,368	11,905,368	11,905,368	-
<b>FUND BALANCE June 30, 2019</b>	\$ 11,241,618	\$ 12,830,074	\$ 12,830,074	\$ -

## **PENSION TRUST FUNDS**

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

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

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

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	<u>Retirement Fund</u>	<u>Post-Retirement Benefits Fund</u>	<u>Total Pension Trust</u>
<b>ASSETS</b>			
Cash and cash equivalents (note 3b)	\$ 1,914,315	\$ 793,922	\$ 2,708,237
Interest receivable	208,563	79,768	288,331
Investments (note 3b):			
Common stocks	35,344,778	13,518,070	48,862,848
Corporate fixed income securities	9,397,278	3,411,368	12,808,646
Government and agency fixed income securities	13,879,067	5,490,973	19,370,040
Mutual funds:			
Domestic	23,846,397	9,120,365	32,966,762
International	15,841,054	6,058,618	21,899,672
Alternative Investments			
Agriculture	5,107,458	1,953,414	7,060,872
Real estate	11,972,229	4,578,935	16,551,164
Total investments	<u>115,388,261</u>	<u>44,131,743</u>	<u>159,520,004</u>
Total assets	<u>117,511,139</u>	<u>45,005,433</u>	<u>162,516,572</u>
<b>LIABILITIES</b>			
Accounts payable	<u>35,040</u>	<u>13,401</u>	<u>48,441</u>
<b>NET POSITION</b>			
Restricted for pension benefits	117,476,099	-	117,476,099
Restricted for other post employment benefits	<u>-</u>	<u>44,992,032</u>	<u>44,992,032</u>
Total net position	<u>\$ 117,476,099</u>	<u>\$ 44,992,032</u>	<u>\$ 162,468,131</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2019**

	<u>Retirement Fund</u>	<u>Post-Retirement Benefits Fund</u>	<u>Pension Trust</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 10,143,794	\$ 5,488,448	\$ 15,632,242
Plan members	1,099,463	1,337,648	2,437,111
Total contributions	<u>11,243,257</u>	<u>6,826,096</u>	<u>18,069,353</u>
Investment earnings:			
Net increase in fair value of investments	7,637,841	2,862,588	10,500,429
Interest	823,969	308,816	1,132,785
Dividends	1,030,590	386,255	1,416,845
Total investment earnings	9,492,400	3,557,659	13,050,059
Less investment expenses	<u>545,738</u>	<u>204,537</u>	<u>750,275</u>
Net investment earnings	<u>8,946,662</u>	<u>3,353,122</u>	<u>12,299,784</u>
Total additions	<u>20,189,919</u>	<u>10,179,218</u>	<u>30,369,137</u>
<b>DEDUCTIONS</b>			
Pension benefits	12,666,079	-	12,666,079
Refund of plan member contributions	114,365	-	114,365
Other post-retirement benefits	-	5,537,826	5,537,826
Administrative expenses	240,847	90,151	330,998
Total deductions	<u>13,021,291</u>	<u>5,627,977</u>	<u>18,649,268</u>
Increase in net position	7,168,628	4,551,241	11,719,869
Net position - July 1, 2018	<u>110,307,471</u>	<u>40,440,791</u>	<u>150,748,262</u>
Net position - June 30, 2019	<u>\$ 117,476,099</u>	<u>\$ 44,992,032</u>	<u>\$ 162,468,131</u>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

### PERMANENT FUND

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

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

**COMBINED BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2019**

	Special Revenue Funds						Permanent Fund	Totals
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual Care	
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ -	\$ 21,618	\$ 1,805,557	\$ 56,992	\$ -	\$ -	\$ 162,382	\$ 2,046,549
Accounts receivable, net	-	-	1,000	-	65	6,276	120	7,461
Due from other governments	31,812	521,143	1,082,985	-	2,617,271	377,063	-	4,630,274
Loans receivable	773,482	971,358	-	-	-	-	-	1,744,840
Total assets	<u>\$ 805,294</u>	<u>\$ 1,514,119</u>	<u>\$ 2,889,542</u>	<u>\$ 56,992</u>	<u>\$ 2,617,336</u>	<u>\$ 383,339</u>	<u>\$ 162,502</u>	<u>\$ 8,429,124</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 1,391	\$ 143,931	\$ 263,567	\$ -	\$ -	\$ 50,002	\$ -	\$ 458,891
Accrued liabilities	13,914	34,028	141,759	2,089	1,250,162	234,806	-	1,676,758
Due to other governments	773,482	971,358	-	54,903	-	-	-	1,799,743
Due to other funds	16,507	179,064	-	-	1,350,103	91,989	-	1,637,663
Unearned revenue-other	-	26,468	-	-	-	6,542	-	33,010
Total liabilities	<u>805,294</u>	<u>1,354,849</u>	<u>405,326</u>	<u>56,992</u>	<u>2,600,265</u>	<u>383,339</u>	<u>-</u>	<u>5,606,065</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	162,502	162,502
Restricted	-	159,270	-	-	17,071	-	-	176,341
Assigned	-	-	2,484,216	-	-	-	-	2,484,216
Total fund balance	<u>-</u>	<u>159,270</u>	<u>2,484,216</u>	<u>-</u>	<u>17,071</u>	<u>-</u>	<u>162,502</u>	<u>2,823,059</u>
Total liabilities and fund balance	<u>\$ 805,294</u>	<u>\$ 1,514,119</u>	<u>\$ 2,889,542</u>	<u>\$ 56,992</u>	<u>\$ 2,617,336</u>	<u>\$ 383,339</u>	<u>\$ 162,502</u>	<u>\$ 8,429,124</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds						Permanent Fund	Total
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual	
<b>REVENUES</b>								
Intergovernmental	\$ 316,564	\$ 2,494,710	\$ 30,874	\$ 289,386	\$ 7,282,383	\$ 6,156,443	\$ -	\$ 16,570,360
Charges for services	-	-	5,235,881	-	-	482,933	-	5,718,814
Investment earnings	-	923	-	-	-	-	2,381	3,304
Miscellaneous	1,750	5,477	30,044	-	-	57,295	-	94,566
Total revenues	<u>318,314</u>	<u>2,501,110</u>	<u>5,296,799</u>	<u>289,386</u>	<u>7,282,383</u>	<u>6,696,671</u>	<u>2,381</u>	<u>22,387,044</u>
<b>EXPENDITURES</b>								
General government	-	783,562	-	-	-	-	-	783,562
Public safety	-	367,156	-	-	-	-	-	367,156
Community services	-	-	-	-	-	9,269,226	-	9,269,226
Health and welfare	61,262	1,222,634	6,192,832	397,801	9,461,823	-	-	17,336,352
Parks, recreation and culture	-	86,664	-	-	-	-	2,381	89,045
Conservation and development	196,252	191,193	-	-	-	-	-	387,445
Capital outlay	60,800	263,640	-	-	-	685,331	-	1,009,771
Total expenditures	<u>318,314</u>	<u>2,914,849</u>	<u>6,192,832</u>	<u>397,801</u>	<u>9,461,823</u>	<u>9,954,557</u>	<u>2,381</u>	<u>29,242,557</u>
Revenues over (under) expenditures	-	(413,739)	(896,033)	(108,415)	(2,179,440)	(3,257,886)	-	(6,855,513)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	365,328	1,074,537	108,415	2,064,092	3,257,886	-	6,870,258
Transfers out	-	-	(113,938)	-	-	-	-	(113,938)
Total other financing sources, net	<u>-</u>	<u>365,328</u>	<u>960,599</u>	<u>108,415</u>	<u>2,064,092</u>	<u>3,257,886</u>	<u>-</u>	<u>6,756,320</u>
Net change in fund balance	-	(48,411)	64,566	-	(115,348)	-	-	(99,193)
<b>FUND BALANCE - JULY 1, 2018</b>	-	207,681	2,419,650	-	132,419	-	162,502	2,922,252
<b>FUND BALANCE - JUNE 30, 2019</b>	<u>\$ -</u>	<u>\$ 159,270</u>	<u>\$ 2,484,216</u>	<u>\$ -</u>	<u>\$ 17,071</u>	<u>\$ -</u>	<u>\$ 162,502</u>	<u>\$ 2,823,059</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 965,632	\$ 965,632	\$ 316,564	\$ (649,068)
Miscellaneous	-	-	1,750	1,750
Total revenues	<u>965,632</u>	<u>965,632</u>	<u>318,314</u>	<u>(647,318)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	61,262	61,262	61,262	-
Conservation and development	904,370	843,570	251,858	637,162
Capital outlay	-	60,800	60,800	-
Total expenditures - budgetary basis	<u>965,632</u>	<u>965,632</u>	<u>373,920</u>	<u>637,162</u>
Less open encumbrances at June 30	-	-	(55,606)	(55,606)
Total expenditures	<u>965,632</u>	<u>965,632</u>	<u>318,314</u>	<u>647,318</u>
Revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
<b>FUND BALANCE - JULY 1, 2018</b>	-	-	-	-
<b>FUND BALANCE - JUNE 30, 2019</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 482,503	\$ 3,030,532	\$ 2,494,710	\$ (535,822)
Charges for services	-	35,000	-	(35,000)
Investment earnings	-	-	923	923
Miscellaneous	47,822	48,299	5,477	(42,822)
<b>Total revenues</b>	<b>530,325</b>	<b>3,113,831</b>	<b>2,501,110</b>	<b>(612,721)</b>
<b>EXPENDITURES</b>				
Current:				
General government	146,852	1,001,957	783,562	218,395
Public safety	183,561	969,551	393,741	575,810
Health and welfare	205,661	1,356,821	1,304,610	52,211
Parks, recreation and culture	15,897	112,288	86,664	25,624
Conservation and development	219,342	455,980	376,218	79,762
Capital outlay	-	-	263,640	(263,640)
<b>Total expenditures - - budgetary basis</b>	<b>771,313</b>	<b>3,896,597</b>	<b>3,208,435</b>	<b>951,802</b>
Less open encumbrances at June 30	-	-	(293,586)	(293,586)
<b>Total expenditures</b>	<b>771,313</b>	<b>3,896,597</b>	<b>2,914,849</b>	<b>981,748</b>
Revenues over (under) expenditures	(240,988)	(782,766)	(413,739)	369,027
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	43,307	585,085	365,328	(219,757)
<b>Total other financing sources (uses), net</b>	<b>43,307</b>	<b>585,085</b>	<b>365,328</b>	<b>(219,757)</b>
Net change in fund balance	(197,681)	(197,681)	(48,411)	149,270
<b>FUND BALANCE - JULY 1, 2018</b>	<b>207,681</b>	<b>\$ 207,681</b>	<b>207,681</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2019</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 159,270</b>	<b>\$ 149,270</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
HUMAN SERVICES FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 56,718	\$ 48,718	\$ 30,874	\$ (17,844)
Charges for services	4,780,976	4,780,976	5,235,881	454,905
Miscellaneous	10,384	10,384	30,044	19,661
Total revenues	<u>4,848,078</u>	<u>4,840,078</u>	<u>5,296,799</u>	<u>456,722</u>
<b>EXPENDITURES</b>				
Current:				
	-	405,000	-	405,000
Health and welfare	<u>5,594,145</u>	<u>6,001,652</u>	<u>6,214,598</u>	<u>(212,947)</u>
Total expenditures - budgetary basis	<u>5,594,145</u>	<u>6,406,652</u>	<u>6,214,598</u>	<u>192,053</u>
Less open encumbrances at June 30	-	-	(21,766)	(21,766)
Total expenditures	<u>5,594,145</u>	<u>6,406,652</u>	<u>6,192,832</u>	<u>213,819</u>
Revenues over (under) expenditures	<u>(746,067)</u>	<u>(1,566,574)</u>	<u>(896,033)</u>	<u>670,541</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	741,018	1,664,275	1,074,537	(589,738)
Transfers out	-	(102,750)	(113,938)	(11,188)
Total other financing sources (uses), net	<u>741,018</u>	<u>1,561,525</u>	<u>960,599</u>	<u>(600,926)</u>
Net change in fund balance	(5,049)	(5,049)	64,566	69,615
<b>FUND BALANCE - JULY 1, 2018</b>	<u>2,419,650</u>	<u>2,419,650</u>	<u>2,419,650</u>	<u>-</u>
<b>FUND BALANCE - JUNE 30, 2019</b>	<u>\$ 2,414,601</u>	<u>\$ 2,414,601</u>	<u>\$ 2,484,216</u>	<u>\$ (69,615)</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
VJCCCA GRANT FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 344,289	\$ 289,386	\$ (54,903)
Total revenues	-	344,289	289,386	(54,903)
<b>EXPENDITURES</b>				
Current:				
Health and welfare	-	452,704	397,801	54,903
Total expenditures - budgetary basis	\$ -	452,704	397,801	54,903
Less open encumbrances at June 30	-	-	-	-
Total expenditures	-	452,704	397,801	54,903
Revenues over (under) expenditures	-	(108,415)	(108,415)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	108,415	108,415	-
Total other financing sources (uses), net	-	108,415	108,415	-
Net change in fund balance	-	-	-	-
<b>FUND BALANCE - JULY 1, 2018</b>	-	-	-	-
<b>FUND BALANCE - JUNE 30, 2019</b>	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CHILDREN'S SERVICES ACT FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 6,434,734	\$ 6,434,734	\$ 7,282,383	\$ 847,649
Total revenues	6,434,734	6,434,734	7,282,383	847,649
<b>EXPENDITURES</b>				
Current:				
Health and welfare	8,239,456	8,239,456	9,461,823	(1,222,367)
Total expenditures - budgetary basis	8,239,456	8,239,456	9,461,823	(1,222,367)
Less open encumbrances at June 30	-	-	-	-
Total expenditures	8,239,456	8,239,456	9,461,823	(1,222,367)
Revenues over (under) expenditures	(1,804,722)	(1,804,722)	(2,179,440)	(374,718)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,804,722	1,804,722	2,064,092	259,370
Total other financing sources (uses), net	1,804,722	1,804,722	2,064,092	259,370
Net change in fund balance	-	-	(115,348)	(115,348)
<b>FUND BALANCE - JULY 1, 2018</b>	132,419	132,419	132,419	-
<b>FUND BALANCE - JUNE 30, 2019</b>	\$ 132,419	\$ 132,419	\$ 17,071	\$ (115,348)

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 5,483,167	\$ 6,181,194	\$ 6,156,443	\$ (24,751)
Charges for services	723,320	732,951	482,933	(250,018)
Miscellaneous	39,882	39,882	57,295	17,413
Total revenues	<u>6,246,369</u>	<u>6,954,027</u>	<u>6,696,671</u>	<u>(257,356)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	8,864,569	9,672,996	9,314,966	358,030
Capital outlay	793,915	693,146	685,331	7,815
Total expenditures - budgetary basis	<u>9,658,484</u>	<u>10,366,142</u>	<u>10,000,297</u>	<u>365,845</u>
Less open encumbrances at June 30	-	-	(45,740)	(45,740)
Total expenditures	<u>9,658,484</u>	<u>10,366,142</u>	<u>9,954,557</u>	<u>320,105</u>
Revenues over (under) expenditures	<u>(3,412,115)</u>	<u>(3,412,115)</u>	<u>(3,257,886)</u>	<u>(154,229)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,364,868	3,364,868	3,257,886	(106,982)
Total other financing sources (uses), net	<u>3,364,868</u>	<u>3,364,868</u>	<u>3,257,886</u>	<u>(106,982)</u>
Net change in fund balance	(47,247)	(47,247)	-	(47,247)
<b>FUND BALANCE - JULY 1, 2018</b>	-	-	-	-
<b>FUND BALANCE - JUNE 30, 2019</b>	<u>\$ (47,247)</u>	<u>\$ (47,247)</u>	<u>\$ -</u>	<u>\$ (47,247)</u>

## INTERNAL SERVICE FUNDS

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

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

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

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

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

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**
**JUNE 30, 2019**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,646,579	\$ (18,280)	\$ 39,321	\$ 14,547,068	\$ 20,214,688
Accounts receivable, net	-	-	27,844	-	27,844
Inventories	-	127,968	559,612	-	687,580
Prepaid expenses	-	-	-	110,936	110,936
Total current assets	<u>5,646,579</u>	<u>109,688</u>	<u>626,777</u>	<u>14,658,004</u>	<u>21,041,048</u>
Noncurrent assets:					
Buildings and improvements	-	48,364	-	-	48,364
Vehicles	-	66,848	-	-	66,848
Equipment	9,108,368	266,521	20,067	-	9,394,956
Accumulated depreciation	(8,964,964)	(380,420)	(15,719)	-	(9,361,103)
Total noncurrent assets	<u>143,404</u>	<u>1,313</u>	<u>4,348</u>	<u>-</u>	<u>149,065</u>
Total assets	<u>5,789,983</u>	<u>111,001</u>	<u>631,125</u>	<u>14,658,004</u>	<u>21,190,113</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges-pension	266,900	272,086	43,260	39,093	621,339
Deferred charges-OPEB	7,506	61,890	11,109	9,274	89,779
Total deferred outflows of resources	<u>274,406</u>	<u>333,976</u>	<u>54,369</u>	<u>48,367</u>	<u>711,118</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	610	51,329	19,045	33,092	104,076
Accrued liabilities	6,907	46,489	6,081	2,850,123	2,909,600
Liabilities due in less than one year	898	5,038	464	1,830	8,230
Total current liabilities	<u>8,415</u>	<u>102,856</u>	<u>25,590</u>	<u>2,885,045</u>	<u>3,021,906</u>
Noncurrent liabilities:					
Liabilities due in more than one year	6,584	36,950	3,404	13,417	60,355
Net pension liability	1,530,513	1,024,175	137,158	39,713	2,731,559
Net OPEB liability	902,646	515,669	76,358	68,853	1,563,526
Total noncurrent liabilities	<u>2,439,743</u>	<u>1,576,794</u>	<u>216,920</u>	<u>121,983</u>	<u>4,355,440</u>
Total liabilities	<u>2,448,158</u>	<u>1,679,650</u>	<u>242,510</u>	<u>3,007,028</u>	<u>7,377,346</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred charges-pension	120,655	67,369	10,239	6,745	205,008
Deferred charges-OPEB	48,981	26,016	3,914	3,762	82,673
Total deferred inflows of resources	<u>169,636</u>	<u>93,385</u>	<u>14,153</u>	<u>10,507</u>	<u>287,681</u>
<b>NET POSITION</b>					
Net investment in capital assets	143,404	1,315	4,348	-	149,067
Unrestricted	3,303,192	(1,329,372)	424,483	11,688,836	14,087,139
Total net position	<u>\$ 3,446,596</u>	<u>\$ (1,328,057)</u>	<u>\$ 428,831</u>	<u>\$ 11,688,836</u>	<u>\$ 14,236,206</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**
**JUNE 30, 2019**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,540,488	\$ 2,185,553	\$ 986,772	\$ 19,941,167	\$ 24,653,980
Total operating revenues	<u>1,540,488</u>	<u>2,185,553</u>	<u>986,772</u>	<u>19,941,167</u>	<u>24,653,980</u>
<b>OPERATING EXPENSES</b>					
Purchases for resale	-	1,185,256	804,776	-	1,990,032
Personnel costs	389,984	879,139	131,080	417,046	1,817,249
Materials and supplies	689,326	93,190	4,836	5,014	792,366
Contractual services and charges	144,151	260,463	40,492	900,507	1,345,613
Depreciation	32,630	343	2,007	-	34,980
Claims incurred	-	-	-	13,281,774	13,281,774
Insurance premiums	-	-	-	3,011,602	3,011,602
Total operating expenses	<u>1,256,091</u>	<u>2,418,391</u>	<u>983,191</u>	<u>17,615,943</u>	<u>22,273,616</u>
Operating income (loss)	<u>284,397</u>	<u>(232,838)</u>	<u>3,581</u>	<u>2,325,224</u>	<u>2,380,364</u>
<b>NONOPERATING REVENUES</b>					
Gain/Loss on capital asset disposition	-	3,654	-	-	3,654
Interest income	-	-	-	109,342	109,342
Insurance recovery	-	-	-	48,204	48,204
Total nonoperating revenues	<u>-</u>	<u>3,654</u>	<u>-</u>	<u>157,546</u>	<u>161,200</u>
Profit/(Loss) before transfers	<u>284,397</u>	<u>(229,184)</u>	<u>3,581</u>	<u>2,482,770</u>	<u>2,541,564</u>
Transfers out	<u>(101,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,774)</u>
Total transfers, net	<u>(101,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,774)</u>
Change in net position	<u>182,623</u>	<u>(229,184)</u>	<u>3,581</u>	<u>2,482,770</u>	<u>2,439,790</u>
Total net position - July 1, 2018	<u>3,263,973</u>	<u>(1,098,873)</u>	<u>425,250</u>	<u>9,206,066</u>	<u>11,796,416</u>
Total net position - June 30, 2019	<u>\$ 3,446,596</u>	<u>\$ (1,328,057)</u>	<u>\$ 428,831</u>	<u>\$ 11,688,836</u>	<u>\$ 14,236,206</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**
**JUNE 30, 2019**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,540,488	\$ 2,185,553	\$ 978,113	\$ 19,941,167	\$ 24,645,321
Payments to suppliers	(913,847)	(1,550,215)	(934,002)	(17,123,987)	(20,522,051)
Payments to employees	(197,166)	(872,690)	(135,651)	(308,697)	(1,514,204)
Net cash provided by (used in) operating activities	<u>429,475</u>	<u>(237,352)</u>	<u>(91,540)</u>	<u>2,508,483</u>	<u>2,609,066</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>					
Insurance recovery	-	-	-	48,204	48,204
Transfers out	(101,774)	-	-	-	(101,774)
Net cash provided by (used in) noncapital financing activities	<u>(101,774)</u>	<u>-</u>	<u>-</u>	<u>48,204</u>	<u>(53,570)</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	-	3,654	-	-	3,654
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>3,654</u>	<u>-</u>	<u>-</u>	<u>3,654</u>
<b>INVESTING ACTIVITIES</b>					
Interest on investments	-	-	-	109,342	109,342
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,342</u>	<u>109,342</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>327,701</b>	<b>(233,698)</b>	<b>(91,540)</b>	<b>2,666,029</b>	<b>2,668,492</b>
<b>Balances - July 1, 2018</b>	<b>5,318,878</b>	<b>215,418</b>	<b>130,861</b>	<b>11,881,039</b>	<b>17,546,196</b>
<b>Balances - June 30, 2019</b>	<b>\$ 5,646,579</b>	<b>\$ (18,280)</b>	<b>\$ 39,321</b>	<b>\$ 14,547,068</b>	<b>\$ 20,214,688</b>
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>					
Operating income (loss)	284,396	(232,838)	3,581	2,325,224	2,380,363
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	32,630	343	2,008	-	34,981
(Increase) decrease in accounts receivable	-	-	(8,659)	-	(8,659)
(Increase) decrease in inventories	-	5,485	(77,406)	-	(71,921)
Increase (decrease) in accounts payable	(80,370)	(16,791)	(6,493)	208,118	104,464
Increase (decrease) in accrued liabilities	(78,689)	(972)	1,677	(16,000)	(93,984)
Increase (decrease) in compensated absences	(49,333)	8,223	(642)	13,252	(28,500)
Increase (decrease) in insurance claims payable	-	-	-	(19,376)	(19,376)
Net pension liability change for measurement year	241,998	16,508	(1,122)	512	257,896
Net OPEB liability change for measurement year	78,843	(17,310)	(4,484)	(3,247)	53,802
Net cash provided by (used in) operating activities	<u>\$ 429,475</u>	<u>\$ (237,352)</u>	<u>\$ (91,540)</u>	<u>\$ 2,508,483</u>	<u>\$ 2,609,066</u>



**CHARLOTTESVILLE SCHOOL BOARD  
COMPONENT UNIT**

**Financial Statements**

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,713,223
Accounts receivable, net	344,161
Due from other governments	2,635,929
Capital assets:	
Land	982,889
Depreciable assets, net	<u>22,477,259</u>
Total assets	<u>35,153,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges - pension	7,595,816
Deferred charges - OPEB	<u>1,018,159</u>
Total deferred outflows of resources	<u>8,613,975</u>
<b>LIABILITIES</b>	
Accounts payable	1,230,414
Accrued liabilities	5,841,645
Unearned revenue	302,347
Long-term liabilities:	
Amounts due within one year	413,187
Amounts due in more than one year	3,415,268
Net pension liability	55,942,044
Net OPEB liability	<u>12,917,000</u>
Total liabilities	<u>80,061,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred credits - pension	6,597,336
Deferred credits - OPEB	<u>570,000</u>
Total deferred inflows of resources	<u>7,167,336</u>
<b>NET POSITION</b>	
Net investment in capital assets	23,460,148
Restricted	2,008,369
Unrestricted	<u>(68,930,324)</u>
Total net position	<u>\$ (43,461,807)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

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	\$ 59,316,718	\$ 2,460,842	\$ 8,750,937	\$ -	\$ (48,104,939)
Support services - student based	9,871,711	266,606	-	-	(9,605,105)
Administrative support services	5,271,287	178,771	-	-	(5,092,516)
Total School Board	<u>\$ 74,459,716</u>	<u>\$ 2,906,219</u>	<u>\$ 8,750,937</u>	<u>\$ -</u>	<u>(62,802,560)</u>
<b>General Revenues:</b>					
					15,697,356
					<u>47,229,709</u>
					<u>62,927,065</u>
					124,505
					<u>(43,586,312)</u>
					<u>\$ (43,461,807)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<b>General Fund</b>	<b>Grant and Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,809,577	\$ 417,248	\$ 6,226,825
Accounts receivable, net	217,740	126,421	344,161
Due from other governments	368,011	2,267,918	2,635,929
Total assets	<u>\$ 6,395,328</u>	<u>\$ 2,811,587</u>	<u>\$ 9,206,915</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,106,096	\$ 124,319	\$ 1,230,414
Accrued liabilities	4,283,906	661,229	4,945,135
Unearned revenue	284,677	17,670	302,347
Total liabilities	<u>5,674,679</u>	<u>803,218</u>	<u>6,477,897</u>
<b>Fund Balance</b>			
Restricted	-	2,008,369	2,008,369
Unassigned	720,650	-	720,650
Total fund balances	<u>720,650</u>	<u>2,008,369</u>	<u>2,729,019</u>
Total liabilities and fund balances	<u>\$ 6,395,329</u>	<u>\$ 2,811,587</u>	<u>\$ 9,206,916</u>
Total fund balances per Balance Sheet for Governmental Funds			\$ 2,729,019
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.			23,460,149
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the governmental funds are not included in the fund balance.			
Net deferred inflow and outflows of resources for pension changes			998,479
Net deferred inflow and outflows of resources for OPEB changes			448,159
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			1,589,887
Some liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position			
Capital lease			(385,239)
Compensated absences			(3,443,217)
Net pension liability			(55,942,044)
Net OPEB liability			(12,917,000)
Net position of governmental activities			<u>\$ (43,461,807)</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, 2019**

	General Fund	Grant and Other Governmental Funds	Totals
<b>REVENUES</b>			
City contribution (net of contactual services)	\$ 44,765,283	\$ 2,464,426	\$ 47,229,709
Intergovernmental	15,697,356	8,750,937	24,448,293
Charges for services	876,138	617,680	1,493,818
Miscellaneous	178,770	1,233,632	1,412,402
Total revenues	<u>61,517,547</u>	<u>13,066,675</u>	<u>74,584,222</u>
<b>EXPENDITURES</b>			
Current:			
Instruction and instruction related services	50,712,077	8,875,262	59,587,339
Support services - student based	6,415,940	3,695,024	10,110,964
Administrative support services	4,451,290	-	4,451,290
Debt Service:			
Principal	-	412,896	412,896
Interest	-	8,607	8,607
Total expenditures	<u>61,579,307</u>	<u>12,991,789</u>	<u>74,571,096</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>(61,760)</u>	<u>74,886</u>	<u>13,126</u>
Net change in fund balance	(61,760)	74,886	13,126
<b>FUND BALANCE - JULY 1, 2018</b>	<u>782,410</u>	<u>1,933,483</u>	<u>2,715,893</u>
<b>FUND BALANCE - JUNE 30, 2019</b>	<u>\$ 720,650</u>	<u>\$ 2,008,369</u>	<u>\$ 2,729,019</u>
Net change in fund balances - total governmental funds			\$ 13,126
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)			144,210
City's loss on disposition of capital assets, net of depreciation, for which debt has been repaid			
Depreciation expense			(1,559,581)
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			(199,399)
Change in unfunded liability for postemployment medical benefits			
Change in pension outflows and inflows			(27,676)
Change in OPEB outflows and inflows			27,991
Change in net pension liability			2,801,676
Change in net OPEB liability			(157,000)
Governmental funds report the proceeds from the issuance of capital leases as revenue, while the government-wide statements report this as a liability. In addition, the principal payments in the lease are not reflected as an expense on the statement of activities.			
			(395,382)
The net income of internal service funds is combined with governmental activities on the Statement of Activities			
			<u>(523,460)</u>
Change in net position of governmental activities			<u>\$ 124,505</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUND  
JUNE 30, 2019

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	<u>Healthcare</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,485,130
Accounts receivable, net	<u>1,267</u>
Total assets	<u>2,486,397</u>
<b>ACCRUED LIABILITIES</b>	
Accrued liabilities	<u>896,510</u>
Total liabilities	<u>896,510</u>
<b>NET POSITION</b>	
Unrestricted	<u>1,589,887</u>
Total net position	<u>\$ 1,589,887</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, 2019**

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	<u>Healthcare</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 7,558,048
Total operating revenues	<u>7,558,048</u>
 <b>OPERATING EXPENSES</b>	
Claims incurred and related charges	<u>8,081,508</u>
Total operating expenses	<u>8,081,508</u>
 Operating income	<u>(523,460)</u>
 Change in net position	(523,460)
 Total net position - July 1, 2018	<u>2,113,347</u>
Total net position - June 30, 2019	<u>\$ 1,589,887</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>Healthcare</u>
<b>OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 7,556,781
Payments to suppliers	<u>(7,560,777)</u>
Net cash used in operating activities	<u>(3,996)</u>
Net decrease in cash and cash equivalents	(3,996)
Cash and cash equivalents, July 1, 2018	<u>2,489,126</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 2,485,130</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (523,460)
Adjustments to reconcile operating income to net	
Cash used in operating activities:	(1,268)
Increase in accrued liabilities	<u>520,732</u>
Net cash used in operating activities	<u>\$ (3,996)</u>



**STATISTICAL SECTION**

## STATISTICAL SECTION

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

### Contents

#### **Financial Trends**

**Tables 1 - 4**

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

#### **Revenue Capacity**

**Tables 5 - 10**

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

#### **Debt Capacity**

**Tables 11 - 14**

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

#### **Economic and Demographic Information**

**Tables 15 - 17**

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

#### **Operating Information**

**Tables 18 - 20**

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

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

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 150,327,831	\$ 147,349,262	\$ 129,422,307	\$ 138,310,542	\$ 132,554,513	\$ 139,313,423	\$ 105,462,444	\$ 122,164,890	\$ 116,844,116	\$ 133,087,240
Restricted For:										
Expendable	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164	10,000	10,000
Nonexpendable	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501	162,501	162,501	162,501
Unrestricted	(6,781,306)	(10,616,958)	34,145,789	11,167,288	23,465,667	67,085,400	85,110,590	60,401,741	72,528,272	66,615,278
Total governmental activities net position	\$ 144,215,058	\$ 137,256,907	\$ 169,609,689	\$ 155,466,381	\$ 158,382,992	\$ 209,002,760	\$ 192,927,182	\$ 189,131,296	\$ 189,544,889	\$ 199,875,019
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 43,208,912	\$ 41,719,356	\$ 33,246,970	\$ 28,416,350	\$ 26,407,757	\$ 25,036,215	\$ 37,760,064	\$ 21,862,917	\$ 21,900,131	\$ 21,576,238
Restricted-expendable	-	-	-	-	-	-	-	-	27,817	-
Unrestricted	8,577,443	5,800,462	19,663,499	24,816,588	21,070,253	25,377,815	11,374,395	24,882,257	24,327,004	22,368,111
Total business-type activities net position	\$ 51,786,355	\$ 47,519,818	\$ 52,910,469	\$ 53,232,938	\$ 47,478,010	\$ 50,414,030	\$ 49,134,459	\$ 46,745,174	\$ 46,254,952	\$ 43,944,349
<b>Primary Government:</b>										
Net investment in capital assets	\$ 193,536,743	\$ 189,068,618	\$ 162,669,277	\$ 166,726,892	\$ 158,962,270	\$ 164,349,638	\$ 143,222,508	\$ 144,027,807	\$ 138,744,247	\$ 154,663,478
Restricted For:										
Expendable	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164	37,817	10,000
Nonexpendable	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501	162,501	162,501	162,501
Unrestricted	1,796,137	(4,816,496)	53,809,288	35,983,876	44,535,920	92,463,215	96,484,985	85,283,998	96,855,276	88,983,389
Total primary government net position	\$ 196,001,413	\$ 184,776,725	\$ 222,520,158	\$ 208,699,319	\$ 205,861,002	\$ 259,416,790	\$ 242,061,641	\$ 235,876,470	\$ 235,799,841	\$ 243,819,368

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**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
Governmental activities:										
General government	\$ 28,445,537	\$ 21,921,172	\$ 25,116,791	\$ 27,127,026	\$ 26,796,174	\$ 24,270,356	\$ 23,535,445	\$ 22,483,608	\$ 23,634,491	\$ 20,411,765
Public safety	39,513,247	39,334,221	45,118,838	38,827,913	33,615,196	33,358,970	32,597,684	32,258,520	30,545,681	30,547,357
Community services	22,110,867	19,938,224	25,259,071	23,003,605	22,323,559	20,704,251	20,052,677	23,670,432	22,348,563	21,293,487
Health and welfare	35,670,836	34,893,670	37,155,165	31,493,206	31,115,213	29,785,968	30,274,966	30,034,547	30,820,530	31,358,502
Parks, recreation and culture	14,061,131	13,476,760	17,120,453	13,868,610	12,782,459	12,666,217	12,368,616	11,256,003	10,053,398	9,546,796
Education	55,709,768	52,237,967	52,714,685	50,053,416	52,968,559	45,368,328	51,677,155	42,460,291	57,974,958	41,990,709
Conservation and development	15,426,140	15,142,115	12,626,012	10,244,623	9,501,823	8,870,158	10,373,102	14,171,433	7,743,918	6,985,191
Interest on long-term debt	860,768	3,705,543	1,746,162	2,465,754	3,604,179	2,241,591	2,359,980	5,100,955	2,733,665	2,454,390
Total governmental activities	211,798,294	200,649,672	216,857,177	197,084,153	192,707,162	177,265,839	183,239,625	181,435,789	185,855,204	164,588,197
Business-type activities:										
Water	10,037,485	9,056,356	8,971,472	8,332,731	8,988,566	8,834,334	8,162,082	8,417,556	8,321,515	8,009,139
Sewer	13,623,419	10,762,194	10,301,902	10,583,241	10,770,341	11,503,795	9,858,802	9,829,643	8,416,888	8,840,500
Gas	22,276,461	23,467,175	23,698,603	18,420,330	26,493,000	28,239,126	23,788,374	22,288,691	24,869,854	25,111,699
Other enterprise funds	1,616,129	1,459,846	1,534,483	1,393,942	1,341,548	1,038,023	871,628	912,244	617,357	1,198,157
Total business-type activities	47,553,494	44,745,571	44,506,460	38,730,244	47,593,455	49,615,278	42,680,886	41,448,134	42,225,614	43,159,495
<b>Total Primary Government Expenses</b>	<b>\$ 259,351,788</b>	<b>\$ 245,395,243</b>	<b>\$ 261,363,637</b>	<b>\$ 235,814,397</b>	<b>\$ 240,300,617</b>	<b>\$ 226,881,117</b>	<b>\$ 225,920,511</b>	<b>\$ 222,883,923</b>	<b>\$ 228,080,818</b>	<b>\$ 207,747,692</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services										
General government	\$ 2,171,318	\$ 900,906	\$ 7,808,336	\$ 13,289,075	\$ 13,365,582	\$ 14,156,093	\$ 14,000,028	\$ 12,718,913	\$ 11,509,211	\$ 10,624,798
Public safety	56,035	165,172	7,130,597	12,349	16,206	10,969	29,778	29,919	31,416	42,850
Community services	1,305,654	1,336,122	5,112,907	1,968,282	1,808,948	1,820,062	1,843,964	1,840,737	1,786,899	1,945,796
Health and welfare	5,235,853	5,594,608	8,753,432	4,653,306	4,588,956	4,203,244	3,923,086	3,950,369	4,305,042	2,719,628
Parks, recreation and culture	1,588,889	1,117,006	5,350,770	1,630,679	1,744,910	1,785,912	1,610,587	1,372,958	1,214,220	943,705
Education	210,003	209,591	1,288,687	214,120	243,413	273,615	208,988	229,949	203,713	228,853
Conservation and development	4,803,067	2,787,740	3,922,782	40,047	34,496	27,506	21,321	28,322	23,487	27,685
Operating Grants and Contributions										
General government	3,065,503	2,503,684	29,242,564	151,621	2,212,016	2,275,679	1,762,119	1,643,234	2,022,303	2,099,757
Public safety	4,686,110	997,666	1,636,764	718,675	889,252	2,647,082	1,675,385	1,906,155	1,632,513	1,554,604
Community services	7,623,041	8,204,371	5,441,190	5,028,690	11,009,042	8,184,560	8,107,968	9,074,860	8,839,499	7,947,633
Health and welfare	1,838,249	18,423,390	17,076,168	16,730,096	17,046,746	15,664,102	16,278,179	16,481,533	17,810,096	18,163,600
Parks, recreation and culture	621,157	644,671	467,158	218,771	142,942	265,890	904,083	76,725	45,382	51,953
Education	-	228,081	347,685	217,188	269,716	232,043	562,087	566,776	566,566	224,203
Conservation and development	3,502,830	3,292,265	4,506,454	185,529	133,588	63,905	238,338	344,349	459,922	-
Capital Grants and Contributions										
General government	-	-	-	-	-	-	-	350,876	11,728	630,275
Public safety	154,845	154,845	154,845	-	-	-	12,825	383,584	-	-
Community services	661,930	411,471	592,408	3,039,031	6,948,100	13,486,069	6,776,156	5,070,874	1,990,553	13,285,028
Education	-	-	-	119,915	144,700	-	-	456,441	113,912	22,432
Conservation and development	60,800	3,323,240	5,977,748	-	33,162	16,839	59,500	115,398	-	-
Total governmental activities	37,585,284	50,294,829	104,810,495	48,217,374	60,631,775	65,113,570	58,014,392	56,641,972	52,566,462	60,512,800
Business-type activities:										
Charges for Services										
Water	11,815,767	11,049,045	11,189,236	10,311,760	9,868,917	9,163,447	9,064,161	8,923,040	9,244,578	9,134,985
Sewer	15,201,858	14,562,317	14,704,642	13,254,116	11,970,322	11,338,460	10,554,384	9,121,471	9,066,402	8,952,616
Gas	27,104,835	22,419,210	20,544,734	22,813,188	30,826,233	33,856,411	29,779,891	27,619,960	30,360,501	29,860,371
Other enterprise funds	2,720,462	2,780,797	2,810,284	2,719,146	2,818,345	1,780,508	842,787	939,797	949,264	1,064,929
Operating Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	-	-	17,105	54,667
Capital Grants and Contributions										
Other enterprise funds	-	-	-	-	68,552	-	-	18,800	-	-
Total business-type activities	56,842,922	50,811,369	49,248,896	49,098,210	55,552,369	56,138,826	50,241,223	46,623,068	49,637,850	49,067,568
<b>Total Primary Government Revenues</b>	<b>\$ 94,428,206</b>	<b>\$ 101,106,198</b>	<b>\$ 154,059,391</b>	<b>\$ 97,315,584</b>	<b>\$ 116,184,144</b>	<b>\$ 121,252,396</b>	<b>\$ 108,255,615</b>	<b>\$ 103,265,040</b>	<b>\$ 102,204,312</b>	<b>\$ 109,580,368</b>

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

	2018	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Net (Expense) Revenue</b>										
Governmental activities:										
General government	\$ (23,208,716)	\$ (18,516,582)	\$ 11,934,109	\$ (13,686,330)	\$ (11,218,576)	\$ (7,838,584)	\$ (7,773,298)	\$ (7,770,585)	\$ (10,091,249)	\$ (7,056,935)
Public safety	(34,616,257)	(38,016,538)	(36,196,632)	(38,096,889)	(32,709,738)	(30,700,919)	(30,879,696)	(29,938,862)	(28,881,752)	(28,949,903)
Community services	(12,520,242)	(9,986,260)	(14,112,566)	(12,967,602)	(2,557,469)	2,786,440	(3,324,589)	(7,683,961)	(9,731,612)	1,884,970
Health and welfare	(28,596,734)	(10,875,672)	(11,325,565)	(10,109,804)	(9,479,511)	(9,918,622)	(10,073,701)	(9,602,645)	(8,705,392)	(10,475,274)
Parks, recreation and culture	(11,851,085)	(11,715,083)	(11,302,525)	(12,019,160)	(10,894,607)	(10,614,415)	(9,853,946)	(9,806,320)	(8,793,796)	(8,551,138)
Education	(55,499,765)	(51,800,295)	(51,078,313)	(49,502,193)	(52,310,730)	(44,862,670)	(50,906,080)	(41,207,125)	(57,090,767)	(41,515,221)
Conservation and development	(7,059,443)	(5,738,870)	1,780,972	(10,019,047)	(9,300,577)	(8,761,908)	(10,053,943)	(13,683,364)	(7,260,509)	(6,957,506)
Interest on long-term debt	(860,768)	(3,705,543)	(1,746,162)	(2,465,754)	(3,604,179)	(2,241,591)	(2,359,980)	(5,100,955)	(2,733,665)	(2,454,390)
Total governmental activities	<u>(174,213,010)</u>	<u>(150,354,843)</u>	<u>(112,046,682)</u>	<u>(148,866,779)</u>	<u>(132,075,387)</u>	<u>(112,152,269)</u>	<u>(125,225,233)</u>	<u>(124,793,817)</u>	<u>(133,288,742)</u>	<u>(104,075,397)</u>
Business-type activities:										
Water	1,778,282	1,992,689	2,217,764	1,979,029	880,351	329,113	902,079	505,484	923,063	1,125,846
Sewer	1,578,439	3,800,123	4,402,740	2,670,875	1,199,981	(165,335)	695,582	(708,172)	649,514	112,116
Gas	4,828,374	(1,047,965)	(3,153,869)	4,392,858	4,333,233	5,617,285	5,991,517	5,331,269	5,490,647	4,748,672
Other enterprise funds	1,104,333	1,320,951	1,275,801	1,325,204	1,545,349	742,485	(28,841)	46,353	349,012	(78,561)
Total business-type activities	<u>9,289,428</u>	<u>6,065,798</u>	<u>4,742,436</u>	<u>10,367,966</u>	<u>7,958,914</u>	<u>6,523,548</u>	<u>7,560,337</u>	<u>5,174,934</u>	<u>7,412,236</u>	<u>5,908,073</u>
<b>Total Primary Government Net Expense</b>	<b>\$ (164,923,582)</b>	<b>\$ (144,289,045)</b>	<b>\$ (107,304,246)</b>	<b>\$ (138,498,813)</b>	<b>\$ (124,116,473)</b>	<b>\$ (105,628,721)</b>	<b>\$ (117,664,896)</b>	<b>\$ (119,618,883)</b>	<b>\$ (125,876,506)</b>	<b>\$ (98,167,324)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
General Revenues										
General property taxes	\$ 80,460,113	\$ 75,042,232	\$ 68,384,143	\$ 62,940,310	\$ 59,566,818	\$ 58,158,711	\$ 56,060,959	\$ 55,819,958	\$ 55,401,204	\$ 55,625,137
Sales tax	11,876,599	11,619,460	11,670,485	11,466,250	10,767,263	10,747,757	9,901,299	9,995,523	8,956,683	9,312,664
Utility tax	4,764,420	4,616,495	4,540,179	4,478,748	4,614,299	4,539,149	4,422,168	4,252,785	4,491,361	4,419,303
Communications tax	2,716,128	2,927,794	3,022,277	3,098,436	3,192,960	3,221,105	3,276,861	3,268,192	3,335,988	3,352,581
Meals tax	12,212,802	11,781,447	11,746,648	11,320,042	8,703,398	8,156,709	8,103,257	7,378,230	6,861,066	6,454,663
Lodging tax	5,659,226	5,151,629	4,846,549	3,664,156	3,166,309	2,933,227	2,932,367	2,807,326	2,460,055	2,475,914
Other taxes	12,261,038	4,256,433	4,593,226	4,511,753	4,319,279	4,139,312	4,022,679	4,059,205	4,317,180	3,762,710
Business license tax	1,447,032	8,767,125	7,918,093	6,925,402	6,788,971	6,442,386	6,880,942	6,491,428	6,061,192	6,502,949
Grants and contributions not restricted	39,975,597	27,056,841	-	30,117,894	23,502,728	24,353,298	27,910,750	24,887,083	25,229,997	25,160,421
Unrestricted revenue from use of money and property	1,893,575	1,297,431	-	-	-	-	-	-	-	-
Interest and investment earnings	1,033,337	-	406,625	341,347	365,070	259,548	276,657	373,961	538,029	918,853
Miscellaneous	896,195	980,353	-	-	-	-	-	-	-	-
Transfers, net	5,567,298	5,264,759	-	-	-	-	-	-	-	-
Gain from sale of assets	-	-	-	-	-	-	-	252,742	-	-
Total governmental activities	<u>180,763,360</u>	<u>158,761,999</u>	<u>117,128,225</u>	<u>138,864,338</u>	<u>124,987,095</u>	<u>122,951,202</u>	<u>123,787,939</u>	<u>119,586,433</u>	<u>117,652,755</u>	<u>117,985,195</u>
Business-type activities:										
Interest and investment earnings	206,128	-	101,036	141,362	113,151	32,668	62,128	109,079	204,224	240,142
Total business-type activities	<u>206,128</u>	<u>-</u>	<u>101,036</u>	<u>141,362</u>	<u>113,151</u>	<u>32,668</u>	<u>62,128</u>	<u>109,079</u>	<u>204,224</u>	<u>240,142</u>
<b>Total Primary Government Revenues</b>	<b>\$ 180,969,488</b>	<b>\$ 158,761,999</b>	<b>\$ 117,229,261</b>	<b>\$ 139,005,700</b>	<b>\$ 125,100,246</b>	<b>\$ 122,983,870</b>	<b>\$ 123,850,067</b>	<b>\$ 119,695,512</b>	<b>\$ 117,856,979</b>	<b>\$ 118,225,337</b>
Change in net position										
Governmental Activities	\$ 6,550,350	\$ 8,252,311	\$ 10,372,952	\$ (4,803,942)	\$ (1,773,911)	\$ 16,075,578	\$ 3,795,886	\$ (413,593)	\$ (10,330,130)	\$ 18,452,691
Business-type Activities	\$ 4,266,537	\$ 1,099,874	\$ (322,469)	\$ 5,310,729	\$ 2,757,684	\$ 1,279,571	\$ 2,389,285	\$ 490,222	\$ 2,310,603	\$ 1,132,261
<b>Total change in net position</b>	<b>\$ 10,816,887</b>	<b>\$ 9,352,185</b>	<b>\$ 10,050,483</b>	<b>\$ 506,787</b>	<b>\$ 983,773</b>	<b>\$ 17,355,149</b>	<b>\$ 6,185,171</b>	<b>\$ 76,629</b>	<b>\$ (8,019,527)</b>	<b>\$ 19,584,952</b>

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

Schedule prepared using the accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,180,647
Unreserved:										
Designated	-	-	-	-	-	-	-	-	-	10,363,172
Undesignated	-	-	-	-	-	-	-	-	-	24,271,261
<b>Total General Fund</b>	<b>\$ -</b>	<b>\$ 35,815,080</b>								
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,555,925
Unreserved:										
Capital Projects Funds	-	-	-	-	-	-	-	-	-	6,866,651
Social Service Funds	-	-	-	-	-	-	-	-	-	483,543
Special Revenue Funds	-	-	-	-	-	-	-	-	-	1,328,208
Debt Service Funds	-	-	-	-	-	-	-	-	-	9,547,048
Permanent Fund	-	-	-	-	-	-	-	-	-	162,501
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ 32,943,876</b>								
General Fund										
Nonspendable	\$ 1,920	\$ 22,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	327,770	637,910	-	656,777	728,278	725,441	545,723	472,056	462,244	-
Committed	7,990,059	8,779,538	4,931,956	6,732,612	6,363,639	7,004,685	6,737,955	8,206,185	7,880,345	-
Assigned	6,229,997	5,818,834	1,102,935	7,804,945	5,130,563	3,786,220	3,633,160	4,542,491	5,945,930	-
Unassigned	33,272,338	30,502,351	41,933,825	29,054,913	28,251,814	27,291,468	26,989,410	26,861,656	25,855,782	-
<b>Total General Fund</b>	<b>\$ 47,822,084</b>	<b>\$ 45,760,635</b>	<b>\$ 47,968,716</b>	<b>\$ 44,249,247</b>	<b>\$ 40,474,294</b>	<b>\$ 38,807,814</b>	<b>\$ 37,906,248</b>	<b>\$ 40,082,388</b>	<b>\$ 40,144,301</b>	<b>\$ -</b>
All Other Governmental Funds										
Nonspendable	\$ 162,502	\$ 162,502	\$ 5,663,250	\$ 4,891,126	\$ 1,260,860	\$ 1,542,501	\$ 1,272,501	\$ 3,316,211	\$ 3,380,174	\$ -
Restricted	176,341	2,951,459	8,300,066	440,648	6,159,927	4,216,750	9,486,035	15,949,126	20,687,703	-
Committed	12,830,074	11,905,368	15,541,112	12,082,178	11,745,744	15,202,070	14,768,068	11,252,983	9,508,177	-
Assigned	16,622,433	18,153,704	1,977,246	7,770,919	5,928,263	1,364,421	1,303,256	1,906,602	1,681,261	-
Unassigned	-	(5,117,190)	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 29,791,350</b>	<b>\$ 28,055,843</b>	<b>\$ 31,481,674</b>	<b>\$ 25,184,871</b>	<b>\$ 25,094,794</b>	<b>\$ 22,325,742</b>	<b>\$ 26,829,860</b>	<b>\$ 32,424,922</b>	<b>\$ 35,257,315</b>	<b>\$ -</b>

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

Note: Fiscal years 2009 through 2010 have not been restated per GASB 54. Fiscal years prior to 2018 have not been restated for GASB 75.

Schedule prepared using the modified accrual basis of accounting

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
General property taxes	\$ 130,457,652	\$ 122,940,708	\$ 116,721,600	\$ 108,365,439	\$ 101,869,696	\$ 98,699,930	\$ 95,714,241	\$ 94,311,894	\$ 92,111,297	\$ 92,251,458
Fee and permits	2,852,058	2,719,933	2,575,469	2,169,777	2,283,546	1,966,895	2,464,889	2,042,063	1,825,729	1,640,727
Intergovernmental	60,040,284	61,458,198	61,924,408	55,268,548	60,955,964	66,426,300	60,215,042	61,026,601	58,235,118	67,888,839
Charges for services	15,313,883	11,917,913	12,117,670	11,701,232	11,685,158	10,920,381	10,607,302	10,065,910	10,201,768	8,068,430
Fines and forfeitures	362,381	419,344	481,032	481,630	476,632	393,398	392,763	552,075	567,027	392,515
Miscellaneous	3,394,302	3,381,950	2,789,931	2,386,349	2,296,159	2,226,308	5,056,883	2,036,426	2,011,104	2,724,433
<b>Total governmental revenues</b>	<b>212,420,560</b>	<b>202,838,046</b>	<b>196,610,110</b>	<b>180,372,975</b>	<b>179,567,155</b>	<b>180,633,212</b>	<b>174,451,120</b>	<b>170,034,969</b>	<b>164,952,043</b>	<b>172,966,402</b>
<b>Expenditures</b>										
General government	26,980,864	20,817,229	18,107,974	17,206,445	18,446,310	14,825,220	15,352,223	15,117,332	14,653,299	13,844,581
Public safety	38,240,448	39,397,475	35,081,163	36,357,223	33,290,687	32,609,199	31,987,432	32,231,433	30,460,236	30,760,038
Community services	19,006,475	16,980,656	17,257,531	18,470,598	20,824,429	21,796,529	18,524,126	23,573,132	21,264,573	21,000,353
Health and welfare	35,736,307	35,175,725	32,346,926	30,975,824	31,318,573	29,948,939	31,196,387	30,211,972	30,929,233	31,483,056
Parks, recreation and culture	13,326,020	12,709,049	11,912,756	13,023,170	12,152,256	11,739,822	12,229,739	10,586,859	9,870,613	9,123,591
Education	54,798,480	51,757,047	50,385,279	49,397,353	46,999,266	44,279,012	45,526,167	41,983,543	41,068,749	41,104,359
Conservation and development	13,244,853	13,070,791	9,620,535	10,710,688	8,928,892	7,469,535	8,764,632	13,711,905	7,109,914	6,395,913
Debt service										
Principal	7,140,323	7,417,376	7,146,882	6,379,799	6,084,318	6,685,521	6,430,175	6,611,249	6,236,895	5,926,396
Interest	3,041,563	3,099,780	2,832,293	2,591,814	2,660,459	2,725,366	2,452,754	2,855,961	2,550,831	2,407,670
Miscellaneous	-	-	123,892	172,063	384,966	100,571	87,599	196,062	94,848	107,867
Other activities	-	-	289,665	1,055,402	1,052,619	975,456	266,562	255,994	298,737	276,671
Capital outlay	13,331,752	16,960,272	19,795,285	5,613,733	11,713,606	23,165,369	21,380,655	11,213,317	9,882,212	28,702,858
<b>Total governmental expenditures</b>	<b>224,847,085</b>	<b>217,385,401</b>	<b>204,900,181</b>	<b>191,954,112</b>	<b>193,856,381</b>	<b>196,320,539</b>	<b>194,198,451</b>	<b>188,548,759</b>	<b>174,420,140</b>	<b>191,133,353</b>
Revenues over (under) expenditures	(12,426,525)	(14,547,355)	(8,290,071)	(11,581,137)	(14,289,226)	(15,687,327)	(19,747,331)	(18,513,790)	(9,468,097)	(18,166,951)
<b>Other financing sources (uses)</b>										
Transfers in	36,720,138	38,479,757	32,386,616	30,657,532	29,059,645	29,291,985	31,047,043	31,879,012	27,888,963	30,642,076
Transfers out	(31,551,066)	(31,547,212)	(27,166,718)	(25,140,392)	(22,880,748)	(23,356,855)	(25,108,773)	(26,698,163)	(22,054,595)	(24,733,114)
Issuance of debt	9,520,000	4,610,000	11,140,000	7,250,000	11,405,000	5,740,000	5,610,000	9,133,200	9,650,400	10,211,600
Refunding bonds issued	-	-	-	3,875,466	11,663,366	1,390,695	-	17,737,100	-	-
Premium on issuance of debt	1,126,606	420,561	1,076,892	1,282,326	2,261,124	417,486	427,859	3,411,666	616,989	93,887
Payment to refunded bond escrow agent	-	-	-	(4,365,996)	(13,096,411)	(1,506,186)	-	(20,195,331)	-	-
Sale of capital assets	-	-	-	-	312,782	107,650	-	352,000	9,000	-
<b>Total other financing sources (uses)</b>	<b>15,815,678</b>	<b>11,963,106</b>	<b>17,436,790</b>	<b>13,558,936</b>	<b>18,724,758</b>	<b>12,084,775</b>	<b>11,976,129</b>	<b>15,619,484</b>	<b>16,110,757</b>	<b>16,214,449</b>
<b>Net change in fund balances</b>	<b>\$ 3,389,153</b>	<b>\$ (2,584,249)</b>	<b>\$ 9,146,719</b>	<b>\$ 1,977,799</b>	<b>\$ 4,435,532</b>	<b>\$ (3,602,552)</b>	<b>\$ (7,771,202)</b>	<b>\$ (2,894,306)</b>	<b>\$ 6,642,660</b>	<b>\$ (1,952,502)</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
Total debt service expenditures	\$ 10,181,886	\$ 10,517,156	\$ 10,103,067	\$ 8,971,613	\$ 8,744,777	\$ 9,410,887	\$ 8,882,929	\$ 9,467,210	\$ 8,787,726	\$ 8,334,066
Total governmental expenditures	224,847,085	217,385,401	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451	188,548,759	174,420,140	191,133,353
Change in capital assets	(13,346,753)	(16,960,272)	(21,634,978)	(9,215,151)	(16,487,414)	(27,697,576)	(22,573,753)	(15,554,651)	(14,212,438)	(32,444,266)
Noncapital expenditures	\$ 211,500,332	\$ 200,425,129	\$ 183,265,203	\$ 182,738,961	\$ 177,368,967	\$ 168,622,963	\$ 171,624,698	\$ 172,994,108	\$ 160,207,702	\$ 158,689,087
Debt service as a percentage of noncapital expenditures	4.81%	5.25%	5.45%	4.91%	4.93%	5.58%	5.18%	5.47%	5.49%	5.25%

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

Schedule prepared using the modified accrual basis of accounting

**TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

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

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

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

# CITY OF CHARLOTTESVILLE, VIRGINIA

# TABLE 6

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

Taxable Year	Real Estate	Public Service Real Estate	Total Taxable Real Property Assessed Value	Real Property Direct Tax Rate	Tax-Exempt Real Property	Total Value Real Property
2019	\$ 7,647,893,000	\$ 152,574,032	\$ 7,800,467,032	0.95	\$ 2,046,675,800	\$ 9,847,142,832
2018	7,060,139,700	151,135,069	7,211,274,769	0.95	1,917,683,250	9,128,958,019
2017	6,740,234,600	143,303,198	6,883,537,798	0.95	1,746,952,600	8,630,490,398
2016	5,953,910,000	140,924,014	6,094,834,014	0.95	1,135,055,400	7,229,889,414
2015	5,704,217,700	142,650,296	5,846,867,996	0.95	1,027,382,800	6,874,250,796
2014	5,503,669,500	137,745,380	5,641,414,880	0.95	1,017,616,600	6,659,031,480
2013	5,281,021,000	138,256,036	5,419,277,036	0.95	1,012,716,900	6,431,993,936
2012	5,222,661,300	138,241,036	5,360,902,336	0.95	1,016,573,300	6,377,475,636
2011	5,282,859,100	135,463,526	5,418,322,626	0.95	1,016,346,400	6,434,669,026
2010	5,257,182,700	135,809,935	5,392,992,635	0.95	1,053,205,500	6,446,198,135

**Source:** Records of the City Assessor and State Corporation Commission

**Note:** The City has no overlapping property taxes.

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**TABLE 7**

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

Year	Real Property (1)	Personal Property (2)	Machinery & Tools (2)	Total Direct Tax Rate of City Assessed Property	Public Service		Total Direct Tax Rate of State Assessed Property
					Real Property (3)	Personal Property (3)	
2019	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2018	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2017	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2016	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2015	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2014	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2013	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2012	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2011	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2010	0.95	4.20	4.20	9.35	0.95	4.20	5.15

**Source:** City of Charlottesville Director of Finance

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

**Note:** The City has no overlapping property taxes.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
JUNE 30, 2019

Taxpayer	Type of Business	2019 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)	2010 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)
Federal Realty Investment Trust	Shopping Center	\$ 178,884,200	\$ 1,699,400	1	2.65 %	\$ 81,498,600	\$ 774,237	1	1.55 %
Woodard United, LLC	Apartments	120,324,500	1,143,083	2	1.79	-	-	-	-
Pavilion UVA, LLC & Pavilion II, LLC	Apartments	80,636,900	766,051	3	1.20	-	-	-	-
Neighborhood Development, Inc.	Apartments	79,580,600	756,016	4	1.18	-	-	-	-
Madison Loft, LLC	Apartments	68,668,300	652,349	5	1.02	-	-	-	-
750 Harris Street, LLC	Apartments	68,423,000	650,019	6	1.02	-	-	-	-
Baron, LLC	Apartments	68,221,700	648,106	7	1.01	-	-	-	-
Pavilion, LLC	Apartments	67,260,000	638,970	8	1.00	34,605,700	328,754	6	0.66
Court Square, LLC	Real Estate	61,687,200	586,028	9	0.92	-	-	-	-
Cabell Limited Partnership	Apartments	59,259,400	562,964	10	0.88	-	-	-	-
Caton, Douglas E.	Real Estate	-	-	-	-	60,972,500	579,239	2	1.16
Dominion Virginia Power Company	Public Utility	-	-	-	-	43,700,147	415,151	3	0.83
Wade Apartments	Apartments	-	-	-	-	42,719,600	405,836	4	0.81
CenturyLink	Public Utility	-	-	-	-	37,559,490	356,815	5	0.71
Towers Limited Partnership, ETAL	Real Estate	-	-	-	-	34,285,000	325,708	7	0.65
Peyton Associates Partnership	Real Estate	-	-	-	-	33,392,400	317,228	8	0.64
University of Virginia Foundation	Real Estate	-	-	-	-	30,580,200	290,512	9	0.58
JA-Zan Limited Partnership	Retail, Office	-	-	-	-	25,493,400	242,187	10	0.48
		<u>\$ 852,945,800</u>	<u>\$ 8,102,985</u>		<u>12.65 %</u>	<u>\$ 424,807,037</u>	<u>\$ 4,035,667</u>		<u>7.01 %</u>

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

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

(2) Tax rate of \$0.95 in 2019; Tax rate of \$0.95 in 2010

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**TABLE 9**

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(1)</sup>	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2019	\$ 83,339,710	\$ 82,035,675	98.44 %	\$ -	\$ 82,035,675	98.44 %
2018	77,696,498	76,521,606	98.49	914,805	76,521,606	98.49
2017	71,965,946	71,139,950	98.85	586,244	71,726,194	99.67
2016	65,952,891	65,027,636	98.60	811,921	65,839,557	99.83
2015	63,892,891	62,863,991	98.39	945,634	63,809,626	99.87
2014	62,251,968	61,010,246	98.01	1,167,668	62,177,914	99.88
2013	60,538,454	59,304,770	97.96	1,178,139	60,482,909	99.91
2012	60,132,379	58,573,010	97.41	1,517,424	60,090,434	99.93
2011	60,231,991	58,308,249	96.81	1,306,712	60,186,665	99.92
2010	60,201,656	58,243,180	96.75 %	1,329,491	60,179,770	99.96 %

**Source:** Treasurer of the City of Charlottesville

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**TABLE 10**

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Federal	\$ 36,863,200	\$ 32,717,600	\$ 31,919,100	\$ 23,817,800	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500
State and regional	463,218,100	455,398,000	450,963,700	306,883,300	279,103,600	278,984,600	288,908,100	278,983,600	324,752,400	323,065,400
Local	446,420,700	417,963,500	362,990,800	214,399,600	194,685,500	192,076,800	191,927,100	181,085,000	192,885,400	190,835,500
Religious, charitable, educational and other	1,088,276,900	1,011,604,150	901,079,000	589,954,700	531,941,200	524,902,700	510,229,200	534,852,200	477,056,100	517,652,100
<b>Total</b>	<b>2,034,778,900</b>	<b>1,917,683,250</b>	<b>\$ 1,746,952,600</b>	<b>\$ 1,135,055,400</b>	<b>\$ 1,027,382,800</b>	<b>\$ 1,017,616,600</b>	<b>\$ 1,012,716,900</b>	<b>\$ 1,016,573,300</b>	<b>\$ 1,016,346,400</b>	<b>\$ 1,053,205,500</b>

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

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

Fiscal Year	Population (1)	Real Estate Assessed Value	Total Bonded Debt	Total Bonded Business Type Debt	Governmental Bonded Debt Service Due (2)	General Fund Expenditures and Net Other Financing Sources	Ratio of Net Bonded Debt to Assessed Value	Total Bonded Debt per Capita	Ratio of Debt Service to Total General Fund Expenditures and Transfers
2019	49,281	\$ 7,647,893,000	\$ 136,905,038	\$ 49,234,305	\$ 7,443,208	\$ 173,674,353	1.79 %	\$ 2,778	4.29 %
2018	49,132	7,060,139,700	131,846,865	46,555,810	7,137,004	165,389,458	1.87	2,684	4.32
2017	49,071	6,740,234,600	132,121,039	44,022,607	7,417,376	152,655,215	1.96	2,692	4.86
2016	48,210	5,953,910,000	128,929,869	44,824,556	9,489,053	139,577,852	2.17	2,674	6.80
2015	47,783	5,704,217,700	130,376,506	48,052,860	9,121,289	139,577,852	2.29	2,729	6.53
2014	46,623	5,503,669,500	126,266,932	48,149,184	8,682,449	138,100,498	2.29	2,708	6.29
2013	45,073	5,281,021,000	122,474,814	43,325,574	6,938,939	137,559,888	2.32	2,717	5.04
2012	44,471	5,222,661,300	117,731,642	37,762,227	6,681,506	134,117,472	2.25	2,647	4.98
2011	43,475	5,282,859,100	114,532,934	36,693,311	6,847,707	127,413,032	2.17	2,634	5.37
2010	40,745	5,257,182,700	99,713,452	25,212,952	6,397,748	127,775,530	1.90	2,447	5.01

**Note:** The City has no overlapping debt.

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

(2) Governmental debt due within next fiscal year.

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>General Governmental Expenditures and Transfers</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
2019	\$ 7,140,323	\$ 3,041,563	\$ 10,181,885	\$ 173,673,353	5.86 %
2018	7,417,377	3,099,780	10,517,157	224,199,432	4.69
2017	7,146,882	2,832,293	9,979,175	205,739,944	4.85
2016	6,379,799	2,591,814	8,971,613	195,491,554	4.59
2015	6,084,318	2,660,459	8,744,777	191,875,061	4.56
2014	6,685,521	2,725,366	9,410,887	190,189,617	4.95
2013	6,430,175	2,452,754	8,882,929	188,150,305	4.72
2012	6,611,249	2,855,961	9,467,210	188,952,877	5.01
2011	6,236,895	2,550,831	8,787,726	178,268,372	4.93
2010	5,926,396	2,407,670	8,334,066	178,323,894	4.67

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

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-Type Activities			Percent of Personal Income	Per Capita Debt
	General Obligation Bonds (1)	Literary Loans	Notes Payable	Total Governmental Debt	General Obligation Notes	Notes Payable	Total Primary Government		
2019	\$87,670,733	\$ -	\$ -	\$ 87,670,733	\$49,234,305	\$ -	\$136,905,038	* %	2,778
2018	85,291,055	-	-	85,291,055	46,555,810	-	131,846,865	*	2,684
2017	88,098,432	-	-	88,098,432	44,022,607	-	132,121,039	*	2,692
2016	84,094,947	10,366	-	84,105,313	44,824,556	-	128,929,869	4.48	2,674
2015	82,293,261	30,385	-	82,323,646	48,052,860	-	130,376,506	4.53	2,729
2014	78,067,345	50,403	-	78,117,748	48,149,184	-	126,266,932	4.55	2,708
2013	78,676,333	70,421	402,486	79,149,240	43,325,574	-	122,474,814	5.00	2,717
2012	78,918,183	90,439	960,793	79,969,415	37,762,227	-	117,731,642	5.11	2,647
2011	76,002,100	118,343	1,641,771	77,762,214	36,693,311	77,409	114,532,934	5.50	2,630
2010	72,117,050	144,861	2,086,798	74,348,709	25,212,952	151,791	99,713,452	5.02	2,447

\* Information not available at this time.

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

**Note:** The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 14

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed value of real property	<u>\$ 7,647,893,000</u>	<u>\$ 7,060,139,700</u>	<u>\$ 6,740,234,600</u>	<u>\$ 5,953,910,000</u>	<u>\$ 5,704,217,700</u>	<u>\$ 5,503,669,500</u>	<u>\$ 5,281,021,000</u>	<u>\$ 5,222,661,300</u>	<u>\$ 5,282,859,100</u>	<u>\$ 5,257,182,700</u>
Debt limit - 10% of assessed value	\$ 764,789,300	\$ 706,013,970	\$ 674,023,460	\$ 595,391,000	\$ 570,421,770	\$ 550,366,950	\$ 528,102,100	\$ 522,266,130	\$ 528,285,910	\$ 525,718,270
Amount of debt applicable to debt limit	<u>136,905,038</u>	<u>131,846,865</u>	<u>132,121,039</u>	<u>128,929,869</u>	<u>119,460,105</u>	<u>114,398,907</u>	<u>110,304,028</u>	<u>106,478,659</u>	<u>104,947,348</u>	<u>90,014,613</u>
Legal debt margin	<u>\$ 627,884,262</u>	<u>\$ 574,167,105</u>	<u>\$ 541,902,421</u>	<u>\$ 466,461,131</u>	<u>\$ 450,961,665</u>	<u>\$ 435,968,043</u>	<u>\$ 417,798,072</u>	<u>\$ 415,787,471</u>	<u>\$ 423,338,562</u>	<u>\$ 435,703,657</u>
Total net debt applicable to the limit as a percentage of debt limit	17.90%	18.67%	19.60%	21.65%	20.94%	20.79%	20.89%	20.39%	19.87%	17.12%

**Note:** The City has no overlapping debt.

**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
2019	30	\$ 1,015,033	468	\$150,662,370	1,546	\$ 218,624,551	\$ 2,458,191	2019	\$ 7,647,893,000	\$ 1,088,276,900
2018	44	3,404,801	566	45,291,407	1,556	107,599,017	2,499,593	2018	7,060,139,700	1,917,683,250
2017	17	1,204,091	467	128,400,704	1,653	63,999,554	2,476,231	2017	6,740,234,600	1,746,952,600
2016	19	2,300,978	582	88,939,069	1,383	48,684,124	2,366,694 (4)	2016	5,953,910,000	1,135,055,400
2015	22	8,635,285	469	63,025,855	1,420	51,009,735	2,328,209 (4)	2015	5,704,217,700	1,027,382,800
2014	49	5,519,838	514	49,726,636	1,261	50,124,989	2,158,543	2014	5,503,669,500	1,017,616,600
2013	41	17,037,847	545	73,204,061	1,510	117,781,757	2,042,744	2013	5,281,021,000	1,012,716,900
2012	39	53,543,285	494	42,252,061	1,171	53,442,553	2,038,433	2012	5,222,661,300	1,016,573,300
2011	26	14,429,867	428	27,563,274	1,025	34,580,411	2,070,183	2011	5,282,859,100	1,016,346,400
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

- (1) Department of Neighborhood Planning, City of Charlottesville
- (2) FDIC Summary of deposits
- (3) Real property values only
- (4) FDIC Summary of deposits was corrected to reflect the actual value

**DEMOGRAPHIC STATISTICS  
LAST TEN CALENDAR YEARS**

Year	Population (1)	School Membership (2)	Unemployment Rate (3)	Total Personal Income (4) (thousands)	Per Capita Income (4)	Taxable Sales (5) (thousands)	Sales per Capita
2019	49,281	4,337	2.5	*	*	*	*
2018	49,132	4,313	3.1	*	*	\$ 972,265	\$ 19,789
2017	49,071	4,210	3.6	\$ 10,531,351	\$ 67,630	971,359	19,795
2016	48,210	4,134	3.4	9,375,633	60,964	1,006,304	20,873
2015	47,783	4,101	3.7	9,182,721	60,294	959,435	20,079
2014	46,623	4,022	4.3	8,795,194	58,603	942,421	20,214
2013	45,073	3,945	4.9	7,764,329	52,693	864,748	19,186
2012	44,471	3,914	5.9	7,493,869	51,255	819,390	18,425
2011	43,552	3,874	7.1	6,778,562	47,052	822,681	18,890
2010	40,745	3,915	6.9	6,463,200	45,282	814,017	19,978

\* Information not available at this time.

**Source:**

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

**PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO  
JUNE 30, 2019**

Employer	2019		2010	
	Rank	Number of Employee	Rank	Number of Employees
University of Virginia Medical Center	1	1000+	1	1000+
City of Charlottesville	2	1000+	3	1000+
UVA Health Services Foundation	3	1000+		
Charlottesville City School Board	4	500 to 999	4	500 to 999
Servicelink Management Com Inc.	5	500 to 999		
Aramark Campus LLC	6	500 to 999		
Lakeland Tours	7	500 to 999	5	500 to 999
Association for Investment Management	8	250 to 499		
Rmc Events	9	250 to 499		
Crutchfield Corporation	10	250 to 499		
Martha Jefferson Hospital			2	1000+
Region Ten Community Services			6	500 to 999
SNL Security LP			8	250 to 499
Pharmaceutical Research Association			9	250 to 499
United State Postal Service			7	250 to 499
Kroger			10	250 to 499

**Source:** Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2017

**Note:** 2010 employer rank/number of employees received from 4th quarter 2009 Virginia Employment Commission Labor Market Information

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

Department	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Management</b>										
Council/Clerk of Council	4.00	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	12.00	11.00	11.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00
Office of Economic Development	7.50	6.50	6.00	6.00	5.50	4.00	5.00	5.00	4.00	4.00
Office of the City Manager/Parking Enterprise Fund	1.00	1.00	1.00	-	-	-	-	-	-	-
City Attorney	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Voting Registrar	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50
<b>Total</b>	<b>34.50</b>	<b>28.50</b>	<b>28.00</b>	<b>25.00</b>	<b>24.50</b>	<b>23.00</b>	<b>23.00</b>	<b>23.00</b>	<b>21.50</b>	<b>21.50</b>
<b>Internal Services</b>										
Finance Department: Purchasing/Risk Management/Warehouse	8.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Technology	20.00	20.00	19.00	19.00	19.00	19.00	19.00	19.00	18.00	18.00
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>Total</b>	<b>36.00</b>	<b>35.00</b>	<b>33.00</b>	<b>33.00</b>	<b>33.00</b>	<b>33.00</b>	<b>33.00</b>	<b>33.00</b>	<b>32.00</b>	<b>32.00</b>
<b>Financial Services</b>										
Commissioner of Revenue	14.00	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	34.00	34.00	34.00	34.00	34.00
Treasurer	13.50	13.50	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
<b>Total</b>	<b>61.50</b>	<b>60.50</b>	<b>60.00</b>							
<b>Healthy Families &amp; Community</b>										
Charlottesville/Albemarle Visitors Bureau <sup>(1)</sup>	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dept of Human Services	36.50	35.50	35.50	35.50	34.25	34.25	35.25	34.25	34.25	33.00
Children & Youth Commission/CCF	-	-	-	-	-	-	-	-	-	1.00
Department of Social Services	104.50	102.50	102.50	102.25	99.98	99.85	100.85	100.85	99.85	98.85
Neighborhood Development Services	39.00	39.00	37.50	37.50	36.00	33.00	32.00	32.00	32.00	32.00
Office of Human Rights/Human Rights Commission	2.00	1.50	1.50	2.00	2.00	2.00	-	-	-	-
Parks and Recreation/Parks Maintenance	40.00	40.00	39.00	39.00	37.00	37.00	37.00	37.00	37.00	38.00
Parks & Rec/Recreation and Programs	29.50	27.50	27.50	27.50	28.50	28.75	29.75	28.75	26.75	25.25
Parks & Rec/Golf Fund	4.00	4.00	4.00	4.00	4.00	4.75	7.00	7.00	8.00	8.00
CDBG/HOME Grant Coordinator (Grant Funded)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>266.50</b>	<b>261.00</b>	<b>258.50</b>	<b>258.75</b>	<b>252.73</b>	<b>250.60</b>	<b>252.85</b>	<b>250.85</b>	<b>248.85</b>	<b>247.10</b>
<b>Infrastructure/Transportation</b>										
Public Works: Administration, Facilities Development	26.86	21.86	21.86	21.86	16.73	15.73	16.73	15.69	16.00	16.25
Public Works: School Building Maintenance	19.28	19.28	19.28	19.28	18.28	18.28	18.28	18.28	16.00	16.00
Public Works: Fleet Management	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00
Public Works: Public Service	49.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00
Charlottesville Area Transit (CAT)	72.00	72.00	69.00	68.00	68.00	68.00	77.50	77.50	78.00	78.00
Public Works: Pupil Transportation	29.00	29.00	28.50	28.50	28.50	28.00	27.50	27.50	28.50	28.50
Public Utilities: Gas, Water, Wastewater	89.00	92.00	92.00	92.00	92.00	92.00	93.00	93.00	93.00	93.00
Public Utilities: Stormwater Utility	4.00	4.00	4.00	4.00	4.00	4.00	-	-	-	-
<b>Total</b>	<b>300.14</b>	<b>300.14</b>	<b>296.64</b>	<b>295.64</b>	<b>289.51</b>	<b>288.01</b>	<b>296.01</b>	<b>294.97</b>	<b>294.50</b>	<b>294.75</b>
<b>Public Safety &amp; Justice</b>										
City Sheriff	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Commonwealth's Attorney	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Courts and Other Support Service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Department	95.00	91.00	91.00	91.00	91.00	89.00	89.00	89.00	89.00	89.00
Police Department	157.00	157.00	156.00	154.00	154.00	146.00	146.00	146.00	146.00	146.00
<b>Total</b>	<b>288.50</b>	<b>283.50</b>	<b>282.50</b>	<b>280.50</b>	<b>280.50</b>	<b>270.50</b>	<b>270.50</b>	<b>270.50</b>	<b>270.50</b>	<b>270.50</b>
<b>City-Wide Total</b>	<b>987.14</b>	<b>968.64</b>	<b>958.64</b>	<b>952.89</b>	<b>940.24</b>	<b>925.11</b>	<b>935.36</b>	<b>932.32</b>	<b>927.35</b>	<b>925.85</b>

Source: Adopted Operating and Capital Improvement Budget

Note: FTE positions

<sup>(1)</sup> These positions are funded cooperatively with Albemarle County.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Government</b>										
Date of incorporation	1888	1888	1888	1888	1888	1888	1888	1888	1888	1888
Form of government	Council-Mgr									
Area	10.4 sq miles									
Bond rating:										
Moody's Investor Services	Aaa									
Standard & Poor's Corporation	AAA									
Number of employees:										
City (full-time)	987.1	968.6	958.6	952.9	940	925	935	932	927	925.9
School Board	840	835	767	797	772	767	765	783	784	795
Elections:										
Number of registered voters:										
Last general election - November, 2017	N/A	31,876	35,725	31,039	32,273	32,290	33,150	28,670	28,126	27,643
Last municipal election - November, 2017	N/A	31,876	31,039	31,039	32,291	32,290	28,670	28,670	N/A	23,506
Number of votes cast in:										
Last general election	N/A	18,067	22,652	6,077	10,816	12,494	21,797	7,522	13,862	20,122
Last municipal election	N/A	18,067	6,077	6,077	12,560	11,045	6,624	6,627	N/A	6,086
Percentage of registered voters voting in:										
Last general election	N/A	56.7%	63.4%	19.2%	33.5%	38.7%	65.8%	26.2%	49.3%	72.8%
Last municipal election	N/A	56.7%	19.6%	19.2%	38.9%	34.2%	23.1%	23.1%	N/A	25.9%
<b>Public Safety</b>										
Fire protection:										
Number of firefighters and officers (exclusive of volunteer firefighters)	90	90	88	88	88	86	86	86	86	86
Police protection:										
Number of police officers	125	127	129	127	127	119	119	117	117	117
Number of arrests	1,676	3,216	2,763	2,639	2,741	3,018	4,417	5,043	4,700	5,514
Traffic Citations Issued	3,142	4,737	5,912	4,978	5,740	5,459	4,299	4,429	6,793	4,887
911 calls received	37,121	39,692	44,481	40,504	43,512	45,581	43,111	46,059	48,008	47,883
Cases investigated	5,502	4,442	5,287	4,962	5,198	5,443	2,846	1,110	1,076	1,140
Parking Violations										
Violations written	17,141	17,653	16,637	18,734	17,647	12,633	15,813	20,657	21,898	15,501
Building permits issued										
	2,033	2,166	2,137	1,984	1,911	1,824	2,096	1,704	1,479	1,387
<b>Education</b>										
Schools:										
Number of teachers	478	456	440	429	421	415	424	434	423	429
Number of students	4,337	4,313	4,210	4,134	4,101	4,022	3,945	3,914	3,874	3,915
Pupil: teacher ratio	9.07:1	9.46:1	9.56:1	9.64:1	10.26:1	9.69:1	9.31:1	9.02:1	9.16:1	9.13:1
<b>Public Utilities</b>										
Municipal utilities:										
Gas:										
Number of customers	20,994	20,665	20,467	20,043	19,849	19,454	19,077	18,655	18,699	18,062
Average daily consumption	8,051 DTH	7,570 DTH	7,562 DTH	6,802 DTH	8,487 DTH	8,688 DTH	6,601 DTH	6,492 DTH	6,894 DTH	7,245 DTH
Water:										
Number of customers	14,661	14,639	14,756	14,692	14,652	14,554	14,446	14,377	14,395	13,814
Average daily consumption	551 MCF	569.4 MCF	579.2 MCF	569.4 MCF	569.3 MCF	569.1 MCF	577.8 MCF	587.9 MCF	604 MCF	601 MCF
Sewer:										
Number of customers	14,564	14,528	14,626	14,558	14,511	14,406	14,294	14,251	14,243	13,688
Average daily treatment	483 MCF	502.8 MCF	564.6 MCF	502.8 MCF	505.6 MCF	520.7 MCF	524.2 MCF	537.6 MCF	556 MCF	598 MCF
<b>Public Works</b>										
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	13,200	13,200
Tons of domestic refuse	6,681	6,577	6,532	6,435	6,281	6,694	6,528	6,996	6,706	6,681
Tons of curbside recycling	4,429	3,865	3,666	3,647	3,557	3,254	3,342	2,471	3,331	3,330
Tons of stumps, demolition material & street sweeping <sup>(1)</sup>	1,300	866	1,160	2,117	1,048	2,063	1,654	1,532	1,505	1,423

Source: Departmental operational reports for the period ending June 30th.  
<sup>(1)</sup> In FY2015, accounts for brush, street sweeping, and leaves  
 In FY2017, the total accounts for street sweeping.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Government</b>										
Miles of streets	159.91	158.76	158.45	158.1	157	156	156	156	156	156
Number of streetlights	6,070	6,070	6,070	6,040	6,025	6,016	6,016	6,010	5,985	5,960
<b>Public Safety</b>										
Fire protection:										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	7	10	8	4	4	4	5	6	6	6
Number of vehicular patrol units	58	50	64	68	67	63	55	64	64	64
Total vehicles	119	129	128	122	123	123	134	126	126	126
Motor Cycles	7	6	8	8	6	8	8	6	6	6
Unmarked cars	54	59	53	46	50	52	52	52	42	42
Bicycle patrol	14	14	14	24	17	17	18	15	15	15
<b>Education</b>										
Number of schools	9	9	9	9	9	9	9	9	9	9
<b>Parks, Recreation, &amp; Culture</b>										
Number of parks <sup>(1)</sup>	36	36	36	36	31	31	30	31	26	26
Acres of park land <sup>(2)</sup>	904	900	900	902	872	822	785	1,979	987	987
Number of golf courses	1	1	1	1	1	2	2	2	2	2
Number of swimming pools	4	4	4	4	4	6	5	5	5	5
Number of recreation centers	5	5	5	5	5	5	5	5	6	6
Number of libraries	3	3	3	3	3	3	3	3	3	3
<b>Public Utilities</b>										
Gas:										
Miles of gas main lines	333	331	330	329	328	319	318	317	316	315
Miles of gas service lines	292	288	282	274	272	226	223	221	219	217
Water:										
Water treatment plant capacity (millions of gallons per day)	19	19	19	19	19	19	19	19	19	19
Miles of water lines	183	183	180	180	180.8	180	180	180.0	178.3	177.7
Number of fire hydrants	1088	1088	1,050	1,047	1,031	1,026	1,007	1,005	991	988
Sewer:										
Sewer treatment plant capacity (millions of gallons per day)	15	15	15	15	15	15	15	15	15	15
Miles of sanitary sewers	171	171	170	166	170	166	165	167	167	167

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

**Note:**

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



## **City of Charlottesville, Virginia**

605 East Market Street

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