

**County of Albemarle, Virginia
Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2018

COUNTY OF ALBEMARLE, VIRGINIA

Comprehensive Annual Financial Report
Year Ended June 30, 2018

Prepared By:

Department of Finance

COUNTY OF ALBEMARLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

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

November 26, 2018

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

We are pleased to present the County of Albemarle's Comprehensive Annual Financial Report (CAFR), for the fiscal year ended June 30, 2018. Responsibility for the accuracy and completeness of the data presented and the fairness of the presentations, including all disclosures, rests with the County. We believe the data presented is accurate in all material aspects and that it is designed and presented in a manner to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds. All the necessary disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs. This report also may be found online at www.albemarle.org.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

THE REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

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

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

Public Schools

Albemarle County Public Schools include 15 elementary, 6 middle, and 4 high schools. In addition, the County and the City of Charlottesville jointly operate the Charlottesville-Albemarle Technical Education Center (CATEC), which provides vocational education for local students. Albemarle County also partners with other jurisdictions to operate Ivy Creek School, which provides alternative K-12 education for individuals with special learning needs.

Over the past ten years, the number of enrolled students in Albemarle County's public schools has risen 11.1 percent from 12,531 in 2008 to 13,927 in 2018. In the past five years, the school system has experienced a 5.0 percent increase in the number of students. In school year 2018-2019, twenty-four schools were fully accredited, and one was accredited with warning. The dropout rate increased for 2016/17 to 0.91 percent compared with a 0.53 percent rate for school year 2015/16.¹

Higher Education

The County is also home to three institutions of higher learning, the University of Virginia (UVA); Piedmont Virginia Community College (PVCC); and American National University (ANU).

Founded in 1819 by Thomas Jefferson, the University of Virginia is situated on 188 acres and has a current student enrollment of over 22,300. In 2018 (for the 2019 edition), the U.S. News and World Report ranked the University as the nation's 3rd best public university and 25th best among all national universities. The University is comprised of the Schools of Architecture, Business, Commerce, Continuing and Professional Studies, Engineering and Applied Science, Law, Leadership and Public Policy, Medicine, Nursing, and Education; and the College of Arts and Sciences.

Piedmont Virginia Community College (PVCC) is a nonresidential two-year institution of higher education. PVCC offers Associates Degrees as well as transfer opportunities to a four-year college or university to complete a Bachelor's Degree. Piedmont Virginia Community College has guaranteed admission agreements with most colleges and universities in Virginia. PVCC is accredited by the Southern Association of Colleges and Schools Commission on Colleges. Since establishment in 1972, an estimated 213,000 students have attended credit and noncredit classes. Currently there have been over 12,000 associates degrees and certificates awarded. PVCC also offers extensive workforce training programs for local employees.

American National University opened its Charlottesville campus in 1979 and continues to build on its reputation among Central Virginia employers for its skilled graduates. ANU offers many Diploma Programs, as well as

¹ Virginia Department of Education, Statistics & Reports, [Accreditations](#) and [Dropout](#) Statistics

THE REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

Higher Education (Continued)

Associates, Bachelor's and Master's Degrees in medical, business, and technology fields including Medical Health Services Management and Cybersecurity. American National University is accredited by the Accrediting Council for Independent Colleges and Schools (ACICS).

Travel and Tourism

The County and immediate areas contain numerous cultural and recreational facilities and historic sites. The travel and tourism industry contribute significantly to the local economy, generating over \$377 million in revenues in 2017 and over 3,300 jobs in the County.¹

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

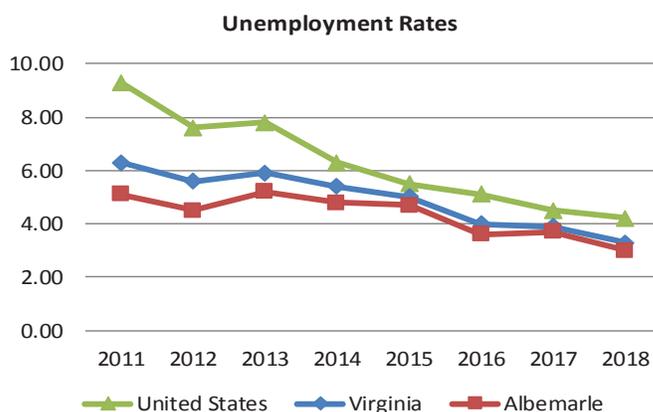
President Jefferson's home, Monticello, is located within the County and attracts over 500,000 visitors annually. In addition to Monticello, the County's historical heritage includes President James Monroe's home, Highland; Dr. Thomas Walker's 1765 Plantation, Castle Hill; the birth site of George Rogers Clark; Patrick Henry's family tavern, and Michie Tavern. Other area attractions include Skyline Drive, Blue Ridge Parkway, and Shenandoah National Park, all located in the western part of the County.

The County is serviced by the Charlottesville-Albemarle Airport (CHO), a non-hub, commercial service airport offering over 50 daily non-stop flights to and from Charlotte, Philadelphia, New York/LaGuardia, Washington/Dulles, Atlanta, and Chicago. CHO includes a 60,000 sq. ft. terminal facility with amenities including on-site rental cars, ground transportation, and food service. General aviation facilities include an executive terminal offering a full-service fixed base operation, flight school, and aircraft charter firms.

ECONOMIC CONDITION AND OUTLOOK

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

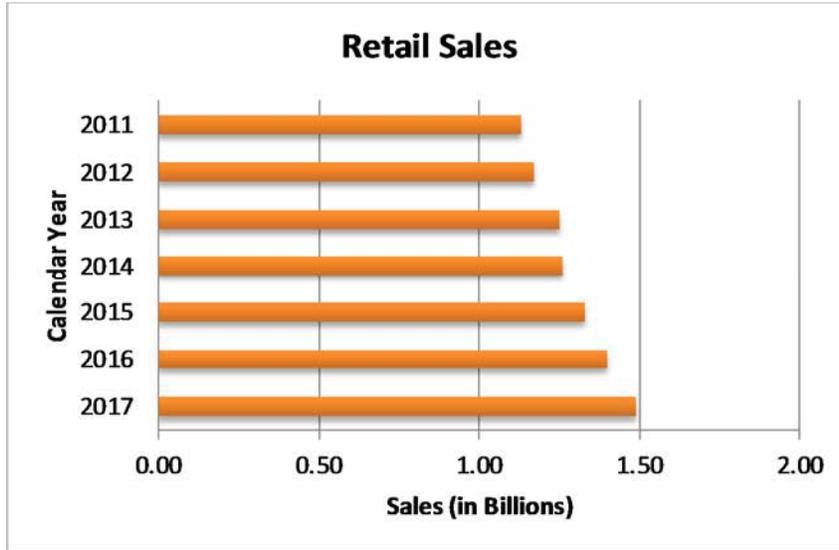
According to the Virginia Employment Commission, as of June 2018, unemployment for Albemarle County was at 3.0 percent. The area continues to have one of the lower unemployment rates and was ranked 22nd lowest in the Commonwealth (tied with Augusta, Botetourt, Culpepper, Floyd, Louisa, and Rappahannock counties, and Charlottesville and Winchester cities). For the same period, Virginia's unemployment rate was 3.3 percent and ranked twelfth lowest in the nation. The national unemployment rate was 4.2 percent.



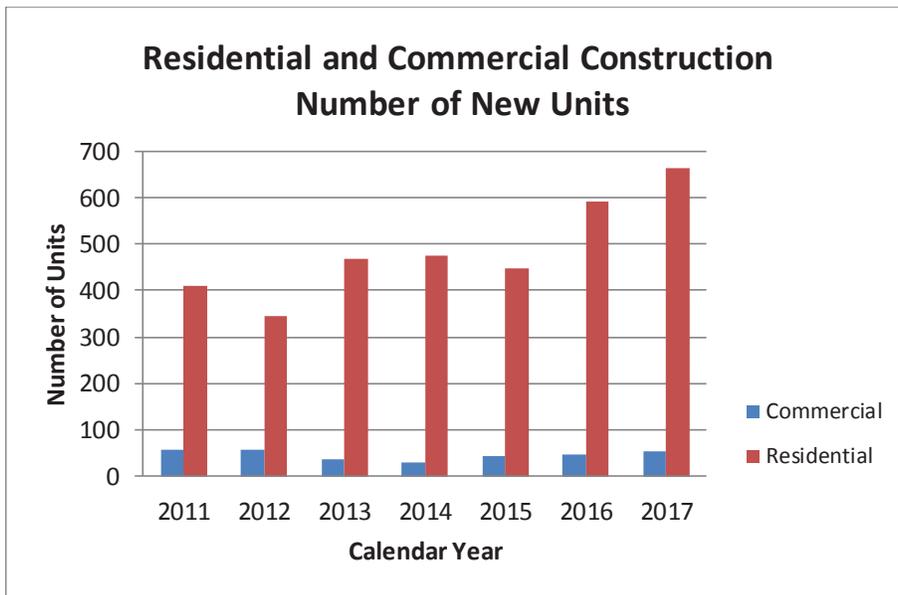
¹ Virginia Tourism Corporation, [Virginia Locality Economic Impact Data](#)

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Retail sales in the County increased in 2018 for the eighth consecutive year. As of December 31, 2017, the increase was 6.4%, with \$1.49 billion compared to \$1.40 billion in 2016. Retail sales figures for the first and second quarters of 2018 increased 4.6%, with \$753 million being reported compared to \$720 million in the first and second quarters of 2017. ¹



The number of building permits issued for new residential construction increased from 592 in 2016 to 664 in 2017. The value of this construction was \$209,766,246. The number of new commercial permits increased from 48 in 2016 to 53 in 2017, with a total value of \$21,115,201.



As of June 2018, the median sales price of homes in the County of Albemarle was \$380,000. The median sales price of homes in the City of Charlottesville during the same period was \$321,000. This is a 2.2 percent and 3.2 percent increase respectively from the previous year. ²

¹ Weldon Cooper Center for Public Service, [Taxable Sales Data by Locality](#)

² Charlottesville Area Association of REALTORS [2018 Second Quarter Home Sales](#)

FINANCIAL POLICIES

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

The local government annually updates its Five-Year Financial Plan and this Plan is an important long-term planning tool that provides the Board of Supervisors with reasonable financial projections for the upcoming five years period. The Plan provides the Board with sufficient data and information to provide staff with direction for fulfilling the Board's long-range goals and priorities. The Plan is based on a set of assumptions regarding how the County's revenues and expenditures are likely to change over the Plan period and is based on the best information available at the time. Although the Plan is not a budget document, it sets directions that will influence budget decisions in the years to come.

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

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

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

MAJOR INITIATIVES

Current Initiatives

The County's major initiatives are focused on enhancing its strategic goals and building a premier community. During fiscal year 2018, the County undertook or continued initiatives in the following areas:

- Emergency Communication Center (ECC) Regional 800 MHz Communication System - This project plans for the replacement of major technology components and equipment of the existing 800 MHz radio system, to include: electronic components at all tower sites and the prime site as well as new console equipment at the ECC. As a regional system, costs will be shared proportional to use. Partners include Albemarle County, City of Charlottesville, University of Virginia, Regional Jail, Regional Airport, Albemarle County Service Authority, and Rivanna Water & Sewer Authority. The project is anticipated to be operational in late summer/early fall 2021.
- Pantops Fire Station (Station 16) - This project is for the construction of an approximately 9,889 square feet Fire Rescue station in the Pantops area to serve the Pantops Mountain urban area and indirectly the rest of the County. The facility includes two apparatus bays (one engine and one ambulance) and

MAJOR INITIATIVES: (CONTINUED)

Current Initiatives: Continued)

support facilities for six personnel. Groundbreaking ceremonies were held on March 7, 2017 with construction beginning on March 8, 2017. Construction was substantially completed this fiscal year.

- School Security Improvements - This project evaluates risk, determines steps to solve, and executes the necessary steps to keep students, personnel, and visitors safe. A School Security Audit Team was formed to inspect and create a Needs Assessment to identify and remedy any risks. The first step was evaluating and grading the security of the main entrances into the schools. Controlled entrances were established directing visitors through the main office to enter the building during normal school hours. Small additions are required to some schools to create this controlled entrance/office combination without interrupting main circulation paths within the school. The Needs Assessment is an ongoing project.
- In 2016 County voters overwhelmingly supported a ballot initiative to issue General Obligation Bonds in Support of certain School Capital Projects. As a result, Series 2017 GO bonds were sold in March 2017 with the expectation of construction beginning in June 2017, including:
 - Woodbrook Elementary School Addition/Modernization - This project adds approximately 40,000 square feet to Woodbrook Elementary. The two-story addition will include 16 classrooms, 2 dedicated Special Education classroom, 4 resource classrooms, professional development training space, a conference room, and 2 faculty workrooms. Smaller additions expanded the cafeteria and a new gym was constructed. The project was substantially completed this fiscal year.
 - Scottsville School Security & Media Center Renovation - This project provides upgrades to security, administration space, and classroom additions/renovations. The project was substantially completed this fiscal year.
 - Albemarle High School - This project provides the modernization of 7 science labs and 8 classrooms at Albemarle High School. The project was substantially completed in August of 2018.
- Sidewalk Improvements - These projects are part of the Virginia Department of Transportation (VDOT) revenue sharing. Each improvement supports pedestrian safety. Some of the projects are:
 - Hydraulic Road - Construction of approximately 1,700 ft. of sidewalk on the north side of Hydraulic Road between Commonwealth Drive and Georgetown Road.
 - Barracks Road - Construction of approximately 1,000 ft. of sidewalk from the Barracks West apartments on the north side of Barracks Road to the existing sidewalk west of the Georgetown Road intersection, and construction of crosswalks in that area.

Future Initiatives

- Hollymead Dam Spillway Improvement - This project is to prevent failure of the Hollymead Dam. This will be accomplished by reinforcing much of the downstream slope of the dam with articulated concrete block. This measure will prevent scour and failure during overtopping of the dam by floodwaters that could result from a major storm event. Project design began in late FY 2017 and construction mobilization is expected to commence in early FY 2019.
- Western Albemarle High School Environmental Studies Academy (Phase 2) - This project is the final phase of a two-phase project for an Academy Addition and science laboratory modernization. The

MAJOR INITIATIVES: (CONTINUED)

Future Initiatives: (Continued)

addition will be approximately 10,000 sf. and will expand science facilities to accommodate the Environmental Studies Academy programs. Space will include three labs, offices, a shared preparation room with storage, and project spaces. Seven of the existing science labs in the building will also be modernized. The project will begin the design phase in July 2018 and be open for the 2020/21 school year.

- **Additional Sidewalk Improvements** - These projects are part of the Virginia Department of Transportation (VDOT) revenue sharing. Each improvement supports pedestrian safety. Some of the projects are:
 - **Ivy Road Sidewalk Improvements** - Provide pedestrian (south side only), bicycle, and drainage improvements along Ivy Road from the existing sidewalk at the Charlottesville City limits to the Rte. 29/250 Bypass interchange. Also includes crosswalks and pedestrian signal modifications at the Old Ivy Road and Ivy Road intersection.
 - **Hollymead-Powell Creek Drive** - Provide sidewalk and pedestrian crossing improvements at three locations to complete pedestrian links to Hollymead Elementary and Sutherland Middle School.
 - **Fontaine Avenue** - Provide sidewalk extension between existing City of Charlottesville sidewalk (Stribling Avenue) and Fontaine Research Park.

AUDIT INFORMATION

Independent Audit

The Commonwealth of Virginia requires that the financial statements of the County be audited by an independent certified public accountant. The accounting firm of Robinson, Farmer, Cox Associates has performed an audit for the County for the fiscal year ended June 30, 2018. The auditors' opinion is included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Albemarle, Virginia, for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

This Comprehensive Annual Financial Report is the result of work performed by a competent and dedicated Finance Department, to whom I am grateful for their commitment to excellence. I also thank the elected

AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)

Acknowledgements (Continued)

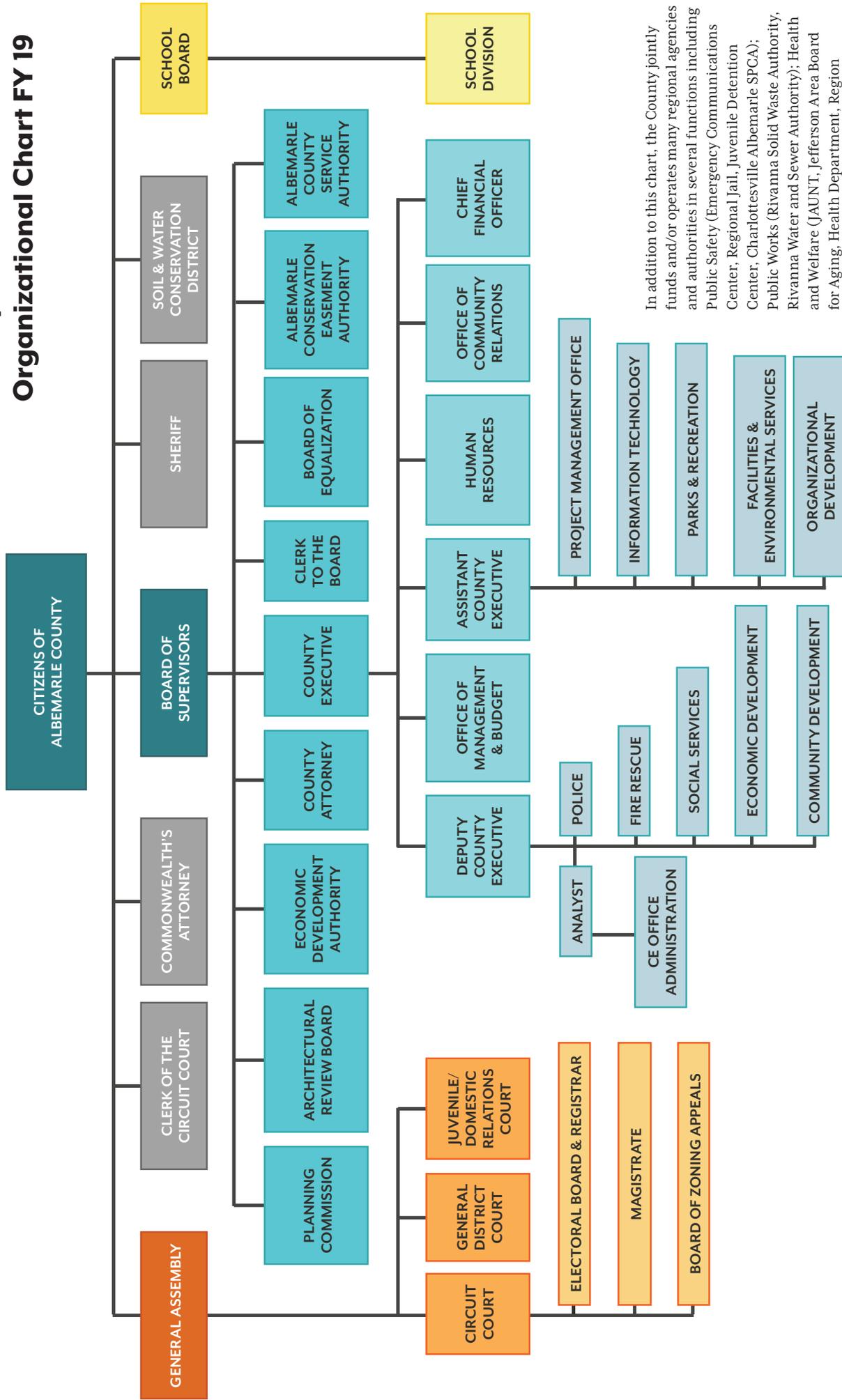
Board members of Albemarle County, as well as the County Executive's Office and School Superintendent's Office for their ongoing support of our professional and progressive financial operations.

Respectfully,

A handwritten signature in black ink, appearing to read 'W. Letteri', written over a light gray rectangular background.

**William M. Letteri
Chief Financial Officer**

County of Albemarle Organizational Chart FY 19



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

COUNTY OF ALBEMARLE, VIRGINIA

BOARD OF SUPERVISORS

Ann H. Mallek, Chairperson
Norman G. Dill, Vice-Chair

Diantha McKeel
Liz A. Palmer

Rick Randolph
Ned L. Galloway

Claudette K. Borgersen, Clerk

SCHOOL BOARD

Kate Acuff, Chairperson
Jonno Alcaro, Vice-Chair

Jason Buyaki
Stephen Koleszar
Katrina Callsen

David Oberg
Graham Paige

Jennifer W. Johnston, Clerk

COUNTY OF ALBEMARLE, VIRGINIA

OTHER OFFICIALS

County Executive	Jeffrey B. Richardson
Deputy County Executive	Douglas C. Walker
School Superintendent	Dr. Matthew S. Haas
Assistant County Executive	Trevor Henry
Clerk of the Circuit Court	Jon Zug
Judge of the Circuit Court	Cheryl V. Higgins
Commonwealth Attorney	Robert N. Tracci
County Attorney	Greg Kamptner
Director of Information Services	Michael C. Culp
Director of Community Development	Mark B. Graham
Extension Agent	Carrie Swanson
Chief Financial Officer	William M. Letteri
Clerk of the General District Court	Crystal L. Byers
Judge of the General District Court	Honorable Claiborne H. Stokes, Jr.
Director of Zoning	Amelia G. McCulley
Director of Emergency Communications Center	Barry Neulen
Director of Parks and Recreation	Robert P. Crickenberger
Director of Human Resources	Lorna Gerome
Director of Planning	Andrew Gast-Bray
Chief of Police	Ron L. Lantz
Registrar	Richard J. Washburne
Sheriff	J.E. "Chip" Harding
Director of Social Services	Phyllis C. Savides
Director of Facilities & Environmental Services	Lance Stewart
Director of Inspections/Building Official	Michael Dellinger
Director of Housing	Ron White
Fire Chief	J. Dan Eggleston
Director of Economic Development	Roger Johnson
Director of Management & Budget	Lori S. Allshouse
Director of Communications	Emily Kilroy



Government Finance Officers Association

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

Presented to

**County of Albemarle
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Albemarle, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Albemarle, Virginia, as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and 85 Omnibus 2017. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-17, 133-135 and 136-149 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Albemarle, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, on our consideration of the County of Albemarle, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Albemarle, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Albemarle, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates
Charlottesville, Virginia
November 26, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Albemarle presents the following discussion and analysis as an overview of the financial activities of the County for fiscal year ending June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements that follow this section.

FINANCIAL HIGHLIGHTS FOR THE YEAR

Government-wide Statements (Full Accrual Accounting)

- The County's total assets and deferred outflows of resources, excluding its component unit, totaled \$329,310,120. Liabilities and deferred inflows of resources totaled \$269,630,853. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,679,267, of which \$43,055,795 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased \$32,369,839 from the prior year. This increase is primarily a result of the increase in revenues as well as a decrease in education expenses.

Fund Financial Statements (Modified Accrual Accounting)

- As of June 30, 2018, the County's governmental funds reported combined fund balances of \$102,386,841, an increase of \$1,704,432 in comparison with the prior year. Approximately 47.96% of the combined fund balances, \$49,108,973, is unassigned and available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$53,493,623, a decrease of \$2,811,495 from June 30, 2017. Federal/State Grant Funds reported a fund balance of \$2,257,492; the General Capital Improvements Fund reported a fund balance of \$36,662,066; and Other Governmental Funds reported \$9,973,660 in total fund balance.

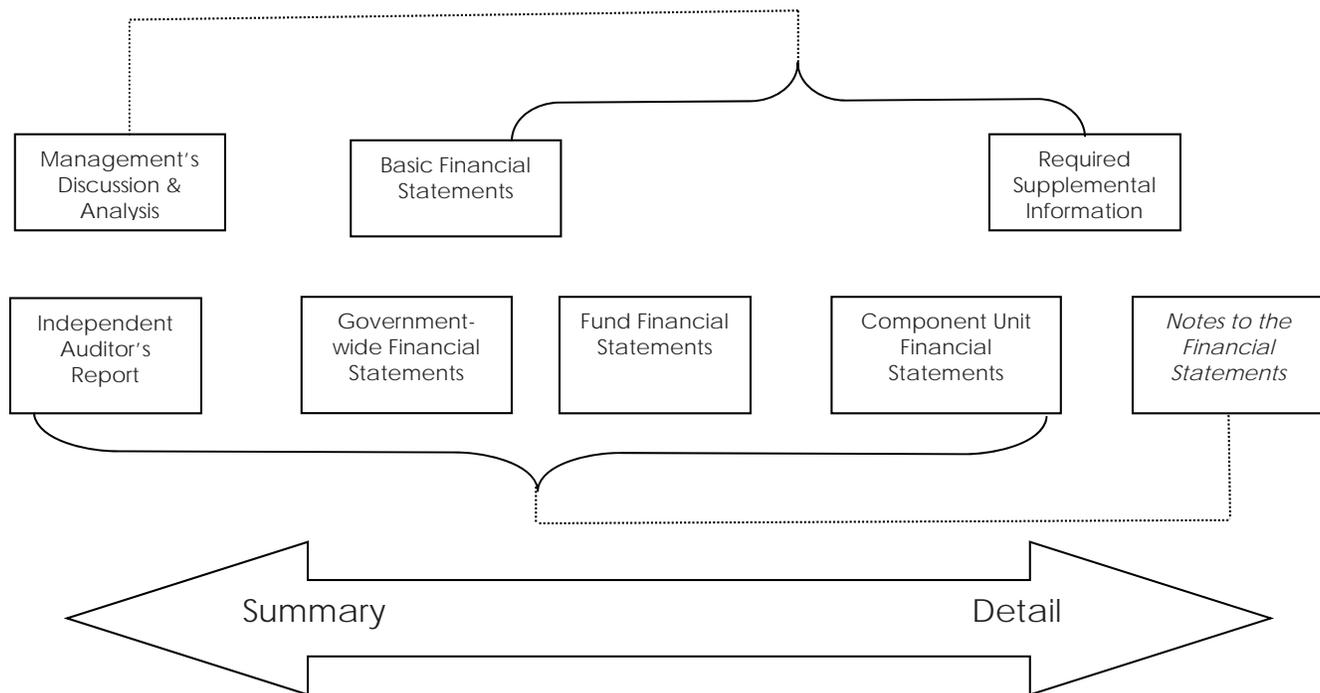
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The *introductory section* includes the transmittal letter, the County's organizational chart, a list of principal officers and a copy of the 2017 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association.
- The *financial section* has five component parts - the independent auditor's report, management's discussion and analysis (this section), the basic financial statements (which include government-wide financial statements and fund financial statements), required supplementary information, and other supplementary information.
- The *statistical section* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget guidance in Title 2 of the Code of Federal Regulations, Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and includes the auditors' reports on compliance and internal controls.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Components of the Financial Section



Local government financial reports consist of two kinds of statements, each with a different view of the County's finances. The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. The fund financial statements focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. The basic financial statements also contain notes to explain, in greater detail, the information found in the financial statements.

Government-wide Financial Statements

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Government-wide Financial Statements: (Continued)

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary of Net Position As of June 30, 2018 and 2017 (\$ in thousands)						
	Governmental Activities		Component Unit		Total Reporting Entity	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 140,786	\$ 131,901	\$ 48,994	\$ 65,910	\$ 189,780	\$ 197,811
Capital assets (net)	183,205	175,030	64,536	59,846	247,741	234,876
Total assets	\$ 323,991	\$ 306,931	\$ 113,530	\$ 125,756	\$ 437,521	\$ 432,687
Deferred outflows of resources	\$ 5,319	\$ 8,558	\$ 20,747	\$ 25,978	\$ 26,066	\$ 34,536
Total assets and deferred outflows of resources	\$ 329,310	\$ 315,489	\$ 134,277	\$ 151,734	\$ 463,587	\$ 467,223
Liabilities:						
Other liabilities	\$ 10,416	\$ 9,060	\$ 23,920	\$ 19,529	\$ 34,336	\$ 28,589
Long-term Liabilities	250,114	268,420	197,001	171,951	447,115	440,371
Total liabilities	\$ 260,530	\$ 277,480	\$ 220,921	\$ 191,480	\$ 481,451	\$ 468,960
Deferred inflows of resources	\$ 9,101	\$ 3,003	\$ 18,267	\$ 6,803	\$ 27,368	\$ 9,806
Net Position:						
Net investment in capital assets	\$ 14,366	\$ 13,365	\$ 64,536	\$ 59,846	\$ 78,902	\$ 73,211
Restricted	2,257	3,827	-	-	2,257	3,827
Unrestricted	43,056	17,813	(169,447)	(106,395)	(126,391)	(88,582)
Total net position	\$ 59,679	\$ 35,005	\$ (104,911)	\$ (46,549)	\$ (45,232)	\$ (11,544)
Total liabilities, deferred inflows of resources and net position	\$ 329,310	\$ 315,488	\$ 134,277	\$ 151,734	\$ 463,587	\$ 467,222

The Commonwealth of Virginia requires that counties, as well as their fiscally dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public school facilities, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government. GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

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

Statement of Activities:

The following table presents revenues and expenses of governmental activities:

Changes in Net Position			
For the Fiscal Year Ended June 30, 2018 and 2017			
(\$ in thousands)			
	Governmental Activities		Total %
	2018	2017	Change
			2018-2017
Revenues:			
Program Revenues:			
Charges for services	\$ 7,460	\$ 6,928	7.68%
Operating grants and contributions	24,734	24,524	0.86%
Capital grants and contributions	1,542	1,440	7.08%
General Revenues:			
General property taxes, real and personal	184,917	174,981	5.68%
Other taxes	53,796	52,682	2.11%
Grants and contributions not restricted	20,817	21,113	-1.40%
Use of money and property	2,516	1,653	52.21%
Miscellaneous revenue	1,774	283	526.86%
Total Revenues	\$ 297,556	\$ 283,604	4.92%
Expenses:			
General government	\$ 13,181	\$ 14,160	-6.91%
Judicial administration	6,115	5,956	2.67%
Public safety	45,989	45,574	0.91%
Public works	12,610	7,661	64.60%
Health and welfare	27,869	26,701	4.37%
Education	114,360	156,223	-26.80%
Parks, recreation, and cultural	9,334	8,804	6.02%
Community Development	28,358	26,614	6.55%
Interest on long-term debt	7,370	6,696	10.07%
Total Expenses	\$ 265,186	\$ 298,389	-11.13%
Increase (decrease) in net position	\$ 32,370	\$ (14,786)	-318.92%
Beginning net position, as restated	27,309	49,792	-45.15%
Ending net position	<u>\$ 59,679</u>	<u>\$ 35,006</u>	<u>70.48%</u>

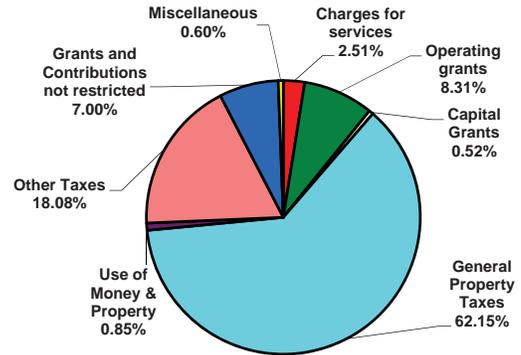
Revenue from use of money and property increased over 52% due to an increase in investment earnings. Miscellaneous Revenues increased over 526% due to an increase in proffer revenues.

Education experienced a decrease due to the transfer of General Obligation and Public Facility Revenue bonds to School Capital Projects in the prior year. Public works experienced over a 64% increase due to several capital projects in 2018.

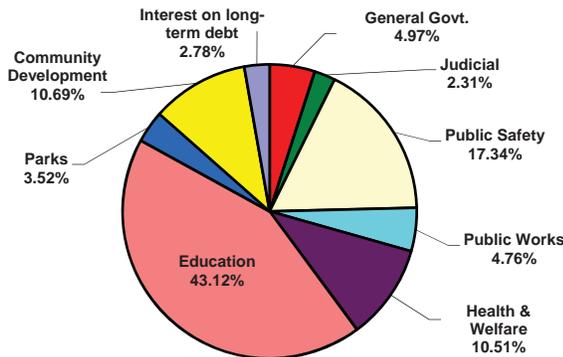
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)

**Governmental Activities - Revenues by Source
For the Fiscal Year Ended June 30, 2018**

Governmental activities total net position increased \$32,369,839 with an ending net position of \$59,679,267. Revenues from governmental activities totaled \$297,555,157 for FY 2018 compared to FY 2017 revenues from governmental activities of \$283,603,543. Taxes comprise the largest source of these revenues, totaling \$238,712,762 or 80.22% of all governmental activities revenue. Of this amount, general property taxes comprise 77.46% of the taxes collected totaling \$184,916,636.



**Governmental Activities - Expenses by Function
For the Fiscal Year Ended June 30, 2018**



The total cost of all governmental activities for this fiscal year was \$265,185,318. As the chart to the left illustrates, Education continues to be the County's largest program with expenses totaling \$114,359,371. Public Safety expenses, which total \$45,989,178 represents the second largest expense, followed by Community Development at \$28,358,277, Health and Welfare at \$27,868,798, and General Government Administration at \$13,180,551.

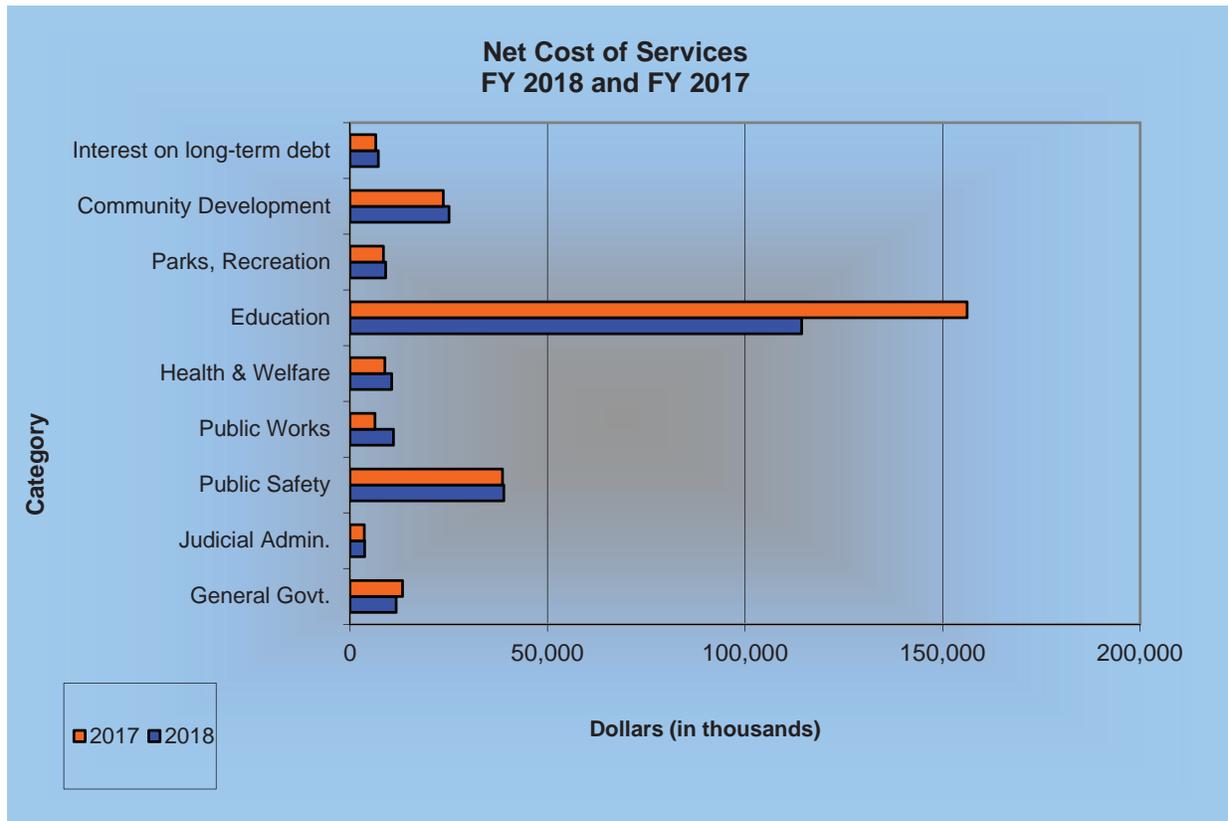
For the County's governmental activities, the net expense (total cost less associated fees and program-specific governmental aid) is illustrated in the following table.

**Total Cost and Net Cost of Governmental Activities
For the Fiscal Year Ended June 30, 2018 and 2017**

	Total Cost of Services			Net Cost of Services		
	2018	2017	Percentage Change	2018	2017	Percentage Change
General government	\$ 13,180,551	\$ 14,159,854	-6.92%	\$ 11,681,181	\$ 13,282,473	-12.06%
Judicial administration	6,115,421	5,955,611	2.68%	3,691,245	3,638,626	1.45%
Public safety	45,989,178	45,574,488	0.91%	38,927,932	38,607,124	0.83%
Public works	12,610,005	7,661,298	64.59%	11,005,062	6,324,980	73.99%
Health & welfare	27,868,798	26,701,233	4.37%	10,563,735	8,820,617	19.76%
Education	114,359,371	156,222,909	-26.80%	114,335,550	156,197,909	-26.80%
Parks, recreation & cultural	9,333,628	8,804,004	6.02%	9,007,215	8,475,519	6.27%
Community development	28,358,277	26,614,114	6.55%	25,063,617	23,608,789	6.16%
Interest on long-term debt	7,370,089	6,695,703	10.07%	7,174,238	6,541,212	9.68%
Total	\$ 265,185,318	\$ 298,389,214	-11.13%	\$ 231,449,775	\$ 265,497,249	-12.82%

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

For the year ended June 30, 2018, governmental activities generated \$7,460,285 in program revenues from users of services provided by the activity, as compared to \$6,927,537 for FY 2017. The largest percent of charges were generated from Public Safety with 44.15%, while Community Development generated 37.72% of charges for services program revenue. Operating grant and contribution revenues increased to \$24,733,655 when compared to \$24,523,951 in FY 2017. Capital grant and contribution revenues totaled \$1,541,603 which increased by \$101,126 when compared with 2017.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2018, the County's governmental funds reported a combined ending fund balance of \$102,386,841, an increase of \$1,704,432 in comparison with the prior year. Approximately 47.96% (\$49,108,973) is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is non-spendable (\$169,946); restricted (\$2,257,492); or committed (\$50,850,430). For further details on Fund Balance, please refer to Exhibit 3 located in the Fund Financial statements section.

The General Fund contributed \$124.1 million in operating funds to support the Schools operations.

In the General Capital Improvement Fund, the County expended \$17.1 million in FY 2018. Approximately 36.17% of those expenditures, \$6.1 million, was used for Public Safety, specifically Fire/Rescue. Expenditures in this category included \$2.3 million for Fire Station construction, \$0.68 million for Volunteer Fire Department projects, and \$1,025,750 related to Ambulance and rescue services. The County also expended \$2.7 million for sidewalk construction and improvements and 1.8 million on public works engineering projects.

BUDGETARY HIGHLIGHTS

General Fund

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

Budgetary Comparison			
General Fund			
For the Fiscal Year Ended June 30, 2018			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 228,575,614	\$ 231,100,614	\$ 235,817,484
Other	6,425,532	6,984,471	7,736,168
Intergovernmental	35,356,251	35,688,813	35,778,884
Total	<u>\$ 270,357,397</u>	<u>\$ 273,773,898</u>	<u>\$ 279,332,536</u>
Expenditures:			
Expenditures	<u>230,026,024</u>	<u>232,604,910</u>	<u>225,848,950</u>
Excess (deficit) of revenues over expenditures	<u>\$ 40,331,373</u>	<u>\$ 41,168,988</u>	<u>\$ 53,483,586</u>
Other Financing Sources (Uses):			
Transfers in	\$ 4,948,263	\$ 18,445,845	\$ 3,203,960
Transfers out	<u>(45,279,636)</u>	<u>(59,614,833)</u>	<u>(59,499,041)</u>
Total	<u>\$ (40,331,373)</u>	<u>\$ (41,168,988)</u>	<u>\$ (56,295,081)</u>
Change in Fund Balance	\$ -	\$ -	\$ (2,811,495)
Fund balance, beginning of year	-	-	56,305,118
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,493,623</u>

Actual revenues were \$5,558,638, or 2.03% more than final budget amounts and actual expenditures were \$6,755,960 or 2.90% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2018, include the following:

- Actual tax revenues exceeded budgeted amounts by \$4,716,870 primarily due to a better than expected real estate market and increased collection efforts of current as well as delinquent taxes including Business Personal Property and Business License.
- Actual revenues from Permits, privilege fees and regulatory licenses exceeded budgeted amounts by \$506,348.
- Actual revenues from the Federal Government were \$696,779 more than budgeted due to additional grant funding approval, particularly related to Social Services expenditures.
- General government actual expenditures were \$1,364,845 less than budgeted, Health and Welfare actual expenditures were \$1,094,636 less than budgeted, and Education actual expenditures were \$1,062,403 less than budgeted. These savings were primarily due to attrition during FY 18.
- Expenditures in Public Works were \$811,983 less than budgeted primarily as a result of uncompleted projects carried forward to FY 2019.

BUDGETARY HIGHLIGHTS: (Continued)

General Fund: (Continued)

Final budgeted revenues were \$3,416,501 or 1.26% more than the original budget amounts and final budgeted expenditures were \$2,578,886 or 1.12% more than the original budget amounts. Highlights of the comparison of the original budget to final budgeted figures for the fiscal year ended June 30, 2018, include the following:

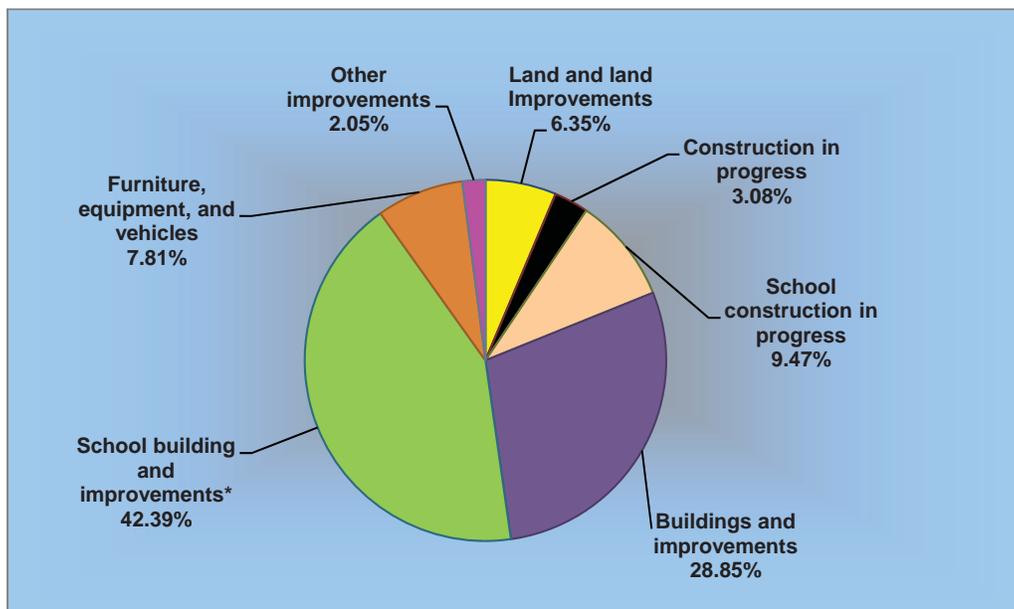
- Final budgeted Property Tax revenues were \$2,525,000 or 1.41% more than the original amount of \$179,106,549.
- Final budgeted expenditures for General Government Administration increased from the original budget by \$1,220,546. \$525,000 of the increase was for Other General Government expenditures and \$203,571 increase was related to County Executive departmental expenditures.
- The final budget for Public Safety increased by \$615,465 over the original budget. Of this amount, \$465,352 increase was for the Police Department.
- The final budget for Community Development increased \$836,271 over the original budget. \$400,000 of this increase was for Economic Development.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2018, the County's investment in capital assets totaled \$183,204,777 as summarized below:

Capital Assets as of June 30, 2018



CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: (Continued)

During Fiscal Year 2018, the County's net capital assets (including additions, decreases, and depreciation) increased \$8,174,956 as summarized below:

Change in Capital Assets Governmental Funds			
	<u>Balance July 1, 2017</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2018</u>
Land and land Improvements	\$ 11,649,536	\$ (17,816)	\$ 11,631,720
Construction in progress	8,500,426	(2,861,777)	5,638,649
School land and construction in progress*	11,372,608	5,975,722	17,348,330
Buildings and improvements	79,055,044	6,552,791	85,607,835
School building and improvements*	88,132,290	(1,260,599)	86,871,691
Furniture, equipment, and vehicles	54,088,417	3,003,218	57,091,635
Other improvements	10,307,596	1,824,498	12,132,094
Total Capital Assets	<u>\$ 263,105,917</u>	<u>\$ 13,216,037</u>	<u>\$ 276,321,954</u>
Less accumulated depreciation	<u>(88,076,096)</u>	<u>(5,041,081)</u>	<u>(93,117,177)</u>
Total capital assets, net	<u><u>\$ 175,029,821</u></u>	<u><u>\$ 8,174,956</u></u>	<u><u>\$ 183,204,777</u></u>

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

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

- Construction of the Pantops Rescue Station (Station 16). This facility will serve the Pantops urban area. The official ribbon cutting/opening occurred on May 7, 2018.
- On-going construction and renovations to several schools including Woodbrook Elementary, Scottsville Elementary, Albemarle High School, Sutherland Middle School, Western Albemarle High School, and Henley Middle School. In addition to regular maintenance projects, the school security and modernization projects are well underway, the replacement of furniture, lockers, and lighting are being continued, as well as the replacement of heating and air systems and playground equipment.
- Continued funding for the replacement of school buses.

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

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

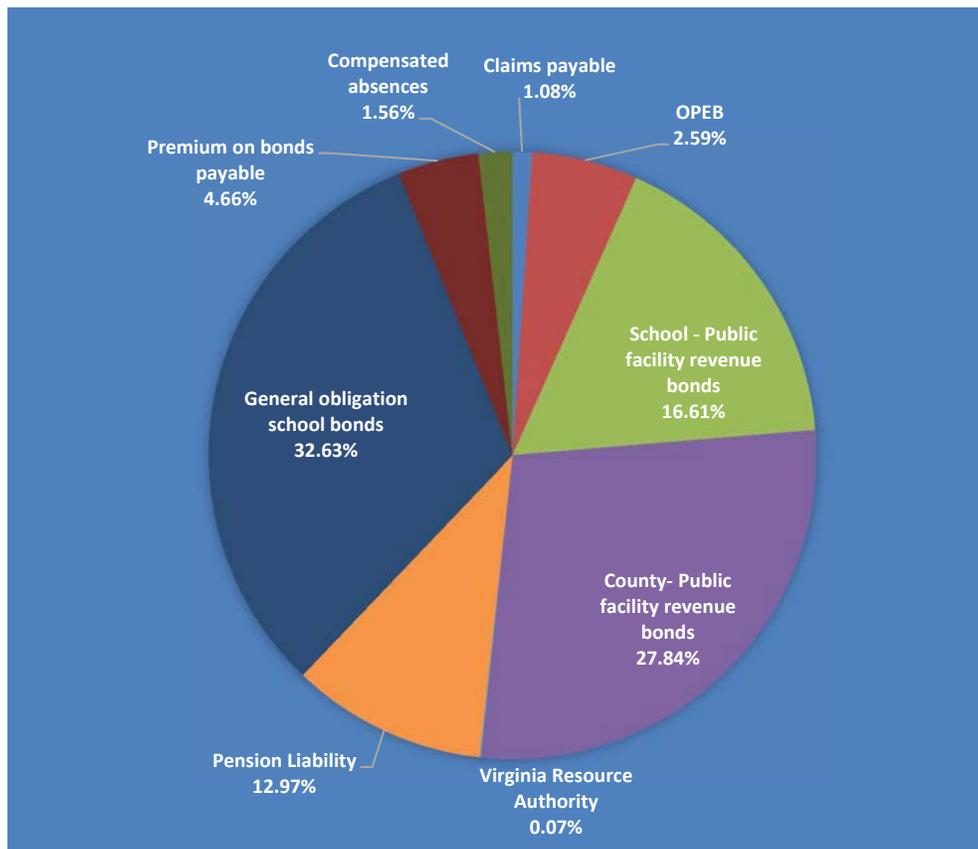
Long-term Debt

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

Summary of Long-Term Obligation Changes For the Fiscal Year Ended June 30, 2018			
	Amounts Payable July 1, 2017	Net Increase (Decrease)	Amounts Payable June 30, 2018
Primary Government			
General obligation school bonds	\$ 87,575,000	\$ (8,125,000)	\$ 79,450,000
School - Public facility revenue bonds	44,572,048	(2,052,802)	42,519,246
County - Public facility revenue bonds	74,722,952	(4,714,197)	70,008,755
Virginia Resource Authority	201,161	(42,961)	158,200
Premium on bonds payable	12,498,227	(1,723,776)	10,774,451
Claims payable	2,886,892	(309,970)	2,576,922
Net pension liability	34,817,580	(8,823,980)	25,993,600
Net OPEB obligations	14,845,364	(721,184)	14,124,180
Compensated absences	4,184,837	324,129	4,508,966
Total	\$ 276,304,061	\$ (26,189,741)	\$ 250,114,320

As of June 30, 2018, the County's long-term obligations total \$250,114,320 and can be summarized as follows:

**Long-Term Obligations
Primary Government as of June 30, 2018**



CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Long-term Debt (Continued)

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

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

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

- The County will not fund current operations from the proceeds of borrowed funds.
- The County will manage its financial resources in a way that prevents borrowing to meet working capital needs.
- The County will confine long-term borrowing and capital leases to capital improvements or projects that cannot be financed by current revenues.

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Long-term Debt (Continued)

- To the extent feasible, any year that the debt service payment falls below its current level, those savings will be used to finance one-time capital needs.
- The County's debt offering documents will provide full and complete public disclosure of financial condition and operating results and other pertinent credit information in compliance with municipal finance industry standards for similar issues.
- Recognizing the importance of underlying debt to its overall financial condition, the County will set target debt ratios, which will be calculated annually and included in the annual review of fiscal trends:
 - Net debt as a percentage of the estimated market value of taxable property should not exceed 2%.
 - The ratio of debt service expenditures as a percent of general fund and school fund revenues should not exceed 10%.
- The County intends to maintain a 10 year payout ratio at or above 60% at the end of each adopted five-year CIP for tax supported debt and lease payments. When the County finances capital improvements or other projects through bonds or capital leases, it will repay the debt within a period not to exceed the expected useful life of the projects.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The average unemployment rate for the County of Albemarle in June 2018 was 3.0%. The area continues to have one of the lower unemployment rates and was ranked 22nd lowest in the Commonwealth (tied with Augusta, Botetourt, Culpeper, Floyd, Louisa, and Rappahannock counties and Charlottesville and Winchester cities). For the same period, Virginia's unemployment rate was 3.3 percent and the national unemployment rate was 4.2 percent.
- According to the U.S. Census Bureau, the estimated population in Albemarle was 107,697, as of July 1, 2017, with an estimated 80% of individuals over the age of eighteen. The median was calculated at 38.1 years of age.
- The Fiscal Year 2019 Adopted Budget anticipates general fund revenues and expenditures to be \$291,693,934, a 5.3% increase over the fiscal year 2018 budget. Revenues are comprised primarily of General Property Taxes at 64% with Other Local Taxes comprising 20%. The County's transfer to fund Education operations (including Education debt service) continues to be the largest expenditure area at 45% of total expenditures with Public Safety being the next largest at 15%.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2018

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Assets		
Cash and investments	\$ 100,257,857	\$ 26,198,950
Investments - restricted	15,787,370	17,749,225
Receivables (net of allowance for doubtful accounts) - Note 4	11,420,096	907,071
Due from other governments - Note 5	13,163,098	3,281,139
Prepaid items	74,939	65,548
Inventories	82,827	309,732
Net pension asset	-	482,302
Capital assets - Note 7:		
Land and construction in progress	34,618,699	9,137,329
Other capital assets (net of accumulated depreciation)	148,586,078	55,398,854
Total capital assets, net	<u>\$ 183,204,777</u>	<u>\$ 64,536,183</u>
Total assets	<u>\$ 323,990,964</u>	<u>\$ 113,530,150</u>
Deferred Outflows of Resources:		
Deferred amount on refunding	\$ 377,060	\$ -
Deferred items related to pension	4,725,483	19,031,678
Deferred items related to OPEB	216,613	1,715,567
Total deferred outflows of resources	<u>\$ 5,319,156</u>	<u>\$ 20,747,245</u>
Total assets and deferred outflows of resources	<u>\$ 329,310,120</u>	<u>\$ 134,277,395</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 7,050,777	\$ 23,695,960
Amounts held for others	1,823,746	-
Accrued interest payable	1,541,136	-
Unearned revenue	-	223,973
Long-term liabilities - Note 8:		
Due within one year	18,236,388	536,578
Due in more than one year	231,877,932	196,464,821
Total liabilities	<u>\$ 260,529,979</u>	<u>\$ 220,921,332</u>
Deferred Inflows of Resources		
Deferred revenue - Note 9	\$ 4,138,832	\$ -
Changes in proportionate share of employer contributions		
Deferred items related to pension	4,081,214	16,257,071
Deferred items related to OPEB	880,828	2,009,617
Total deferred outflows of resources	<u>\$ 9,100,874</u>	<u>\$ 18,266,688</u>
Net Position		
Net investment in capital assets	\$ 14,365,980	\$ 64,536,183
Restricted:		
Grant compliance	2,257,492	-
Unrestricted	43,055,795	(169,446,808)
Total net position	<u>\$ 59,679,267</u>	<u>\$ (104,910,625)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 329,310,120</u>	<u>\$ 134,277,395</u>

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

Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Primary Government						
Governmental activities						
General government administration	\$ 13,180,551	\$ 407,226	\$ 1,092,144	\$ -	\$ (11,681,181)	\$ -
Judicial administration	6,115,421	545,992	1,878,184	-	(3,691,245)	-
Public safety	45,989,178	3,293,635	3,767,611	-	(38,927,932)	-
Public works	12,610,005	63,340	-	1,541,603	(11,005,062)	-
Health and welfare	27,868,798	-	17,305,063	-	(10,563,735)	-
Education	114,359,371	23,821	-	-	(114,335,550)	-
Parks, recreation and cultural	9,333,628	312,151	14,262	-	(9,007,215)	-
Community development	28,358,277	2,814,120	480,540	-	(25,063,617)	-
Interest on long-term debt	7,370,089	-	195,851	-	(7,174,238)	-
Total governmental activities	\$ 265,185,318	\$ 7,460,285	\$ 24,733,655	\$ 1,541,603	\$ (231,449,775)	\$ -
Component Unit						
Albemarle County Public Schools	\$ 202,743,987	\$ 5,721,410	\$ 59,187,971	\$ 1,000,000	\$ -	\$ (136,834,606)
General Revenues						
Taxes:						
General property taxes, real and personal				\$ 184,916,636	\$ -	\$ -
Local sales and use taxes				16,858,642	-	-
Business licenses tax				13,231,145	-	-
Consumer utility taxes				4,607,616	-	-
Meals tax				8,580,284	-	-
Motor vehicle licenses tax				3,925,015	-	-
Other taxes				6,593,424	-	-
Payment from County of Albemarle:						
Education				-		110,978,380
Grants and contributions not restricted to specific programs						
Unrestricted use of money and property				20,816,629	-	-
Miscellaneous				2,515,915		1,294,270
				1,774,308		3,130,408
Total general revenues				\$ 263,819,614	\$ 115,403,058	
Change in net position				\$ 32,369,839	\$ (21,431,548)	
Net position, beginning of year, as restated				27,309,428	(83,479,077)	
Net position, end of year				\$ 59,679,267	\$ (104,910,625)	

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

Fund Financial Statements

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Balance Sheet
 Governmental Funds
 At June 30, 2018

	General Fund	Federal/ State Grants Fund	General Capital Improve- ments	Other Govern- mental Funds	Total Govern- mental Funds
Assets					
Cash and investments	\$ 46,229,993	\$ 3,046,767	\$ 24,487,680	\$ 7,360,388	\$ 81,124,828
Investments - restricted	-	-	13,174,193	2,613,177	15,787,370
Property taxes receivable, (net of allowance for uncollectibles) - Note 4	8,407,176	-	-	-	8,407,176
Receivables, (net of allowance for uncollectibles) - Note 4	2,586,826	-	76,383	346,809	3,010,018
Due from other governments - Note 5	11,717,525	926,134	427,995	91,444	13,163,098
Prepaid items	74,939	-	-	-	74,939
Inventories	82,827	-	-	-	82,827
Total assets	\$ 69,099,286	\$ 3,972,901	\$ 38,166,251	\$ 10,411,818	\$ 121,650,256
Liabilities					
Accounts payable and accrued liabilities	\$ 2,804,689	\$ 1,715,409	\$ 1,504,185	\$ 438,158	\$ 6,462,441
Amounts held for others	1,823,746	-	-	-	1,823,746
Total liabilities	\$ 4,628,435	\$ 1,715,409	\$ 1,504,185	\$ 438,158	\$ 8,286,187
Deferred Inflows of resources					
Unavailable revenue, property tax - Note 9	\$ 10,977,228	\$ -	\$ -	\$ -	\$ 10,977,228
Fund Balance					
Nonspendable:					
Inventories and prepaid items	\$ 157,766	\$ -	\$ -	\$ -	\$ 157,766
Loan receivable	-	-	12,180	-	12,180
Restricted:					
Grant compliance	-	2,257,492	-	-	2,257,492
Committed:					
Encumbrances:					
General government administration	\$ 339,253	\$ -	\$ -	\$ -	\$ 339,253
Judicial administration	175,230	-	-	-	175,230
Public safety	88,737	-	-	-	88,737
Public works	73,684	-	-	-	73,684
Health and welfare	106,324	-	-	-	106,324
Parks and recreation	84,500	-	-	-	84,500
Community development	181,387	-	-	-	181,387
Total encumbrance commitments	\$ 1,049,115	\$ -	\$ -	\$ -	\$ 1,049,115
Other Commitments:					
General capital projects	\$ -	\$ -	\$ 36,649,886	\$ -	\$ 36,649,886
Storm water projects	-	-	-	3,906,158	3,906,158
Special revenue	-	-	-	6,067,502	6,067,502
Education - School Reserve Fund	3,177,769	-	-	-	3,177,769
Unassigned	49,108,973	-	-	-	49,108,973
Total fund balance	\$ 53,493,623	\$ 2,257,492	\$ 36,662,066	\$ 9,973,660	\$ 102,386,841
Total liabilities, deferred inflows of resources and fund balance	\$ 69,099,286	\$ 3,972,901	\$ 38,166,251	\$ 10,411,818	\$ 121,650,256

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
At June 30, 2018

Total fund balances for governmental funds (Exhibit 3) \$ 102,386,841

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	11,631,720	
Construction in progress		5,638,649	
School Board construction in progress		17,348,330	
Buildings and improvements, net of accumulated depreciation		52,860,475	
Other improvements, net of accumulated depreciation		3,754,148	
Furniture, equipment and vehicles, net of accumulated depreciation		14,309,613	
School Board capital assets, net of accumulated depreciation		77,661,842	
 Total net capital assets			 183,204,777

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

15,970,673

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

6,838,396

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred inflows related to pensions		(4,081,214)	
Deferred inflows related to OPEB		(880,828)	

Pension and OPEB contributions subsequent to the measurement date and other deferred outflows will be a reduction to the net pension and OPEB liabilities in the next fiscal year and, therefore, are not reported in the funds.

Deferred outflows related to pensions		4,725,483	
Deferred outflows related to OPEB		216,613	

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

Accrued interest payable	\$	(1,541,136)	
General obligation bonds		(79,450,000)	
Public facility revenue and refunding bonds		(112,528,001)	
Virginia Resource Authority		(158,200)	
Net pension liability		(25,993,600)	
Net OPEB liabilities		(14,124,180)	
Unamortized bond premium		(10,774,451)	
Deferred amount on refunding		377,060	
Compensated absences		(4,508,966)	(248,701,474)

Total net position of governmental activities (Exhibits 1 and 2) \$ 59,679,267

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2018

	General Fund	Federal/ State Grants Fund	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 183,727,785	\$ -	\$ -	\$ -	\$ 183,727,785
Other local taxes	52,089,699	-	-	1,706,426	53,796,125
Permits, privilege fees and regulatory licenses	2,936,061	-	-	187,345	3,123,406
Fines and forfeitures	487,221	-	-	-	487,221
Use of money and property	1,664,455	3,123	374,777	282,581	2,324,936
Charges for services	1,576,254	-	-	2,273,405	3,849,659
Miscellaneous	222,962	2,000	1,534,346	15,000	1,774,308
Recovered costs	849,215	50,502	58,909	61,945	1,020,571
Intergovernmental:					
Contribution from School Board	1,520,455	1,965,625	-	-	3,486,080
Commonwealth	27,651,180	6,334,947	1,541,603	616,273	36,144,003
Federal Government	6,607,249	4,233,321	-	107,314	10,947,884
Total revenues	<u>\$ 279,332,536</u>	<u>\$ 12,589,518</u>	<u>\$ 3,509,635</u>	<u>\$ 5,250,289</u>	<u>\$ 300,681,978</u>
Expenditures					
Current:					
General government administration	\$ 14,168,560	\$ -	\$ -	\$ -	\$ 14,168,560
Judicial administration	4,853,301	1,024,863	-	-	5,878,164
Public safety	27,008,819	412,715	-	15,245,756	42,667,290
Public works	4,860,134	-	-	77,913	4,938,047
Health and welfare	17,749,686	10,406,664	-	-	28,156,350
Education - local community college	24,934	-	140,000	-	164,934
Education - public school system	124,103,485	-	-	-	124,103,485
Parks, recreation and cultural	8,083,543	-	-	-	8,083,543
Community development	24,390,822	3,505,309	-	413,517	28,309,648
Contingencies	605,666	-	-	-	605,666
Debt service:					
Principal payments	-	-	-	14,934,960	14,934,960
Interest and fiscal charges	-	-	-	9,355,077	9,355,077
Capital projects	-	-	17,091,851	569,971	17,661,822
Total expenditures	<u>\$ 225,848,950</u>	<u>\$ 15,349,551</u>	<u>\$ 17,231,851</u>	<u>\$ 40,597,194</u>	<u>\$ 299,027,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 53,483,586</u>	<u>\$ (2,760,033)</u>	<u>\$ (13,722,216)</u>	<u>\$ (35,346,905)</u>	<u>\$ 1,654,432</u>
Other financing sources (uses)					
Transfers in	\$ 3,203,960	\$ 1,496,308	\$ 16,702,927	\$ 41,771,961	\$ 63,175,156
Transfers (out)	<u>(59,499,041)</u>	<u>(306,199)</u>	<u>(45,000)</u>	<u>(3,274,916)</u>	<u>(63,125,156)</u>
Total other financing sources (uses)	<u>\$ (56,295,081)</u>	<u>\$ 1,190,109</u>	<u>\$ 16,657,927</u>	<u>\$ 38,497,045</u>	<u>\$ 50,000</u>
Net change in fund balance	\$ (2,811,495)	\$ (1,569,924)	\$ 2,935,711	\$ 3,150,140	\$ 1,704,432
Fund balance, beginning of year	<u>56,305,118</u>	<u>3,827,416</u>	<u>33,726,355</u>	<u>6,823,520</u>	<u>100,682,409</u>
Fund balance, end of year	<u>\$ 53,493,623</u>	<u>\$ 2,257,492</u>	<u>\$ 36,662,066</u>	<u>\$ 9,973,660</u>	<u>\$ 102,386,841</u>

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,704,432

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

Capital outlay additions:

Land	\$	-	
Construction in progress additions		5,413,079	
Construction in progress deletions		(8,274,856)	
Building and improvements additions		6,552,791	
Other improvements additions		1,824,498	
Furniture, equipment and vehicle additions		<u>3,350,393</u>	\$ 8,865,905
Depreciation expense		<u>(10,312,158)</u>	(1,446,253)

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (17,816)

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

School construction in progress additions	\$	16,892,925	
School construction in progress deletions		(10,917,203)	
School buildings and improvements additions		9,307,616	
School buildings and improvements deletions		(10,568,215)	
Transfer of depreciation		<u>4,923,902</u>	9,639,025

Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and available to pay current obligations. However, in the statement of net position revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis. 1,188,851

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

(Increase) decrease in deferred inflows related to the measurement of the net pension liability	(3,693,582)
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	(880,828)

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

Repayments:

General obligation school bonds	\$	8,125,000	
Public facility revenue bonds		6,766,999	
Virginia Resource Authority		<u>42,961</u>	14,934,960

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

Compensated absences	\$	(324,129)	
Amortization of deferred amount on refunding		(18,876)	
Amortization of bond premium		1,723,776	
Net pension liability		8,823,980	
Net OPEB liabilities		721,184	
Increase (decrease) in deferred outflows related to the measurement of the net pension liability		(3,436,252)	
Increase (decrease) in deferred outflows related to the measurement of the net OPEB liabilities		28,300	
Accrued interest payable		<u>280,088</u>	7,798,071

Internal service funds are used by the County to charge the costs of health and dental insurance benefits, vehicle replacement and duplicating costs to individual funds. The change in net position of internal service funds is reported with governmental activities. 3,142,979

Change in net position of governmental activities (Exhibit 2)	<u>\$ 32,369,839</u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 At June 30, 2018

	<u>Governmental</u> <u>Activities</u> <u>Internal Service</u> <u>Funds</u>
Assets	
Current assets:	
Cash and investments	\$ 19,133,029
Receivables, (net of allowance for doubtful accounts)	<u>2,902</u>
Total assets	<u>\$ 19,135,931</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 588,336
Claims payable:	
Due within one year	426,182
Due in more than one year	<u>2,150,740</u>
Total liabilities	<u>\$ 3,165,258</u>
Net Position	
Unrestricted	<u>\$ 15,970,673</u>
Total liabilities and net position	<u>\$ 19,135,931</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2018

	<u>Governmental Activities Internal Service Funds</u>
Operating revenues	
Charges for services, net	\$ 32,659,032
Operating expenses	
Benefits and related expenses	\$ 28,252,123
Services and supplies	1,404,909
Total operating expenses	\$ 29,657,032
Operating income (loss)	\$ 3,002,000
Nonoperating revenues (expenses)	
Interest income	\$ 190,979
Transfers	
Transfers (out)	\$ (50,000)
Net transfers	\$ (50,000)
Change in net position	\$ 3,142,979
Net position, beginning of year	12,827,694
Net position, end of year	\$ 15,970,673

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2018

	Governmental Activities <u>Internal Service Funds</u>
Cash flows from operating activities	
Receipts from insured	\$ 30,178,059
Receipts from services	2,633,952
Payments to suppliers	<u>(30,095,004)</u>
Net cash provided by (used for) operating activities	\$ <u>2,717,007</u>
Cash flows from noncapital financing activities	
Transfers	\$ <u>(50,000)</u>
Cash flows from investing activities	
Interest income	\$ <u>190,979</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,857,986
Cash and cash equivalents, beginning of year	<u>16,275,043</u>
Cash and cash equivalents, end of year	\$ <u><u>19,133,029</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 3,002,000
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in assets and liabilities:	
Receivables, net	152,979
Accounts payable and accrued liabilities	(128,002)
Claims payable	<u>(309,970)</u>
Net cash provided by (used for) operating activities	\$ <u><u>2,717,007</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2018

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 6,098,290	\$ 7,846,765
Investments with trustee	304,268	-
Accounts receivable	174,056	412,237
	<u> </u>	<u> </u>
Total assets	\$ 6,576,614	\$ 8,259,002
	<u> </u>	<u> </u>
Liabilities		
Accounts payable	\$ -	\$ 939,493
Amounts held for others	-	7,319,509
	<u> </u>	<u> </u>
Total liabilities	\$ -	\$ 8,259,002
	<u> </u>	<u> </u>
Net Position	\$ 6,576,614	\$ -
	<u> </u>	<u> </u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2018

	<u>Private Purpose Trust Funds</u>
Additions	
Investment earnings (losses)	\$ 110,300
Proffers	<u>1,054,861</u>
Total additions	<u>\$ 1,165,161</u>
Deductions	
General	\$ 5,731
Contributions	<u>1,570,944</u>
Total deductions	<u>\$ 1,576,675</u>
Net position, beginning of year	<u>\$ 6,988,128</u>
Net position, end of year	<u><u>\$ 6,576,614</u></u>

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

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COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

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

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

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

A. Financial Reporting Entity

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

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

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

A. Financial Reporting Entity: (Continued)

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

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

Inclusions in the Reporting Entity:

1. **Component Unit:**

Albemarle County School Board

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

Exclusions from the Reporting Entity:

1. **Jointly-Governed Organizations:**

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

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

A. Financial Reporting Entity: (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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

Jefferson-Madison Regional Library

The Jefferson-Madison Regional Library provides library services to the Counties of Albemarle, Louisa, Madison, Greene and the City of Charlottesville. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes more than 50% of the Library's funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The County appropriated to the Library \$4,422,777 in operating funds in fiscal year 2018. The County has no equity interest in the Library.

Albemarle-Charlottesville Jail Authority

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

Emergency Communications Center

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

Albemarle County Service Authority

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

Charlottesville-Albemarle Airport Authority

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

A. Financial Reporting Entity: (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly-Governed Organizations: (Continued)

Rivanna Water and Sewer Authority and Rivanna Solid Waste Authority

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

Region Ten Community Services Board

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

Blue Ridge Juvenile Detention Commission

The Commission was created to construct and operate a juvenile detention center for the Counties of Albemarle, Fluvanna and Greene, and the City of Charlottesville. Commission members are appointed by each participant locality. No locality appoints a majority of the Board Members. The participating localities contribute operating and capital grants to the Commission for its operations and debt service. In 2018 the County contributed \$565,805 in operating grants to the Commission. The County has no equity interest in the Commission.

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

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

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

Albemarle County Service Authority
168 Spotnap Road
Charlottesville, Virginia 22902

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contribution, grants, investment earnings and other revenues not directly derived from the providing of services. Internal service charges are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

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

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in fiscal year 2018.

1. Governmental Funds:

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

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

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

The following special revenue funds are considered nonmajor for financial reporting purposes:

Fire Rescue Services - This fund accounts for fire and rescue activities in the County.

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

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

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

1. Governmental Funds: (Continued)

Water Resources Fund - This fund accounts for recent state mandates that have significance in water resources and to assist in storm water management.

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

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

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

Economic Development Fund - This fund accounts for revenues and expenditures for economic development.

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

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

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

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

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

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

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

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

2. Proprietary Funds:

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

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

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

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

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

Computer Replacement Fund - This fund accounts for activity of the County for the purchase and replacement of computers.

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

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

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

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

3. Fiduciary Funds (Trust and Agency Funds):

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

a. Private Purpose Trust Funds:

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

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

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

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

Synthetic Turf Field Funds - These funds account for monies provided by private donors to be accumulated for purchase of synthetic turf fields. The County does not control the activity of this fund or utilize these funds for County operations.

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

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

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

b. Agency Funds:

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

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

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

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

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

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

Firearms, Range Operating Fund - This fund accounts for the operations of the Firearms Range facility.

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

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

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

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

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

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

b. Agency Funds: (Continued)

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

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

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

Alberta Broadband Authority - This fund is used to account for amounts held by the Authority for Broadband Purposes.

4. Component Unit:

Albemarle County School Board:

The Albemarle County School Board has the following funds:

Governmental Funds:

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

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

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

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

C. Basis of Accounting

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

D. Budgets and Budgetary Accounting (Continued)

Encumbrances:

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to commit an applicable portion of an appropriation, is used as an extension of formal budgetary control in the primary government and component unit School Board. Encumbrances outstanding at year-end are reported as committed fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances are subject to reappropriation by the Board of Supervisors in the succeeding fiscal year. At June 30, 2018 amounts reappropriated by the Board totaled \$1,049,115.

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

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

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

The County may adopt budgets for other funds, such as the Internal Service and Trust and Agency Funds, for use as a management control device over such funds. The budget for the General Capital Improvements Fund is not presented.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.
8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2018, as adopted, appropriated and legally amended.

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

D. Budgets and Budgetary Accounting (Continued)

Encumbrances: (Continued)

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

E. Cash and Cash Equivalents

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

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

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost in accordance with GASB 79. All other investments are reported at fair value.

G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$452,149 at June 30, 2018 and consists of taxes receivable in the General Fund.

H. Prepaid Items

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

I. Inventories

Inventories are reported at average cost using the consumption method.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

Primary Government

County employees earn vacation and sick leave at various amounts depending on the length of service. Benefits or pay is received for unused sick leave or retirement bonus upon termination. There are various restrictions both for sick leave and retirement bonus upon termination of employment. Accumulated vacation up to 320 hours is paid upon termination. The County has outstanding accrued vacation and sick pay totaling \$4,508,966.

Component Unit School Board

Certain School Board employees accrue vacation and sick leave.

The School Board has outstanding accrued vacation and sick pay totaling \$2,968,038.

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

L. Use of Estimates

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

M. Net Position

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

N. Net Position Flow Assumption

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

O. Long-Term Obligations

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

P. Fund Equity

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

- * Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- * Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

P. Fund Equity: (Continued)

- * Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- * Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- * Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The County's Board of Supervisors has not delegated the authority to assign amounts to any individual for the fiscal year ending June 30, 2018.

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge 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 of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB asset/liability(ies) and/or contributions to the pension and OPEB plan(s) made during the current year and subsequent to the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

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

Q. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position will sometimes 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. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB asset/liability(ies) are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

S. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

S. Other Postemployment Benefits (OPEB): (Continued)

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Upcoming Pronouncements

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

T. Upcoming Pronouncements: (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's and Fitch Investor's Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The County's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	Unrated
Mutual Fund	\$ -	\$ 270,928
Virginia State Non-Arbitrage Program	34,609,503	-
Local Government Investment Pool	122,227,687	-
Total	\$ 156,837,190	\$ 270,928

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements

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 County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2018:

<u>Investment Type</u>	<u>Fair Value Measurement Using</u>	
	<u>6/30/2018</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Fund	\$ 270,928	\$ 270,928
Total	\$ 270,928	\$ 270,928

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2018, there is no portion of the County's portfolio, excluding the LGIP that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and Snap are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

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

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Mututal Funds	\$ 270,928	\$ 270,928
Virginia State Non-Arbitrage Program	34,609,503	34,609,503
Local Government Investment Pool	122,227,687	122,227,687
Total	\$ <u>157,108,118</u>	\$ <u>157,108,118</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Restricted Investments

Restricted investments at June 30, 2018 are comprised of the following:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Governmental Activities:		
Capital Projects Fund:		
General projects unexpended bond proceeds	\$ 13,174,193	\$ 17,749,225
Storm Water Control Fund:		
General projects unexpended bond proceeds	<u>2,613,177</u>	<u>-</u>
 Total	 <u>\$ 15,787,370</u>	 <u>\$ 17,749,225</u>

NOTE 3—PROPERTY TAXES:

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

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

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

Property taxes for calendar year 2018 were levied by the County Board of Supervisors on May 15, 2018, on the assessed value listed as of January 1, 2018.

Property taxes levied in the current and prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. Property tax amounts levied in April 2018, but due in December 2018, are not reported as receivables in the current year. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year. Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as unavailable revenues.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 4—RECEIVABLES:

Receivables at June 30, 2018 consist of the following:

	Primary Government Governmental Activities						Component Unit
	General	Federal/ State Grants Fund	General Capital Improvements	Other Governmental Funds	Internal Service	Total	School Board
Property taxes	\$ 8,859,325	\$ -	\$ -	\$ -	\$ -	\$ 8,859,325	\$ -
Other	2,586,826	-	76,383	346,809	2,902	3,012,920	907,071
Total	\$ 11,446,151	\$ -	\$ 76,383	\$ 346,809	\$ 2,902	\$ 11,872,245	\$ 907,071
Allowance for uncollectibles	(452,149)	-	-	-	-	(452,149)	-
Net receivables	\$ 10,994,002	\$ -	\$ 76,383	\$ 346,809	\$ 2,902	\$ 11,420,096	\$ 907,071

NOTE 5—DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2018 consist of the following:

	Governmental Funds					Component Unit
	General	Federal/ State Grants Fund	General Capital Improvements	Special Revenue	Total	School Board
Commonwealth of Virginia:						
Local sales taxes	\$ 2,965,514	\$ -	\$ -	\$ -	\$ 2,965,514	\$ -
State sales taxes	-	-	-	-	-	2,019,630
PPTRA	6,783,357	-	-	-	6,783,357	-
Communications tax	679,990	-	-	-	679,990	-
Recordation tax	182,338	-	-	-	182,338	-
Comprehensive Services Act	-	926,134	-	-	926,134	-
Shared expenses	195,779	-	-	-	195,779	-
Public assistance grants	274,732	-	-	-	274,732	-
Other state funds	5,465	-	427,995	91,444	524,904	-
Federal government:						
School funds	-	-	-	-	-	1,261,509
Public assistance grants	630,350	-	-	-	630,350	-
Other federal funds	-	-	-	-	-	-
Total	\$ 11,717,525	\$ 926,134	\$ 427,995	\$ 91,444	\$ 13,163,098	\$ 3,281,139

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 6—INTERFUND BALANCES AND ACTIVITY:

Primary Government

Balances Due To/From Other Funds

There are no balances due to or from other funds at June 30, 2018.

Transfers To/From Other Funds

General Fund

Federal/State Grants Fund for other costs	\$	306,199
Computer Replacement Fund for other costs		50,000
Fire Rescue Services Fund for costs expended		108,838
Capital Projects Fund for other costs		45,000
Water resources for costs expended		822,040
Tourism Fund for tourism program costs expended		1,871,883

Total General Fund \$ 3,203,960

Federal/State Grants Fund

General and other funds for local match funds for various grant programs \$ 1,496,308

General Debt Service

General and other funds for debt service expenditures \$ 8,192,725

School Debt Service

General Fund for debt service expenditures \$ 15,701,015

General Capital Improvements:

General Fund for capital projects \$ 16,673,926

Courthouse Maintenance Fund for building renovations and other costs 29,001

Total General Capital Improvements Fund \$ 16,702,927

Fire Rescue Services Fund

General Fund for fire rescue service expenditures \$ 12,672,672

Stormwater Control Fund

Water Resources Fund for stormwater capital improvement expenditures \$ 221,305

General Fund for stormwater capital improvement expenditures 384,555

Total Stormwater Control Fund \$ 605,860

Economic Development Fund

General Fund for economic development expenditures \$ 3,369,000

Water Resources Fund

General Fund for water resources projects \$ 1,230,689

Total transfers \$ 63,175,156

Component Unit School Board

Transfers To/From Other Funds

School Operating Fund:

School Food Services Fund for various school expenditures \$ 112,500

Total school operating fund \$ 112,500

Total transfers \$ 112,500

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2018:

Governmental Activities:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 11,649,536	\$ -	\$ 17,816	\$ 11,631,720
Construction in progress	8,500,426	5,413,079	8,274,856	5,638,649
School construction in progress *	<u>11,372,608</u>	<u>16,892,925</u>	<u>10,917,203</u>	<u>17,348,330</u>
Total capital assets not being depreciated	<u>\$ 31,522,570</u>	<u>\$ 22,306,004</u>	<u>\$ 19,209,875</u>	<u>\$ 34,618,699</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 79,055,044	\$ 6,552,791	\$ -	\$ 85,607,835
Other improvements	10,307,596	1,824,498	-	12,132,094
School buildings and improvements *	88,132,290	9,307,616	10,568,215	86,871,691
Furniture, equipment and vehicles	<u>54,088,417</u>	<u>3,350,393</u>	<u>347,175</u>	<u>57,091,635</u>
Total capital assets being depreciated	<u>\$ 231,583,347</u>	<u>\$ 21,035,298</u>	<u>\$ 10,915,390</u>	<u>\$ 241,703,255</u>
Accumulated depreciation:				
Buildings and improvements	\$ 30,340,383	\$ 2,406,977	\$ -	\$ 32,747,360
Other improvements	7,944,186	433,760	-	8,377,946
School buildings and improvements *	11,002,534	3,131,217	4,923,902	9,209,849
Furniture, equipment and vehicles	<u>38,788,993</u>	<u>4,340,204</u>	<u>347,175</u>	<u>42,782,022</u>
Total accumulated depreciation	<u>\$ 88,076,096</u>	<u>\$ 10,312,158</u>	<u>\$ 5,271,077</u>	<u>\$ 93,117,177</u>
Total capital assets being depreciated, net	<u>\$ 143,507,251</u>	<u>\$ 10,723,140</u>	<u>\$ 5,644,313</u>	<u>\$ 148,586,078</u>
Governmental activities capital assets, net	<u>\$ 175,029,821</u>	<u>\$ 33,029,144</u>	<u>\$ 24,854,188</u>	<u>\$ 183,204,777</u>
Depreciation expense was allocated as follows:				
General government administration		\$ 2,397,292		
Judicial administration		368,445		
Public safety		3,341,214		
Public works		56,563		
Health and welfare		11,108		
Education		3,216,057		
Parks, recreation and cultural		842,264		
Community development		<u>79,215</u>		
Total depreciation expense		<u>\$ 10,312,158</u>		

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 6,174,142	\$ -	\$ -	\$ 6,174,142
Construction in progress	11,372,608	21,757,271	12,818,362	20,311,517
School construction in progress allocated to County *	<u>(11,372,608)</u>	<u>(16,892,925)</u>	<u>(10,917,203)</u>	<u>(17,348,330)</u>
Total capital assets not being depreciated	<u>\$ 6,174,142</u>	<u>\$ 4,864,346</u>	<u>\$ 1,901,159</u>	<u>\$ 9,137,329</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 271,376,853	\$ 9,307,616	\$ -	\$ 280,684,469
Other improvements	13,298,885	3,510,748	-	16,809,633
School buildings and improvements*	(88,132,290)	(9,307,616)	(10,568,215)	(86,871,691)
Furniture, equipment and vehicles	<u>43,447,471</u>	<u>1,585,591</u>	<u>466,148</u>	<u>44,566,914</u>
Total capital assets being depreciated	<u>\$ 239,990,919</u>	<u>\$ 5,096,339</u>	<u>\$ (10,102,067)</u>	<u>\$ 255,189,325</u>
Accumulated depreciation:				
Buildings and improvements	\$ 151,659,504	\$ 9,641,639	\$ -	\$ 161,301,143
Other improvements	8,042,529	743,973	-	8,786,502
School buildings and improvements *	(11,002,534)	(3,131,217)	(4,923,902)	(9,209,849)
Furniture, equipment and vehicles	<u>37,619,937</u>	<u>1,758,886</u>	<u>466,148</u>	<u>38,912,675</u>
Total accumulated depreciation	<u>\$ 186,319,436</u>	<u>\$ 9,013,281</u>	<u>\$ (4,457,754)</u>	<u>\$ 199,790,471</u>
Total capital assets being depreciated, net	<u>\$ 53,671,483</u>	<u>\$ (3,916,942)</u>	<u>\$ (5,644,313)</u>	<u>\$ 55,398,854</u>
School board capital assets, net	<u>\$ 59,845,625</u>	<u>\$ 947,404</u>	<u>\$ (3,743,154)</u>	<u>\$ 64,536,183</u>
Depreciation expense allocated to education		<u>\$ 9,013,281</u>		

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

Net capital assets	<u>\$ 183,204,777</u>
Long-term debt applicable to capital assets at June 30, 2018:	
General obligation school bonds	\$ 79,450,000
School - Public facility revenue bonds	42,519,246
County - Public facility revenue bonds	70,008,755
Premium on bonds payable	10,774,451
Deferred amount for issuance premiums	(377,060) \$
Less-debt proceeds received but not expended on capital assets at June 30, 2018	<u>(33,536,595)</u>
Net long-term debt	<u>\$ 168,838,797</u>
Net investment in capital assets	<u>\$ 14,365,980</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government

General Fund revenues are used to pay all long-term general obligation debt, capital leases and governmental activities compensated absences.

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2018:

	Balance July 1, 2017 <u>as restated</u>	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018	Amounts Due Within One Year
General obligation school bonds	\$ 87,575,000	\$ -	\$ 8,125,000	\$ 79,450,000	\$ 7,520,000
School - Public facility revenue bonds	44,572,048	-	2,052,802	42,519,246	2,222,730
County - Public facility revenue bonds	74,722,952	-	4,714,197	70,008,755	6,058,272
Virginia Resource Authority	201,161	-	42,961	158,200	44,229
Premium on bonds payable	12,498,227	-	1,723,776	10,774,451	1,514,078
Claims payable	2,886,892	-	309,970	2,576,922	426,182
Net pension liability	34,817,580	15,561,724	24,385,704	25,993,600	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 11,335,805	\$ 1,087,447	\$ 1,307,399	\$ 11,115,853	\$ -
Net Group Life Insurance OPEB liability	3,509,559	31,854	533,086	3,008,327	-
Total net OPEB liability	\$ 14,845,364	\$ 1,119,301	\$ 1,840,485	\$ 14,124,180	\$ -
Compensated absences	4,184,837	742,592	418,463	4,508,966	450,897
 Total primary government	 <u>\$ 276,304,061</u>	 <u>\$ 17,423,617</u>	 <u>\$ 43,613,358</u>	 <u>\$ 250,114,320</u>	 <u>\$ 18,236,388</u>

Reconciliation to Exhibit 1:

Long-term liabilities due within one year:	\$ 18,236,388
Long-term liabilities due in more than one year:	<u>231,877,932</u>
 Total long-term obligations	 <u>\$ 250,114,320</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	General Obligation School Bonds		Revenue & Refunding Bonds				Virginia Resource Authority	
	Principal	Interest	School Public Facility		County Public Facility		Principal	Interest
			Principal	Interest	Principal	Interest		
2019	\$ 7,520,000	\$ 3,406,609	\$ 2,222,730	\$ 1,634,750	\$ 6,058,272	\$ 3,088,984	\$ 44,229	\$ 4,314
2020	7,260,000	3,050,259	2,362,444	1,534,506	6,363,556	2,786,069	45,534	3,008
2021	7,155,000	2,738,721	2,467,050	1,427,540	6,283,950	2,467,893	46,878	1,664
2022	7,085,000	2,413,434	2,579,781	1,315,609	6,581,220	2,153,695	21,559	316
2023	6,045,000	2,104,623	2,690,330	1,198,306	5,875,670	1,824,635	-	-
2024	5,680,000	1,829,431	2,732,373	1,075,742	4,264,627	1,530,852	-	-
2025	5,415,000	1,567,903	2,779,433	960,483	4,363,564	1,340,208	-	-
2026	5,035,000	1,321,021	2,894,715	842,838	4,564,287	1,143,894	-	-
2027	4,740,000	1,090,609	2,503,963	719,300	3,001,038	936,763	-	-
2028	3,985,000	883,854	2,210,725	627,967	3,036,274	827,334	-	-
2029	3,500,000	708,769	2,291,513	548,109	3,157,487	706,727	-	-
2030	2,180,000	579,316	2,365,021	474,552	2,935,978	591,188	-	-
2031	2,230,000	472,626	2,440,806	397,914	3,042,194	484,084	-	-
2032	1,790,000	371,181	2,517,592	447,089	3,153,407	372,286	-	-
2033	1,845,000	317,481	2,232,579	235,671	2,801,422	256,339	-	-
2034	1,900,000	262,131	1,694,525	163,778	1,253,476	152,128	-	-
2035	1,965,000	200,381	1,745,027	113,953	1,295,972	111,391	-	-
2036	2,025,000	136,519	1,184,252	61,874	1,335,748	68,400	-	-
2037	2,095,000	70,706	604,387	21,154	640,613	22,421	-	-
	<u>\$ 79,450,000</u>	<u>\$ 23,525,574</u>	<u>\$ 42,519,246</u>	<u>\$ 13,801,135</u>	<u>\$ 70,008,755</u>	<u>\$ 20,865,291</u>	<u>\$ 158,200</u>	<u>\$ 9,302</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations outstanding at June 30, 2018 are as follows:

	<u>Amount Outstanding</u>
County Public Facilities Revenue Bonds:	
\$34,270,000, Public Facility Revenue Bonds, (General portion \$25,550,000), issued November 14, 2013, maturing in various annual installments through June 1, 2033, interest payable semi-annually at 3.353%	\$ 19,835,000
\$38,880,000, Public Facility Revenue Bonds 2015B Series, (General portion \$26,139,343) issued September 30, 2015, maturing in various annual installments ranging from \$1,000,000 to \$3,125,000 through June 1, 2036, interest payable semi-annually 2.7%	22,716,478
\$22,240,000, Public Facility Revenue Bonds, Series 2017, (General portion \$10,259,891) issued March 9, 2017, maturing in various annual installments through June 1, 2037, interest payable semi-annually 2.853%	9,946,938
\$34,315,000, Public Facility Revenue and Refunding Bonds, (General portion \$29,688,864), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	<u>17,510,339</u>
Total County public facilities revenue bonds	<u>\$ 70,008,755</u>
School Public Facilities Revenue Bonds:	
\$34,270,000, Public Facility Revenue Bonds, (School portion \$8,720,000), issued November 14, 2013, maturing in various annual installments through June 1, 2033, interest payable semi-annually at 3.353%	\$ 7,090,000
\$34,315,000, Public Facility Revenue and Refunding Bonds, (School portion \$4,626,136), issued November 30, 2011, maturing in various annual installments through June 1, 2032, interest payable semi-annually at 2.8097%	3,909,661
\$9,630,000, Lease Revenue Bond, Series 2015, issued April 28, 2015, maturing in various annual installments through June 1, 2035, interest payable semi-annually at 2.35%	8,473,000
\$22,240,000, Public Facility Revenue Bonds, Series 2017, (School portion \$11,980,109) issued March 9, 2017, maturing in various annual installments through June 1, 2037, interest payable semi-annually 2.853%	11,528,063
\$38,880,000, Public Facility Revenue Bonds 2015B Series, (School portion \$12,740,657) issued September 30, 2015, maturing in various annual installments ranging from \$1,000,000 to \$3,125,000 through June 1, 2036, interest payable semi-annually 2.7%	<u>11,518,522</u>
Total School public facilities revenue bonds	<u>\$ 42,519,246</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations: (Continued)

	<u>Amount Outstanding</u>
General Obligation School Bonds:	
\$30,435,000, Series 2017, issued March 8, 2017, maturing in various annual installments through July 1, 2037, interest payable semi-annually at 2.853%	\$ 29,695,000
\$2,000,000, Qualified School Construction Bonds, issued December 1, 2011, maturing in various annual installments through December 1, 2030, interest free as a federal tax credit is provided to bondholders	1,750,000
\$7,245,000, 1998B Series, issued November 19, 1998, maturing in various annual installments through July 15, 2018, interest payable semi-annually at rates from 3.6% to 5.1%	360,000
\$2,835,000, 1999A Series issued November 19, 1999, maturing in various annual installments through July 15, 2019, interest payable semi-annually at rates from 5.10% to 6.10%	280,000
\$2,605,000, 2000B Series, issued November 16, 2000, maturing in various annual installments through July 15, 2020, interest payable semi-annually at rates from 4.975% to 5.85%	390,000
\$20,330,000, 2001A series, issued November 15, 2001, maturing in various annual installments through July 15, 2021, interest payable semi-annually at rates from 3.1% to 5.1%	4,060,000
\$8,365,000, 2002A Series, issued October 15, 2002, maturing in various annual installments through July 15, 2022, interest payable semi-annually at rates from 2.35% to 5.10%	2,075,000
\$6,760,000, 2003A Series, issued November 6, 2003, maturing in various annual installments through July 15, 2023, interest payable semi-annually at rates from 3.10% to 5.35%	2,010,000

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of general long-term obligations: (Continued)

	<u>Amount Outstanding</u>
General Obligation School Bonds: (Continued)	
\$8,950,000, 2004B Series, issued November 10, 2004, maturing in various annual installments through July 15, 2024, interest payable semi-annually at rates from 4.10% to 5.60%	\$ 3,115,000
\$7,380,000, 2005A Series, issued November 10, 2005, maturing in various annual installments through July 15, 2025, interest payable semi-annually at rates from 4.10% to 5.60%	2,940,000
\$15,020,000, 2006B Series, issued November 9, 2006, maturing in various annual installments through July 15, 2026, interest payable semi-annually at rates from 4.23% to 5.10%	6,750,000
\$11,325,000, 2007A Series, issued November 8, 2007, maturing in various annual installments through July 15, 2027, interest payable semi-annually at 5.10%	5,650,000
\$28,045,000, 2008A Series, issued December 11, 2008, maturing in various annual installments through July 15, 2028, interest payable semi-annually at 4.66%	15,400,000
\$7,670,000, 2010D Series, issued November 10, 2010, maturing in various annual installments through July 15, 2030, interest payable semi-annually at 2.867%	4,975,000
Total general obligation school bonds	\$ <u>79,450,000</u>
Virginia Resource Authority:	
\$400,000 Virginia Resource Authority loan issued June 23, 2011, due in various semi-annual installments through December 1, 2021, interest at 2.73%	\$ 158,200
Compensated absences	\$ 4,508,966
Claims payable	\$ 2,576,922
Net pension liability	\$ 25,993,600
Net Health Insurance OPEB Obligation	\$ 11,115,853
Net Group Life Insurance OPEB Obligation	\$ 3,008,327
Unamortized bond premiums	\$ 10,774,451
Total long-term obligations	\$ <u>250,114,320</u>

Federal Arbitrage Regulations:

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2018.

	Balance July 1, 2017 <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2018	Amounts Due Within One Year
Compensated absences	\$ 2,916,858	\$ 342,866	\$ 291,686	\$ 2,968,038	\$ 296,804
School Energy Improvement Lease	-	7,821,492	-	7,821,492	239,774
Net pension liability - professional	157,621,000	20,370,000	39,898,000	138,093,000	-
Net OPEB Liability:					
Net HIC OPEB obligation	\$ 14,265,000	\$ 1,161,000	\$ 1,159,000	\$ 14,267,000	\$ -
Net Group Life Insurance OPEB liability	8,977,000	170,000	1,353,000	7,794,000	-
Net Health Insurance OPEB liability	25,758,710	3,234,545	2,935,386	26,057,869	-
Total net OPEB Liability	<u>\$ 49,000,710</u>	<u>\$ 4,565,545</u>	<u>\$ 5,447,386</u>	<u>\$ 48,118,869</u>	<u>-</u>
Total	<u>\$ 209,538,568</u>	<u>\$ 33,099,903</u>	<u>\$ 45,637,072</u>	<u>\$ 197,001,399</u>	<u>\$ 536,578</u>
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year				\$ 536,578	
Long-term liabilities due in more than one year				<u>196,464,821</u>	
Total long-term debt				<u>\$ 197,001,399</u>	

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

Annual requirements to amortize the energy improvements lease are as follows:

Year Ending June 30,	School Energy Improvement Lease	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 239,774	\$ 374,802
2020	562,689	256,243
2021	581,871	236,156
2022	619,516	215,072
2023	658,354	192,645
2024	680,412	169,149
2025	703,003	144,871
2026	726,140	119,790
2027	749,834	93,886
2028	774,098	67,141
2029	766,761	40,099
2030	759,040	13,321
	<u>\$ 7,821,492</u>	<u>\$ 1,923,175</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board: (Continued)

Details of Long-term obligations are as follows:

	<u>Amount Outstanding</u>
School Energy Improvement Lease	
\$7,821,492, School Energy Improvement Lease, issued September 28, 2017, maturing in various annual installments through August 15, 2029, interest payable semi-annually at 3.510%	\$ <u>7,821,492</u>
Compensated absences	\$ <u>2,968,038</u>
Net pension liability - professional	\$ <u>138,093,000</u>
Net OPEB liabilities	\$ <u>48,118,869</u>
Total long-term obligations	\$ <u><u>197,001,399</u></u>

NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned revenue for the year ended June 30, 2018.

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>	<u>Component Unit School Board</u>
Deferred/Unavailable revenue:			
Unearned revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 6,838,396	\$ -
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	<u>4,138,832</u>	<u>4,138,832</u>	<u>-</u>
Total deferred/unavailable revenue	\$ <u>4,138,832</u>	\$ <u>10,977,228</u>	\$ <u>-</u>
Unearned revenue:			
Prepaid summer school tuition and registration fees	\$ -	\$ -	\$ 223,973
Total	\$ <u><u>4,138,832</u></u>	\$ <u><u>10,977,228</u></u>	\$ <u><u>223,973</u></u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 10—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

- A. Federal programs in which the County and School Board participate were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.
- B. The County was named as a party along with the City of Charlottesville and Rivanna Solid Waste Authority as defendants relating to the operation of the Ivy Landfill. The plaintiffs allege that pollutants have been and are being discharged into the air, and underground and surface waters in violation of various federal and state laws. The plaintiffs sought injunctive relief of \$25,000 per day in civil penalties for violations of federal and state environmental laws and \$5,000,000 in compensatory damages, and payment of all attorneys' fees. The lawsuit has been settled and dismissed by all plaintiffs except for two. Those lawsuits were dismissed without prejudice and may be re-filed. The County has no identified insurance coverage for the claim if it is re-filed. Counsel is of the opinion that the lawsuit, if re-filed, has potential liability for the County primarily arising from the claim, which could require removal of pollutants from the landfill if they are contaminating adjacent properties, and for related attorney fees. Counsel is of the opinion that the County's liability appears to be limited by the ability of the Rivanna Solid Waste Authority to fund appropriate remediation and settlement of the claims.
- C. Blue Ridge Juvenile Detention Commission - The County, the City of Charlottesville and the Counties of Greene and Fluvanna formed the Commission to construct and operate the facility. At June 30, 2002 the facility construction was complete and operations commenced in July, 2002.
- D. On June 27, 2003 the County entered into an agreement with Motorola, Inc. for the purchase of a communication system (basic emergency services radio system and communications towers). The City of Charlottesville and University of Virginia are also parties to this agreement. The financing of the project was provided by a lease/purchase agreement with Motorola in the amount of \$7,000,000 in which the County was the bearer of the debt. The City of Charlottesville received a grant from the federal government in the amount of \$6,000,000 for the project and will pass through a portion of these funds to the County as fiscal agent for the Emergency Communications Center (the operator of the system) as the project is completed. Each locality will be responsible for the purchase and maintenance of the radio equipment that will be installed in their law enforcement and emergency services facilities and vehicles. The County has committed to provide its share of the local funding for this project and for the purchase and maintenance of radio equipment to be installed in the County's law enforcement and emergency services facilities and vehicles.
- E. There are a number of matters of litigation involving the County Police Department and certain police officers. All of these matters have been referred to the County's insurance carriers which are handling the matters. Counsel is of the opinion that the County has no liability in the matters other than the financial responsibilities to the insurance carriers.
- F. There are a number of other ongoing capital projects that have been approved and for which funds have been designated to finance them.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 11—PART-TIME EMPLOYEE PENSION PLAN:

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

The County Board of Supervisors and the School Board are responsible for establishing the plan's provisions as well as all amendments each year as part of the budgetary process. They also provide all contributions to the plan (the employee makes no contributions to the plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The County and School Board's contributions to the plan for fiscal year 2018 were \$28,331 and \$309,278, respectively. The average payroll for covered County employees was \$370,402 and \$3,613,930 for School Board employees, respectively. The contribution averaged 7.65% and 8.56% of the covered payrolls of the County and School Board, respectively. The County and School Board had no investments with the plan at any time during the year.

NOTE 12—ANNEXATION AND REVENUE SHARING AGREEMENT:

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

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

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

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

During the fiscal year, the County paid \$15,855,485 to the City as a result of this agreement. Amounts to be paid pursuant to this agreement are to be funded from revenues of the fiscal year in which paid.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pays contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously-refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014, are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* School division employees Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially-determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)</p> <p><u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <p>Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage: (Cont.)	Disability Coverage: (Cont.)	Disability Coverage: (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Contributions

The contribution requirement for active employees is governed by §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 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Contributions: (Continued)

The County's contractually-required contribution rate for the year ended June 30, 2018 was 12.32% of covered employee compensation. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$4,700,361 and \$4,611,455 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

At June 30, 2018, the County reported a liability of \$25,993,600 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2017, was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2017, and June 30, 2016, the County's proportion was 94.2162% and 94.5826%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's Retirement Plan and the County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* 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 GASB 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% 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 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* 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 GASB 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:

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% 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 90% of rates; females set forward 1 year.

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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

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 - Hazardous Duty:

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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		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 System 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 employer for the County Retirement Plan, County Public Schools Retirement Plan, and 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, 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 48,905,889	\$ 25,993,600	\$ 7,017,556

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the County recognized pension expense of \$2,883,454. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,122	\$ 1,465,225
Difference in proportionate share	-	19,567
Change in assumptions	-	606,880
Net difference between projected and actual earnings on pension plan investments	-	1,989,542
Employer contributions subsequent to the measurement date	4,700,361	-
Total	<u>\$ 4,725,483</u>	<u>\$ 4,081,214</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

\$4,700,361 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2019	\$ (1,994,304)
2020	(230,018)
2021	(485,876)
2022	(1,345,894)
Thereafter	-

Component Unit School Board (nonprofessional)

Plan Description

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	190
Inactive members:	
Vested inactive members	45
Non-vested inactive members	149
Inactive members active elsewhere in VRS	128
Total inactive members	<u>322</u>
Active members	<u>207</u>
Total covered employees	<u><u>719</u></u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional): (Continued)

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018, was 4.67% of covered employee compensation. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$303,972 and \$319,116 for the years ended June 30, 2018, and June 30, 2017, respectively.

Net Pension Liability

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at June 30, 2016	\$ 27,250,964	\$ 26,435,924	\$ 815,040
Changes for the year:			
Service cost	\$ 630,798	\$ -	\$ 630,798
Interest	1,858,795	-	1,858,795
Changes of assumptions	(257,121)	-	(257,121)
Differences between expected and actual experience	256,654	-	256,654
Contributions - employer	-	295,542	(295,542)
Contributions - employee	-	330,846	(330,846)
Net investment income	-	3,181,638	(3,181,638)
Benefit payments, including refunds of employee contributions	(1,393,503)	(1,393,503)	-
Administrative expenses	-	(18,741)	18,741
Other changes	-	(2,817)	2,817
Net changes	\$ 1,095,623	\$ 2,392,965	\$ (1,297,342)
Balances at June 30, 2017	\$ 28,346,587	\$ 28,828,889	\$ (482,302)

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional): (Continued)

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

The following presents the net pension liability (asset) of the Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 2,962,050	\$ (482,302)	\$ (3,359,778)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Component Unit School Board (nonprofessional) recognized pension expense of (\$714,523). At June 30, 2018, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 140,521	\$ 402,004
Changes of assumptions	-	140,777
Net difference between projected and actual earnings on pension plan investments	-	400,290
Employer contributions subsequent to the measurement date	<u>303,972</u>	<u>-</u>
Total	<u>\$ 444,493</u>	<u>\$ 943,071</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional): (Continued)

\$303,972 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2019	\$ (664,617)
2020	128,632
2021	5,182
2022	(271,747)
Thereafter	-

Plan Description

Additional information related to the plan description, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually-required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2015, and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$14,568,185 and \$13,110,828 for the years ended June 30, 2018, and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$138,093,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially-determined employer contributions to the pension plan for the year ended June 30, 2016, relative to the total of the actuarially-determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 1.12289% as compared to 1.12473% at June 30, 2016.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (nonprofessional): (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

For the year ended June 30, 2017, the school division recognized pension expense of \$10,805,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,778,000
Net difference between projected and actual earnings on pension plan investments	-	5,017,000
Changes of assumptions	2,015,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,004,000	519,000
Employer contributions subsequent to the measurement date	14,568,185	-
Total	<u>\$ 18,587,185</u>	<u>\$ 15,314,000</u>

\$14,568,185 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2019	\$ (4,808,000)
2020	46,000
2021	(1,472,000)
2022	(4,531,000)
2023	(530,000)
Thereafter	-

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* 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 GASB 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted 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):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	\$	<u>12,297,975</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 206,219,000	\$ 138,093,000	\$ 81,739,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annualreport.pdf> , or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 14—LEGAL COMPLIANCE:

A. Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2018.

B. Fund Deficits

There are no funds with deficit balances at June 30, 2018.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 15—SELF INSURANCE/RISK MANAGEMENT:

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

Employee Health Insurance:

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

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

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

Fiscal Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Other Payments	Claims Liability End of Year
2018	\$ 2,699,600	\$ 27,999,801	\$ 28,309,690	2,389,711
2017	2,097,851	35,741,769	35,140,020	2,699,600
2016	2,383,649	31,390,334	31,676,132	2,097,851

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

Fiscal Year	Operating Revenue	Nonoperating Revenue	Claims and Related Expenses
2018	\$ 28,309,690	\$ 173,258	\$ 25,682,418
2017	35,140,020	45,957	29,516,282
2016	31,676,132	20,139	30,859,391
2015	28,808,326	18,766	31,858,143
2014	26,332,765	5,902	30,274,322
2013	24,584,148	7,134	26,347,614
2012	25,641,754	2,994	27,417,922
2011	25,487,311	17,197	25,659,622
2010	25,364,274	25,778	22,931,951
2009	22,077,528	188,852	24,626,497

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

Employee Dental Insurance:

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

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

Fiscal Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Other Payments	Claims Liability End of Year
2018	\$ 187,292	\$ 1,713,689	\$ 1,713,770	\$ 187,211
2017	107,287	1,765,984	1,685,979	187,292
2016	132,706	1,646,626	1,672,045	107,287

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

Fiscal Year	Operating Revenue	Nonoperating Revenue	Claims and Related Expenses
2018	\$ 1,713,770	\$ 8,851	\$ 1,577,496
2017	1,685,979	2,869	1,719,941
2016	1,672,045	1,847	1,548,721
2015	1,508,742	1,126	1,619,940
2014	784,539	512	1,516,325
2013	1,268,541	864	1,383,207

Unemployment Insurance:

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

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

Property and Casualty Insurance:

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

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

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

Other:

The County has had no reductions in insurance coverage or settlements in excess of insurance coverage for the past three fiscal years.

NOTE 16—SURETY BONDS:

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 17—ACCRUED LANDFILL COSTS:

In 1991, the County transferred its share of the joint City-County landfill operations and the related assets and liabilities (including post-closure care and corrective account costs) to the Rivanna Solid Waste Authority. During the fiscal year ended June 30, 2005, the City and County entered in a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs that the Rivanna Solid Waste Authority may not have the financial resources to pay. Although the County has entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality has no legal recourse against the County under this guarantee. The Rivanna Solid Waste Authority has the taxing authority to levy a utility tax on each parcel of real estate in the City and County to generate revenue to pay the post-closure care and corrective actions costs.

The County's percentage of shared costs pursuant to the Agreement is 64.5%. The estimated share of the County's post-closure care and corrective action costs is \$3,688,747. During the fiscal year ended June 30, 2017, the County paid \$573,775 to the Rivanna Solid Waste Authority under the terms and contributions of the Cost Sharing Agreement.

NOTE 18—CONSTRUCTION AND OTHER COMMITMENTS:

At June 30, 2018, the County has several construction contracts and other commitments which are summarized as follows:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expended To date</u>	<u>Balance</u>
Woodbrook Elementary School Additions and Replacement	\$ 13,615,405	\$ 11,571,861	\$ 2,043,544
Western Albemarle Addition and Moderization	4,607,041	154,268	4,452,773
Henley Middle School Learning Space	2,188,360	233,570	1,954,790
Henley Middle School & Jouett MS Roofing	1,769,700	599,165	1,170,535
Albemarle HS Learning Space	1,377,500	250,580	1,126,920
Other construction projects	6,345,359	3,997,304	2,348,055
Total	<u>\$ 29,903,365</u>	<u>\$ 16,806,748</u>	<u>\$ 13,096,617</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 19—MEDICAL AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN):

Plan Description

The Albemarle County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits. To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement. The plan is administered by the County and does not have a separate financial report. The plan does not issue a publicly-available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses, and dependents of eligible retirees. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

Plan Membership

At June 30, 2017 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	3,297
Total retirees with VERIP		172
Total retirees with County Medical coverage		<u>132</u>
Total	\$	<u><u>3,601</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2017. The total OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 19—MEDICAL AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2% per year as of June 30, 2017; 2.2% per year as of June 30, 2018
Salary Increases	The salary increase rate starts at 3.15% salary increase for 1 year of service and gradually declines to 1.3% salary increase for 20 or more years of service
Discount Rate	2.85% per year as of June 30, 2017; 3.58% per year as of June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RP-2000 Fully Generational Combined Healthy table while mortality rates for disabled retirees were based on a RP-2000 Disabled Mortality Table.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.58% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially-Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	<u>Primary Government</u> <u>Total OPEB Liability</u>	<u>School Board</u> <u>Total OPEB Liability</u>
Balances at June 30, 2016	\$ 11,335,805	\$ 25,758,710
Changes for the year:		
Service cost	774,096	2,526,114
Interest	313,351	708,431
Changes in assumptions	(625,399)	(1,132,386)
Benefit payments	(682,000)	(1,803,000)
Net changes	<u>\$ (219,952)</u>	<u>\$ 299,159</u>
Balances at June 30, 2017	<u>\$ 11,115,853</u>	<u>\$ 26,057,869</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 19—MEDICAL AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current discount rate:

		Rate		
		1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Primary Government	\$	11,981,043	\$ 11,115,853	\$ 10,314,214
School Board	\$	27,617,794	\$ 26,057,869	\$ 24,568,923

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current healthcare cost trend rates:

		Rates		
		1% Decrease (2.90%)	Healthcare Cost Trend (3.90%)	1% Increase (4.90%)
Primary Government	\$	10,065,867	\$ 11,115,853	\$ 12,326,847
School Board	\$	23,650,615	\$ 26,057,869	\$ 28,841,196

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the County and School Board recognized OPEB expense in the amount of \$998,104 and \$3,072,776 respectively. At June 30, 2018, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 536,056	\$ -	\$ 970,617
Total	\$ -	\$ 536,056	\$ -	\$ 970,617

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 19—MEDICAL AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Board</u>
2019	\$ (89,343)	\$ (161,769)
2020	(89,343)	(161,769)
2021	(89,343)	(161,769)
2022	(89,343)	(161,769)
2023	(89,343)	(161,769)
Thereafter	(89,341)	(161,772)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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 Group Life Insurance Program OPEB.

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Plan Description: (Continued)

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually-required employer contribution rate for the year ended June 30, 2018, was 0.52% of covered employee compensation. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2015. The actuarially-determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$216,613 and \$204,632 for the years ended June 30, 2018 and June 30, 2017, respectively, for the County; \$37,254 and \$35,170 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (nonprofessional); and \$480,478 and \$461,605 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (professional).

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the entity reported a liability of \$3,211,000, \$552,000, and \$7,242,000 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017, relative to the total of the actuarially-determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.21335%, 0.03667%, and 0.48126% as compared to 0.21410%, 0.03585%, and 0.47729% at June 30, 2016, for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$34,000, \$8,000, and \$92,000 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB: (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ -	\$ 71,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	121,000
Change in assumptions	-	165,000
Changes in proportion	-	11,000
Employer contributions subsequent to the measurement date	216,613	-
Total Primary Government	<u>\$ 216,613</u>	<u>\$ 368,000</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ -	\$ 12,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	21,000
Change in assumptions	-	28,000
Changes in proportion	12,000	-
Employer contributions subsequent to the measurement date	37,254	-
Total Component Unit School Board (nonprofessional)	<u>\$ 49,254</u>	<u>\$ 61,000</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ -	\$ 160,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	273,000
Change in assumptions	-	373,000
Changes in proportion	58,000	-
Employer contributions subsequent to the measurement date	480,478	-
Total Component Unit School Board (professional)	<u>\$ 538,478</u>	<u>\$ 806,000</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB: (Continued)

\$216,613, \$37,254 and \$480,478 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	\$ (76,000)	\$ (11,000)	\$ (155,000)
2020	(76,000)	(11,000)	(155,000)
2021	(76,000)	(11,000)	(155,000)
2022	(76,000)	(11,000)	(155,000)
2023	(45,000)	(5,000)	(87,000)
Thereafter	(19,000)	-	(41,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*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 GASB 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 OPEB liabilities.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

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 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

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, 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:

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

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 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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.

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 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.

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
		<hr/>
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s 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 is summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		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 GLI OPEB 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 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 entity for the GLI OPEB 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, employers are assumed to contribute 100% of the actuarially-determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 4,153,000	\$ 3,211,000	\$ 2,447,000
School Board's (nonprofessional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 714,000	\$ 552,000	\$ 421,000
School Board's (professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 9,367,000	\$ 7,242,000	\$ 5,519,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Contributions: (Continued)

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually-required employer contribution rate for the year ended June 30, 2018, was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2015. The actuarially-determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$1,127,835 and \$985,213 for the years ended June 30, 2018, and June 30, 2017, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2018, the school division reported a liability of \$14,267,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017, and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially-determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 1.12465% as compared to 1.12466% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$1,161,000. Since there was a change in proportionate share between June 30, 2016, and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 26,000
Change in assumptions	-	146,000
Employer contributions subsequent to the measurement date	<u>1,127,835</u>	<u>-</u>
Total	<u>\$ 1,127,835</u>	<u>\$ 172,000</u>

\$1,127,835 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (29,000)
2020	(29,000)
2021	(29,000)
2022	(29,000)
2023	(22,000)
Thereafter	(34,000)

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*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 GASB 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 OPEB liabilities.

Mortality Rates - Teachers

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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Mortality Rates - Teachers: (Continued)

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:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL), for the Teacher Employee Health Insurance Credit Program, represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,268,611
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		7.04%

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System 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 VRS System 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 is summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*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%.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program 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, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 15,924,000	\$ 14,267,000	\$ 12,859,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program’s Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements
June 30, 2018 (Continued)

NOTE 22—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year, ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	<u>Governmental Activities</u>	<u>School Board</u>
Net Position as reported at June 30, 2017	\$ 35,005,479	\$ (46,549,367)
Implementation of GASB 75:		
Net Health Insurance OPEB	(4,374,805)	(15,160,710)
Net Group Life Insurance OPEB	(3,321,246)	(8,491,000)
Net Health Insurance Credit OPEB	-	(13,278,000)
	<u>27,309,428</u>	<u>(83,479,077)</u>
Net Position as restated at June 30, 2017	\$ <u>27,309,428</u>	\$ <u>(83,479,077)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 179,106,549	\$ 181,631,549	\$ 183,727,785	\$ 2,096,236
Other local taxes	49,469,065	49,469,065	52,089,699	2,620,634
Permits, privilege fees and regulatory licenses	2,359,163	2,429,713	2,936,061	506,348
Fines and forfeitures	373,461	375,461	487,221	111,760
Use of money and property	1,277,227	1,277,227	1,664,455	387,228
Charges for services	1,853,879	1,853,879	1,576,254	(277,625)
Miscellaneous	233,148	255,745	222,962	(32,783)
Recovered costs	328,654	792,446	849,215	56,769
Intergovernmental:				
Contribution from School Board	1,255,105	1,277,461	1,520,455	242,994
Commonwealth	28,390,486	28,500,546	27,651,180	(849,366)
Federal Government	5,710,660	5,910,806	6,607,249	696,443
Total revenues	<u>\$ 270,357,397</u>	<u>\$ 273,773,898</u>	<u>\$ 279,332,536</u>	<u>\$ 5,558,638</u>
Expenditures				
Current:				
General Government Administration				
Board of supervisors	\$ 677,190	\$ 702,982	\$ 644,578	\$ 58,404
County executive	1,308,898	1,512,469	1,366,571	145,898
Human resources	782,196	838,531	771,759	66,772
County attorney	1,201,793	1,230,093	1,139,196	90,897
Finance	5,716,014	5,896,894	5,522,948	373,946
Management and budget	511,697	567,182	526,816	40,366
Information technology	3,305,980	3,410,758	3,017,430	393,328
Voter registration	628,091	668,496	633,732	34,764
Other general government	181,000	706,000	545,530	160,470
Total general government administration	<u>\$ 14,312,859</u>	<u>\$ 15,533,405</u>	<u>\$ 14,168,560</u>	<u>\$ 1,364,845</u>
Judicial Administration				
Circuit court	\$ 106,684	\$ 106,684	\$ 97,889	\$ 8,795
General district court	41,328	41,328	30,215	11,113
Magistrate	4,150	4,150	3,818	332
Juvenile and domestic relations court	122,156	122,156	122,156	-
Clerk of the circuit court	934,516	970,138	905,231	64,907
Sheriff	2,438,878	2,465,012	2,414,259	50,753
Commonwealth attorney	1,322,962	1,390,065	1,279,733	110,332
Total judicial administration	<u>\$ 4,970,674</u>	<u>\$ 5,099,533</u>	<u>\$ 4,853,301</u>	<u>\$ 246,232</u>
Public Safety				
Police department	\$ 17,864,623	\$ 18,329,975	\$ 17,825,192	\$ 504,783
E-911 service	2,343,050	2,449,530	2,449,530	-
Regional jail	3,899,636	3,861,879	3,861,879	-
Inspections	1,448,402	1,529,792	1,440,477	89,315
Contributions - various	1,431,881	1,431,881	1,431,741	140
Total public safety	<u>\$ 26,987,592</u>	<u>\$ 27,603,057</u>	<u>\$ 27,008,819</u>	<u>\$ 594,238</u>
Public Works				
General services	\$ 182,325	\$ 410,708	\$ 267,178	\$ 143,530
Sanitation and waste removal	101,838	101,838	53,331	48,507
Contribution to RSWA	641,939	686,939	573,735	113,204
Maintenance of buildings and grounds	4,360,594	4,472,632	3,965,890	506,742
Total public works	<u>\$ 5,286,696</u>	<u>\$ 5,672,117</u>	<u>\$ 4,860,134</u>	<u>\$ 811,983</u>

Budgetary Comparison Schedule
 General Fund (Continued)
 Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued)				
Health and Welfare				
Family Services	\$ 1,176,524	\$ 1,177,324	\$ 996,745	\$ 180,579
Contribution human development	5,320,871	5,430,871	5,350,912	79,959
Social services	11,892,897	12,236,127	11,402,029	834,098
Total health and welfare	<u>\$ 18,390,292</u>	<u>\$ 18,844,322</u>	<u>\$ 17,749,686</u>	<u>\$ 1,094,636</u>
Education				
Appropriation to public school system	\$ 125,091,358	\$ 125,165,888	\$ 124,103,485	\$ 1,062,403
Community college	24,934	24,934	24,934	-
Total education	<u>\$ 125,116,292</u>	<u>\$ 125,190,822</u>	<u>\$ 124,128,419</u>	<u>\$ 1,062,403</u>
Parks, Recreation and Cultural				
Parks and recreation	\$ 2,685,496	\$ 2,852,826	\$ 2,598,934	\$ 253,892
Towe park	199,726	207,136	180,386	26,750
Regional library	4,433,967	4,433,967	4,422,777	11,190
Miscellaneous contributions	886,446	885,946	881,446	4,500
Total parks, recreation and cultural	<u>\$ 8,205,635</u>	<u>\$ 8,379,875</u>	<u>\$ 8,083,543</u>	<u>\$ 296,332</u>
Community Development				
Planning and community development	\$ 5,301,432	\$ 5,500,170	\$ 5,092,313	\$ 407,857
Housing	490,522	523,055	509,469	13,586
Contributions to other agencies	1,726,070	1,931,070	1,931,070	-
Revenue sharing agreement - City of Charlottesville	15,855,485	15,855,485	15,855,485	-
Soil and Water Conservation District	121,141	121,141	89,162	31,979
Cooperative extension program	214,057	214,057	196,721	17,336
Economic development	399,736	799,736	716,602	83,134
Total community development	<u>\$ 24,108,443</u>	<u>\$ 24,944,714</u>	<u>\$ 24,390,822</u>	<u>\$ 553,892</u>
Contingencies				
Total contingencies	\$ 2,647,541	\$ 1,337,065	\$ 605,666	\$ 731,399
Total expenditures	<u>\$ 230,026,024</u>	<u>\$ 232,604,910</u>	<u>\$ 225,848,950</u>	<u>\$ 6,755,960</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 40,331,373</u>	<u>\$ 41,168,988</u>	<u>\$ 53,483,586</u>	<u>\$ 12,314,598</u>
Other Financing Sources (Uses)				
Transfers in	\$ 4,948,263	\$ 18,445,845	\$ 3,203,960	\$ (15,241,885)
Transfers (out)	(45,279,636)	(59,614,833)	(59,499,041)	115,792
Total other financing sources (uses)	<u>\$ (40,331,373)</u>	<u>\$ (41,168,988)</u>	<u>\$ (56,295,081)</u>	<u>\$ (15,126,093)</u>
Net change in fund balance	\$ -	\$ -	\$ (2,811,495)	\$ (2,811,495)
Fund balance, beginning of year	-	-	56,305,118	56,305,118
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,493,623</u>	<u>\$ 53,493,623</u>

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

Budgetary Comparison Schedule
 Federal and State Grants Fund
 Year Ended June 30, 2018

	Federal and State Grants Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 3,123	\$ 3,123
Miscellaneous	3,000	3,000	2,000	(1,000)
Recovered costs	35,000	75,000	50,502	(24,498)
Intergovernmental:				
Contribution from School Board	2,283,147	2,283,147	1,965,625	(317,522)
Revenue from the Commonwealth	7,122,894	8,066,231	6,334,947	(1,731,284)
Revenue from the Federal Government	3,590,695	5,008,137	4,233,321	(774,816)
Total revenues	\$ 13,034,736	\$ 15,435,515	\$ 12,589,518	\$ (2,845,997)
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ 731,081	\$ 1,099,360	\$ 1,024,863	\$ 74,497
Public Safety				
Police department	\$ 312,172	\$ 418,762	\$ 313,702	\$ 105,060
Fire-Rescue	-	401,823	99,013	302,810
Total public safety	\$ 312,172	\$ 820,585	\$ 412,715	\$ 407,870
Health and Welfare				
Comprehensive Services Act programs	\$ 11,692,098	\$ 11,692,098	\$ 8,879,069	\$ 2,813,029
At-risk 4 year olds	1,467,217	1,471,937	1,400,094	71,843
Other	5,000	606,766	127,501	479,265
Total health and welfare	\$ 13,164,315	\$ 13,770,801	\$ 10,406,664	\$ 3,364,137
Community Development				
Housing programs	\$ 3,170,000	\$ 4,101,869	\$ 3,498,309	\$ 603,560
Total community development	\$ 3,177,000	\$ 4,108,869	\$ 3,505,309	\$ 603,560
Total expenditures	\$ 17,384,568	\$ 19,799,615	\$ 15,349,551	\$ 4,450,064
Excess (deficiency) of revenues over (under) expenditures	\$ (4,349,832)	\$ (4,364,100)	\$ (2,760,033)	\$ 1,604,067
Other financing sources (uses):				
Transfers in	\$ 4,592,832	\$ 4,614,100	\$ 1,496,308	\$ (3,117,792)
Transfers (out)	(250,000)	(250,000)	(306,199)	(56,199)
Total other financing sources (uses)	\$ 4,342,832	\$ 4,364,100	\$ 1,190,109	\$ (3,173,991)
Net changes in fund balances	\$ (7,000)	\$ -	\$ (1,569,924)	\$ (1,569,924)
Fund balances at beginning of year	7,000	-	3,827,416	3,827,416
Fund balances at end of year	\$ -	\$ -	\$ 2,257,492	\$ 2,257,492

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

Schedule of Employer's Proportionate Share of the Net Pension Liability
 Years Ended June 30, 2015 through June 30, 2018

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2017	94.22%	\$ 25,993,600	\$ 39,352,233	66.05%	84.45%
2016	94.58%	\$ 34,817,580	38,473,766	90.50%	78.49%
2015	93.37%	29,012,729	37,323,375	77.73%	81.12%
2014	93.42%	26,490,296	36,352,047	72.87%	81.67%
Component Unit School Board (professional)					
2017	1.1229%	138,093,000	89,432,661	154.41%	72.92%
2016	1.1247%	157,621,000	85,955,205	183.38%	68.28%
2015	1.1081%	139,474,000	82,923,869	168.20%	70.88%
2014	1.1100%	134,516,000	81,425,849	165.20%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not 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 Changes in Net Pension Liability(Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 630,798	\$ 637,830	\$ 794,863	\$ 828,627
Interest	1,858,795	1,923,580	1,817,237	1,720,625
Differences between expected and actual experience	256,654	(2,112,662)	177,527	-
Changes in assumptions	(257,121)	-	-	-
Benefit payments, including refunds of employee contributions	(1,393,503)	(1,355,010)	(1,185,865)	(1,152,293)
Net change in total pension liability	\$ 1,095,623	\$ (906,262)	\$ 1,603,762	\$ 1,396,959
Total pension liability - beginning	27,250,964	28,157,226	26,553,464	25,156,505
Total pension liability - ending (a)	\$ 28,346,587	\$ 27,250,964	\$ 28,157,226	\$ 26,553,464
Plan fiduciary net position				
Contributions - employer	\$ 295,542	\$ 493,668	\$ 504,909	\$ 748,757
Contributions - employee	330,846	320,570	318,408	395,722
Net investment income	3,181,638	453,639	1,171,563	3,512,738
Benefit payments, including refunds of employee contributions	(1,393,503)	(1,355,010)	(1,185,865)	(1,152,293)
Administrative expense	(18,741)	(16,579)	(16,163)	(18,770)
Other	(2,817)	(194)	(247)	185
Net change in plan fiduciary net position	\$ 2,392,965	\$ (103,906)	\$ 792,605	\$ 3,486,339
Plan fiduciary net position - beginning	26,435,924	26,539,830	25,747,225	22,260,886
Plan fiduciary net position - ending (b)	\$ 28,828,889	\$ 26,435,924	\$ 26,539,830	\$ 25,747,225
School Division's net pension liability(asset) - ending (a) - (b)	\$ (482,302)	\$ 815,040	\$ 1,617,396	\$ 806,239
Plan fiduciary net position as a percentage of the total pension liability	101.70%	97.01%	94.26%	96.96%
Covered payroll	\$ 6,763,407	\$ 6,439,895	\$ 6,461,738	\$ 7,956,214
School Division's net pension liability as a percentage of covered payroll	-7.13%	12.66%	25.03%	10.13%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 4,700,361	\$ 4,700,361	\$ -	\$ 41,921,141	11.21%
2017	4,611,455	4,611,455	-	39,352,233	12.32%
2016	5,190,111	5,190,111	-	38,473,766	13.49%
2015	5,034,924	5,034,924	-	37,323,375	13.49%
2014	5,085,651	5,085,651	-	36,352,047	13.99%
2013	4,784,341	4,784,341	-	34,198,294	13.99%
2012	3,158,369	3,158,369	-	31,147,626	10.14%
2011	3,164,831	3,164,831	-	31,211,356	10.14%
2010	2,733,110	2,733,110	-	32,003,634	8.54%
2009	2,837,156	2,837,156	-	33,221,957	8.54%
Component Unit School Board (nonprofessional)					
2018	\$ 303,972	\$ 303,972	\$ -	\$ 7,210,978	4.22%
2017	319,116	319,116	-	6,763,407	4.67%
2016	506,176	506,176	-	6,439,895	7.86%
2015	507,893	507,893	-	6,461,738	7.86%
2014	751,862	751,862	-	7,656,216	9.45%
2013	729,110	729,110	-	7,715,450	9.45%
2012	483,907	483,907	-	7,467,701	6.48%
2011	460,754	460,754	-	7,110,405	6.48%
2010	445,174	445,174	-	7,215,140	6.17%
2009	455,948	455,948	-	7,389,761	6.17%
Component Unit School Board (professional)					
2018	\$ 14,568,185	\$ 14,568,185	\$ -	\$ 92,641,849	15.73%
2017	13,110,828	13,110,828	-	89,432,661	14.66%
2016	12,085,302	12,085,302	-	85,955,205	14.06%
2015	12,023,961	12,023,961	-	82,923,869	14.50%
2014	13,563,583	13,563,583	-	81,425,849	11.66%
2013	13,128,045	13,128,045	-	78,799,790	11.66%
2012	4,671,000	4,671,000	-	73,791,472	6.33%
2011	2,872,887	2,872,887	-	73,101,461	3.93%
2010	4,688,633	4,688,633	-	75,118,352	8.81%
2009	6,547,942	6,547,942	-	74,323,975	8.81%

Current year contributions are from Contributions and School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information
For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

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:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014
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	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014
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	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014
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	Adjusted rates to better match experience
Salary Scale	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 774,096
Interest	313,351
Changes in assumptions	(625,399)
Benefit payments	(682,000)
Net change in total OPEB liability	<u>\$ (219,952)</u>
Total OPEB liability - beginning	<u>11,335,805</u>
Total OPEB liability - ending	<u><u>\$ 11,115,853</u></u>
Covered-employee or Covered payroll	\$ N/A
County/City/Town/ABC's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	N/A

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 2,526,114
Interest	708,431
Changes in assumptions	(1,132,386)
Differences between expected and actual experience	-
Benefit payments	(1,803,000)
Net change in total OPEB liability	<u>\$ 299,159</u>
Total OPEB liability - beginning	<u>25,758,710</u>
Total OPEB liability - ending	<u><u>\$ 26,057,869</u></u>
Covered-employee or Covered payroll	\$ N/A
County/City/Town/ABC's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	N/A

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

Notes to Required Supplementary Information - County and Component Unit School Board OPEB
 For the Year Ended June 30, 2018

Valuation Date: 7/1/2017
 Measurement Date: 6/30/2017

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.85% per year as of June 30, 2017; 3.58% per year as of June 30, 2018
Inflation	2.2% per year as of June 30, 2017; 2.2% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.7% in 2017 and gradually declines to 5.50% by the year 2087
Salary Increase Rates	The salary increase rate starts at 3.15% salary increase for 1 year of service and gradually declines to 1.3% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Fully Generational Combined Healty Table. The mortality rates for disabled retirees and calculated using the RP 2000 Disabled Mortality Table.

Schedule of County and School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2017	0.21335%	\$ 3,211,000	\$ 39,352,233	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.03667%	\$ 552,000	\$ 6,763,407	8.16%	48.86%
Component Unit School Board (professional)					
2017	0.48126%	\$ 7,242,000	\$ 88,770,270	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to 2017 is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2017 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 216,613	\$ 216,613	\$ -	\$ 41,338,393	0.52%
2017	204,632	204,632	-	39,352,233	0.52%
Component Unit School Board (nonprofessional)					
2018	\$ 37,254	\$ 37,254	\$ -	\$ 7,109,483	0.52%
2017	35,170	35,170	-	6,763,407	0.52%
Component Unit School Board (professional)					
2018	\$ 480,478	\$ 480,478	\$ -	\$ 91,694,292	0.52%
2017	461,605	461,605	-	88,770,270	0.52%

Schedule is intended to show information for 10 years. Information prior to the 2017 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of School Board's Share of Net OPEB Liability
 Teacher Health Insurance Credit Program (HIC)
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	1.1247% \$	14,267,000 \$	88,757,889	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Teacher Health Insurance Credit Program (HIC)
 For the Years Ended June 30, 2017 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 1,127,840	\$ 1,127,840	\$ -	\$ 91,694,292	1.23%
2017	985,213	985,213	-	88,757,889	1.11%

Schedule is intended to show information for 10 years. Information prior to 2017 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Teacher Health Insurance Credit Program (HIC)
 For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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:

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

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2018

	<u>Special Revenue</u>	<u>Storm Water Control Fund</u>	<u>Total</u>
Assets			
Cash and investments	\$ 5,989,935	\$ 1,370,453	\$ 7,360,388
Investments - restricted	-	2,613,177	2,613,177
Receivables, (net of allowance for uncollectibles) - Note 4	342,972	3,837	346,809
Due from other governments - Note 5	91,444	-	91,444
	<u>6,424,351</u>	<u>3,987,467</u>	<u>10,411,818</u>
Total assets	<u>\$ 6,424,351</u>	<u>\$ 3,987,467</u>	<u>\$ 10,411,818</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 356,849	\$ 81,309	\$ 438,158
	<u>356,849</u>	<u>81,309</u>	<u>438,158</u>
Total liabilities	<u>\$ 356,849</u>	<u>\$ 81,309</u>	<u>\$ 438,158</u>
Fund Balance			
Committed:			
Stormwater projects	\$ -	\$ 3,906,158	\$ 3,906,158
Special revenue	6,067,502	-	6,067,502
Total fund balance	<u>6,067,502</u>	<u>3,906,158</u>	<u>9,973,660</u>
Total liabilities and fund balance	<u>\$ 6,424,351</u>	<u>\$ 3,987,467</u>	<u>\$ 10,411,818</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2018

	Special Revenue	Debt Service	Storm Water Control	Total
Revenues				
Other local taxes	\$ 1,706,426	\$ -	\$ -	\$ 1,706,426
Permits, privilege fees and regulatory licenses	187,345	-	-	187,345
Use of money and property	77,519	121,056	84,006	282,581
Charges for services	2,254,211	-	19,194	2,273,405
Miscellaneous	15,000	-	-	15,000
Recovered costs	61,945	-	-	61,945
Intergovernmental:				
Commonwealth	420,422	195,851	-	616,273
Federal Government	-	79,390	27,924	107,314
	<u>4,722,868</u>	<u>396,297</u>	<u>131,124</u>	<u>5,250,289</u>
Total revenues	\$ 4,722,868	\$ 396,297	\$ 131,124	\$ 5,250,289
Expenditures				
Current:				
Public safety	\$ 15,245,756	\$ -	\$ -	\$ 15,245,756
Public works	77,913	-	-	77,913
Community Development	413,517	-	-	413,517
Debt service:				
Principal payments	-	14,934,960	-	14,934,960
Interest and fiscal charges	-	9,355,077	-	9,355,077
Capital projects	-	-	569,971	569,971
	<u>15,737,186</u>	<u>24,290,037</u>	<u>569,971</u>	<u>40,597,194</u>
Total expenditures	\$ 15,737,186	\$ 24,290,037	\$ 569,971	\$ 40,597,194
Excess (deficiency) of revenues over (under) expenditures	\$ (11,014,318)	\$ (23,893,740)	\$ (438,847)	\$ (35,346,905)
Other financing sources (uses)				
Transfers in	\$ 17,272,361	\$ 23,893,740	\$ 605,860	\$ 41,771,961
Transfers (out)	(3,274,916)	-	-	(3,274,916)
	<u>13,997,445</u>	<u>23,893,740</u>	<u>605,860</u>	<u>38,497,045</u>
Total other financing sources (uses)	\$ 13,997,445	\$ 23,893,740	\$ 605,860	\$ 38,497,045
Net change in fund balance	\$ 2,983,127	\$ -	\$ 167,013	\$ 3,150,140
Fund balance, beginning of year	<u>3,084,375</u>	<u>-</u>	<u>3,739,145</u>	<u>6,823,520</u>
Fund balance, end of year	<u><u>\$ 6,067,502</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,906,158</u></u>	<u><u>\$ 9,973,660</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 At June 30, 2018

	Fire Rescue Services Fund	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Economic Development Fund	Total
Assets								
Cash and investments	\$ 1,399,358	\$ 1,402,944	\$ 17,185	\$ 3,063	\$ 95,182	\$ 89,473	\$ 2,982,730	\$ 5,989,935
Receivables, (net of allowance for uncollectibles) - Note 4	178,155	-	-	-	164,817	-	-	342,972
Due from other governments - Note 5	91,444	-	-	-	-	-	-	91,444
Total assets	\$ 1,668,957	\$ 1,402,944	\$ 17,185	\$ 3,063	\$ 259,999	\$ 89,473	\$ 2,982,730	\$ 6,424,351
Liabilities								
Accounts payable and accrued liabilities	\$ 313,295	\$ -	\$ -	\$ -	\$ -	\$ 16,307	\$ 27,247	\$ 356,849
Total liabilities	\$ 313,295	\$ -	\$ -	\$ -	\$ -	\$ 16,307	\$ 27,247	\$ 356,849
Fund Balance								
Committed:								
Special revenue	\$ 1,355,662	\$ 1,402,944	\$ 17,185	\$ 3,063	\$ 259,999	\$ 73,166	\$ 2,955,483	\$ 6,067,502
Total fund balance	\$ 1,355,662	\$ 1,402,944	\$ 17,185	\$ 3,063	\$ 259,999	\$ 73,166	\$ 2,955,483	\$ 6,067,502
Total liabilities and fund balance	\$ 1,668,957	\$ 1,402,944	\$ 17,185	\$ 3,063	\$ 259,999	\$ 89,473	\$ 2,982,730	\$ 6,424,351

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2018

	Fire Rescue Services Fund	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Economic Development Fund	Total
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	1,706,426	\$ -	\$ -	1,706,426
Permits, privilege fees and regulatory licenses	157,364	-	29,981	-	-	-	-	187,345
Use of money and property	2,470	-	-	-	-	75,049	-	77,519
Charges for services	2,254,211	-	-	-	-	-	-	2,254,211
Miscellaneous	15,000	-	-	-	-	-	-	15,000
Recovered costs	61,945	-	-	-	-	-	-	61,945
Intergovernmental: Commonwealth	420,422	-	-	-	-	-	-	420,422
Total revenues	\$ 2,911,412	\$ -	\$ 29,981	\$ -	\$ 1,706,426	\$ 75,049	\$ -	\$ 4,722,868
Expenditures								
Current:								
Public safety	\$ 15,245,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,245,756
Public works	-	-	-	-	-	77,913	-	77,913
Community Development	-	-	-	-	-	-	413,517	413,517
Total expenditures	\$ 15,245,756	\$ -	\$ -	\$ -	\$ -	\$ 77,913	\$ 413,517	\$ 15,737,186
Excess (deficiency) of revenues over (under) expenditures	\$ (12,334,344)	\$ -	\$ 29,981	\$ -	\$ 1,706,426	\$ (2,864)	\$ (413,517)	\$ (11,014,318)
Other financing sources (uses)								
Transfers in	\$ 12,672,672	\$ 1,230,689	\$ -	\$ -	\$ -	\$ -	\$ 3,369,000	\$ 17,272,361
Transfers (out)	(108,838)	(1,265,194)	(29,001)	-	(1,871,883)	-	-	(3,274,916)
Total other financing sources (uses)	\$ 12,563,834	\$ (34,505)	\$ (29,001)	\$ -	\$ (1,871,883)	\$ -	\$ 3,369,000	\$ 13,997,445
Net change in fund balance	\$ 229,490	\$ (34,505)	\$ 980	\$ -	\$ (165,457)	\$ (2,864)	\$ 2,955,483	\$ 2,983,127
Fund balance, beginning of year	1,126,172	1,437,449	16,205	3,063	425,456	76,030	-	3,084,375
Fund balance, end of year	\$ 1,355,662	\$ 1,402,944	\$ 17,185	\$ 3,063	\$ 259,999	\$ 73,166	\$ 2,955,483	\$ 6,067,502

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Year Ended June 30, 2018

	<u>Debt Service</u>		
	<u>General</u>	<u>School</u>	<u>Total</u>
Revenues			
Use of money and property	\$ -	\$ 121,056	\$ 121,056
Intergovernmental:			
Commonwealth	-	195,851	195,851
Federal government	-	79,390	79,390
Total revenues	<u>\$ -</u>	<u>\$ 396,297</u>	<u>\$ 396,297</u>
Expenditures			
Debt service:			
Principal payments	\$ 4,757,158	\$ 10,177,802	\$ 14,934,960
Interest and fiscal charges	3,435,567	5,919,510	9,355,077
Total expenditures	<u>\$ 8,192,725</u>	<u>\$ 16,097,312</u>	<u>\$ 24,290,037</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,192,725)</u>	<u>\$ (15,701,015)</u>	<u>\$ (23,893,740)</u>
Other financing sources (uses)			
Transfers in	\$ 8,192,725	\$ 15,701,015	\$ 23,893,740
Total other financing sources (uses)	<u>\$ 8,192,725</u>	<u>\$ 15,701,015</u>	<u>\$ 23,893,740</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Combining Statement of Net Position
 Internal Service Funds
 At June 30, 2018

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
Assets							
Current assets:							
Cash and investments	\$ 17,776,085	\$ 953,104	\$ 94	\$ 17,069	\$ 13,157	\$ 373,520	\$ 19,133,029
Accounts receivable	-	-	2,902	-	-	-	2,902
Total assets	\$ 17,776,085	\$ 953,104	\$ 2,996	\$ 17,069	\$ 13,157	\$ 373,520	\$ 19,135,931
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 510,799	\$ 61,674	\$ 1,704	\$ 14,159	-	-	\$ 588,336
Claims payable:							
Due within one year	238,971	187,211	-	-	-	-	426,182
Due in more than one year	2,150,740	-	-	-	-	-	2,150,740
Total liabilities	\$ 2,900,510	\$ 248,885	\$ 1,704	\$ 14,159	\$ -	\$ -	\$ 3,165,258
Net position							
Unrestricted	14,875,575	704,219	1,292	2,910	13,157	373,520	15,970,673
Total liabilities and net position	\$ 17,776,085	\$ 953,104	\$ 2,996	\$ 17,069	\$ 13,157	\$ 373,520	\$ 19,135,931

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018

	<u>Health Insurance Fund</u>	<u>Dental Plan Pool Fund</u>	<u>Duplicating Fund</u>	<u>Facilities Development Fund</u>	<u>Computer Replacement Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total Internal Service Funds</u>
Operating revenues							
Charges for services, net	\$ 28,309,690	\$ 1,713,770	\$ 67,984	\$ 1,158,634	\$ 311,679	\$ 1,097,275	\$ 32,659,032
Operating expenses							
Benefits and related expenses	\$ 25,682,418	\$ 1,577,496	\$ -	\$ 992,209	\$ -	\$ -	\$ 28,252,123
Services and supplies	-	-	66,692	166,407	275,078	896,732	1,404,909
Total operating expenses	\$ 25,682,418	\$ 1,577,496	\$ 66,692	\$ 1,158,616	\$ 275,078	\$ 896,732	\$ 29,657,032
Operating income (loss)	\$ 2,627,272	\$ 136,274	\$ 1,292	\$ 18	\$ 36,601	\$ 200,543	\$ 3,002,000
Nonoperating revenues (expenses)							
Interest income	\$ 173,258	\$ 8,851	\$ -	\$ -	\$ -	\$ 8,870	\$ 190,979
Transfers							
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ (50,000)	\$ -	\$ (50,000)
Net transfers	\$ -	\$ -	\$ -	\$ -	\$ (50,000)	\$ -	\$ (50,000)
Change in net position	\$ 2,800,530	\$ 145,125	\$ 1,292	\$ 18	\$ (13,399)	\$ 209,413	\$ 3,142,979
Net position, beginning of year	12,075,045	559,094	-	2,892	26,556	164,107	12,827,694
Net position, end of year	<u>\$ 14,875,575</u>	<u>\$ 704,219</u>	<u>\$ 1,292</u>	<u>\$ 2,910</u>	<u>\$ 13,157</u>	<u>\$ 373,520</u>	<u>\$ 15,970,673</u>

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
Cash flows from operating activities							
Receipts from insured	\$ 28,464,289	\$ 1,713,770	\$ -	\$ -	\$ -	\$ -	\$ 30,178,059
Receipts from services	-	-	66,330	1,158,668	311,679	1,097,275	2,633,952
Payments to suppliers	(25,992,123)	(1,562,082)	(68,479)	(1,151,774)	(358,323)	(962,223)	(30,095,004)
Net cash provided by (used for) operating activities	\$ 2,472,166	\$ 151,688	\$ (2,149)	\$ 6,894	\$ (46,644)	\$ 135,052	\$ 2,717,007
Cash flows from noncapital financing activities							
Transfers	\$ -	\$ -	\$ -	\$ -	\$ (50,000)	\$ -	\$ (50,000)
Cash flows from investing activities							
Interest income	\$ 173,258	\$ 8,851	\$ -	\$ -	\$ -	\$ 8,870	\$ 190,979
Net increase (decrease) in cash and cash equivalents	\$ 2,645,424	\$ 160,539	\$ (2,149)	\$ 6,894	\$ (96,644)	\$ 143,922	\$ 2,857,986
Cash and cash equivalents, beginning of year	15,130,661	792,565	2,243	10,175	109,801	229,598	16,275,043
Cash and cash equivalents, end of year	\$ 17,776,085	\$ 953,104	\$ 94	\$ 17,069	\$ 13,157	\$ 373,520	\$ 19,133,029
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	\$ 2,627,272	\$ 136,274	\$ 1,292	\$ 18	\$ 36,601	\$ 200,543	\$ 3,002,000
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Change in assets and liabilities:							
Receivables, net	154,599	-	(1,654)	34	-	-	152,979
Accounts payable and accrued liabilities	184	15,495	(1,787)	6,842	(83,245)	(65,491)	(128,002)
Claims payable	(309,889)	(81)	-	-	-	-	(309,970)
Net cash provided by (used for) operating activities	\$ 2,472,166	\$ 151,688	\$ (2,149)	\$ 6,894	\$ (46,644)	\$ 135,052	\$ 2,717,007

Combining Statement of Fiduciary Net Position
 Private Purpose Trust Funds
 At June 30, 2018

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Funds	Proffer Trust Fund	Total
Assets							
Cash and investments	\$ -	\$ 12,675	\$ 85,274	\$ 60,240	\$ 138,094	\$ 5,802,007	\$ 6,098,290
Investments with trustee	304,268	-	-	-	-	-	304,268
Accounts receivable	140	-	-	-	-	173,916	174,056
Total assets	<u>\$ 304,408</u>	<u>\$ 12,675</u>	<u>\$ 85,274</u>	<u>\$ 60,240</u>	<u>\$ 138,094</u>	<u>\$ 5,975,923</u>	<u>\$ 6,576,614</u>
Net Position	<u>304,408</u>	<u>12,675</u>	<u>85,274</u>	<u>60,240</u>	<u>138,094</u>	<u>5,975,923</u>	<u>6,576,614</u>
Total liabilities and net position	<u>\$ 304,408</u>	<u>\$ 12,675</u>	<u>\$ 85,274</u>	<u>\$ 60,240</u>	<u>\$ 138,094</u>	<u>\$ 5,975,923</u>	<u>\$ 6,576,614</u>

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
Year Ended June 30, 2018

	Juanise		Crozet			Proffer	Total
	McIntire	Dyer	Weinstein	Crossings	Synthetic	Trust	
	Trust	Trust	Trust	Trust	Turf Field	Trust	
	Fund	Fund	Fund	Fund	Fund	Fund	
Additions							
Investment earnings (losses)	\$ 18,075	\$ 136	\$ 918	\$ 648	\$ 20,025	\$ 70,498	\$ 110,300
Proffers	-	-	-	-	-	1,054,861	1,054,861
Total additions	\$ 18,075	\$ 136	\$ 918	\$ 648	\$ 20,025	\$ 1,125,359	\$ 1,165,161
Deductions							
General	\$ 5,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731
Contributions	-	-	-	-	-	1,570,944	1,570,944
Total deductions	\$ 5,731	\$ -	\$ -	\$ -	\$ -	\$ 1,570,944	\$ 1,576,675
Change in net position	\$ 12,344	\$ 136	\$ 918	\$ 648	\$ 20,025	\$ (445,585)	\$ (411,514)
Net position, beginning of year	292,064	12,539	84,356	59,592	118,069	6,421,508	6,988,128
Net position, end of year	\$ 304,408	\$ 12,675	\$ 85,274	\$ 60,240	\$ 138,094	\$ 5,975,923	\$ 6,576,614

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Fiduciary Net Position
 Agency Funds
 At June 30, 2018

	Special Welfare Fund	Drug Fund	Payroll Suspense Fund	HUD Family Self Sufficiency Fund	County Contribution Fund	Ace Contribution Fund	Firearms Range Operating Fund	CATEC Fund
Assets								
Cash and investments	\$ 81,408	\$ 205,083	\$ 629,890	\$ 24,127	\$ 61,651	\$ 20,734	\$ 177,429	\$ (153,076)
Accounts receivable	-	-	5,433	-	-	-	-	279,817
Total assets	<u>\$ 81,408</u>	<u>\$ 205,083</u>	<u>\$ 635,323</u>	<u>\$ 24,127</u>	<u>\$ 61,651</u>	<u>\$ 20,734</u>	<u>\$ 177,429</u>	<u>\$ 126,741</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ 635,323	\$ -	\$ -	\$ -	\$ 177,429	\$ 126,741
Amounts held for others	81,408	205,083	-	24,127	61,651	20,734	-	-
Total liabilities	<u>\$ 81,408</u>	<u>\$ 205,083</u>	<u>\$ 635,323</u>	<u>\$ 24,127</u>	<u>\$ 61,651</u>	<u>\$ 20,734</u>	<u>\$ 177,429</u>	<u>\$ 126,741</u>

<u>Appeal Bond Fund</u>	<u>Sheriff Reserve Fund</u>	<u>Performance Bond Fund</u>	<u>Natural Heritage Fund</u>	<u>Economic Development Authority Fund</u>	<u>Commonwealth Attorney Commission Fund</u>	<u>Public Recreation Facility Authority</u>	<u>Courts Escrow Fund</u>	<u>Albemarle Broadband Authority</u>	<u>Total</u>
\$ 4,500	\$ 2,088	\$ 5,717,437	\$ 1,105	\$ 502,032	\$ 176,829	\$ 187,413	\$ 7,807	\$ 200,308	\$ 7,846,765
-	-	-	-	126,987	-	-	-	-	412,237
<u>\$ 4,500</u>	<u>\$ 2,088</u>	<u>\$ 5,717,437</u>	<u>\$ 1,105</u>	<u>\$ 629,019</u>	<u>\$ 176,829</u>	<u>\$ 187,413</u>	<u>\$ 7,807</u>	<u>\$ 200,308</u>	<u>\$ 8,259,002</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,493
4,500	2,088	5,717,437	1,105	629,019	176,829	187,413	7,807	200,308	7,319,509
<u>\$ 4,500</u>	<u>\$ 2,088</u>	<u>\$ 5,717,437</u>	<u>\$ 1,105</u>	<u>\$ 629,019</u>	<u>\$ 176,829</u>	<u>\$ 187,413</u>	<u>\$ 7,807</u>	<u>\$ 200,308</u>	<u>\$ 8,259,002</u>

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Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Special Welfare Fund:				
Assets:				
Cash and investments	\$ 74,283	\$ 118,556	\$ 111,431	\$ 81,408
Liabilities:				
Amounts held for others	\$ 74,283	\$ 118,556	\$ 111,431	\$ 81,408
Drug Fund:				
Assets:				
Cash and investments	\$ 151,358	\$ 69,201	\$ 15,476	\$ 205,083
Liabilities:				
Amounts held for others	\$ 151,358	\$ 69,201	\$ 15,476	\$ 205,083
Payroll Suspense Fund:				
Assets:				
Cash and investments	\$ 661,388	\$ 629,890	\$ 661,388	\$ 629,890
Accounts receivable	8,806	5,433	8,806	5,433
Total assets	\$ 670,194	\$ 635,323	\$ 670,194	\$ 635,323
Liabilities:				
Accounts payable	\$ 670,194	\$ 635,323	\$ 670,194	\$ 635,323
HUD Family Self Sufficiency Fund:				
Assets:				
Cash and investments	\$ 24,127	-	-	\$ 24,127
Liabilities:				
Amounts held for others	\$ 24,127	-	-	\$ 24,127
County Contribution Fund:				
Assets:				
Cash and investments	\$ 46,682	\$ 29,969	\$ 15,000	\$ 61,651
Total assets	\$ 46,682	\$ 29,969	\$ 15,000	\$ 61,651
Liabilities:				
Amounts held for others	\$ 46,682	\$ 29,969	\$ 15,000	\$ 61,651
Ace Contribution Fund:				
Assets:				
Cash and investments	\$ 20,511	\$ 223	-	\$ 20,734
Liabilities:				
Amounts held for others	\$ 20,511	\$ 223	-	\$ 20,734

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2018 (Continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Firearms Range Operating Fund:				
Assets:				
Cash and investments	\$ 100,389	\$ 243,410	\$ 166,370	\$ 177,429
Accounts receivable	-	-	-	-
Total assets	<u>\$ 100,389</u>	<u>\$ 243,410</u>	<u>\$ 166,370</u>	<u>\$ 177,429</u>
Liabilities:				
Accounts payable	<u>\$ 100,389</u>	<u>\$ 243,410</u>	<u>\$ 166,370</u>	<u>\$ 177,429</u>
CATEC Fund:				
Assets:				
Cash and investments	\$ (288,822)	\$ 2,010,099	\$ 1,874,353	\$ (153,076)
Accounts receivable	429,386	279,817	429,386	279,817
Total assets	<u>\$ 140,564</u>	<u>\$ 2,289,916</u>	<u>\$ 2,303,739</u>	<u>\$ 126,741</u>
Liabilities:				
Accounts payable	<u>\$ 140,564</u>	<u>\$ 2,289,916</u>	<u>\$ 2,303,739</u>	<u>\$ 126,741</u>
Appeal Bond Fund:				
Assets:				
Cash and investments	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>
Liabilities:				
Amounts held for others	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>
Sheriff Reserve Fund:				
Assets:				
Cash and investments	<u>\$ 1,541</u>	<u>\$ 787</u>	<u>\$ 240</u>	<u>\$ 2,088</u>
Liabilities:				
Amounts held for others	<u>\$ 1,541</u>	<u>\$ 787</u>	<u>\$ 240</u>	<u>\$ 2,088</u>
Performance Bond Fund:				
Assets:				
Cash and investments	<u>\$ 5,351,970</u>	<u>\$ 1,867,409</u>	<u>\$ 1,501,942</u>	<u>\$ 5,717,437</u>
Liabilities:				
Amounts held for others	<u>\$ 5,351,970</u>	<u>\$ 1,867,409</u>	<u>\$ 1,501,942</u>	<u>\$ 5,717,437</u>
Natural Heritage Fund:				
Assets:				
Cash and investments	<u>\$ 1,091</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 1,105</u>
Liabilities:				
Amounts held for others	<u>\$ 1,091</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 1,105</u>
Economic Development Authority Fund:				
Assets:				
Cash and investments	\$ 392,237	\$ 146,816	\$ 37,021	\$ 502,032
Accounts receivable	128,237	126,987	128,237	126,987
Total assets	<u>\$ 520,474</u>	<u>\$ 273,803</u>	<u>\$ 165,258</u>	<u>\$ 629,019</u>
Liabilities:				
Amounts held for others	<u>\$ 520,474</u>	<u>\$ 273,803</u>	<u>\$ 165,258</u>	<u>\$ 629,019</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2018 (Continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Commonwealth Attorney Commission Fund:				
Assets:				
Cash and investments	\$ 190,321	\$ 103,990	\$ 117,482	\$ 176,829
Accounts receivable	2,282	-	2,282	-
Total assets	<u>\$ 192,603</u>	<u>\$ 103,990</u>	<u>\$ 119,764</u>	<u>\$ 176,829</u>
Liabilities:				
Amounts held for others	<u>\$ 192,603</u>	<u>\$ 103,990</u>	<u>\$ 119,764</u>	<u>\$ 176,829</u>
Public Recreation Facility Authority:				
Assets:				
Cash and investments	<u>\$ 145,707</u>	<u>\$ 42,108</u>	<u>\$ 402</u>	<u>\$ 187,413</u>
Liabilities:				
Amounts held for others	<u>\$ 145,707</u>	<u>\$ 42,108</u>	<u>\$ 402</u>	<u>\$ 187,413</u>
Courts Escrow Fund:				
Assets:				
Cash and investments	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,807</u>
Liabilities:				
Amounts held for others	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,807</u>
Albemarle Broadband Authority:				
Assets:				
Cash and investments	<u>\$ -</u>	<u>\$ 200,308</u>	<u>\$ -</u>	<u>\$ 200,308</u>
Total assets	<u>\$ -</u>	<u>\$ 200,308</u>	<u>\$ -</u>	<u>\$ 200,308</u>
Liabilities:				
Amounts held for others	<u>\$ -</u>	<u>\$ 200,308</u>	<u>\$ -</u>	<u>\$ 200,308</u>
Totals--All Agency Funds:				
Assets:				
Cash and investments	\$ 6,885,090	\$ 5,462,780	\$ 4,501,105	\$ 7,846,765
Accounts receivable	568,711	412,237	568,711	412,237
Total assets	<u>\$ 7,453,801</u>	<u>\$ 5,875,017</u>	<u>\$ 5,069,816</u>	<u>\$ 8,259,002</u>
Liabilities:				
Accounts payable	\$ 911,147	\$ 3,168,649	\$ 3,140,303	\$ 939,493
Amounts held for others	6,542,654	2,706,368	1,929,513	7,319,509
Total liabilities	<u>\$ 7,453,801</u>	<u>\$ 5,875,017</u>	<u>\$ 5,069,816</u>	<u>\$ 8,259,002</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds - Budget and Actual
 Year Ended June 30, 2018

	Special Revenue Funds							
	Courtthouse Maintenance Fund				Fire Rescue Services Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees and regulatory licenses	-	-	-	-	143,700	143,700	157,364	13,664
Revenue from use of money and property	-	-	-	-	700	700	2,470	1,770
Charges for services	29,001	29,001	29,981	980	1,988,727	1,988,727	2,254,211	265,484
Miscellaneous	-	-	-	-	-	15,000	15,000	-
Recovered costs	-	-	-	-	9,000	9,000	61,945	52,945
Intergovernmental:								
Contribution from School Board	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	399,905	399,905	420,422	20,517
Federal Government	-	-	-	-	-	-	-	-
Total revenues	\$ 29,001	\$ 29,001	\$ 29,981	\$ 980	\$ 2,542,032	\$ 2,557,032	\$ 2,911,412	\$ 354,380
Expenditures								
Current:								
Judicial Administration								
Sheriff's office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-	15,410,665	15,984,473	15,245,756	738,717
Total public safety	\$ -	\$ -	\$ -	\$ -	\$ 15,410,665	\$ 15,984,473	\$ 15,245,756	\$ 738,717
Health and Welfare								
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development								
Planning and community development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-	-	-	-	-
Total community development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service:								
Principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 15,410,665	\$ 15,984,473	\$ 15,245,756	\$ 738,717
Excess (deficiency) of revenues over (under) expenditures	\$ 29,001	\$ 29,001	\$ 29,981	\$ 980	\$ (12,868,633)	\$ (13,427,441)	\$ (12,334,344)	\$ 1,093,097
Other financing sources (uses):								
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-	12,868,633	12,813,861	12,672,672	(141,189)
Transfers (out)	(29,001)	(29,001)	(29,001)	-	-	-	(108,838)	(108,838)
Total other financing sources (uses)	\$ (29,001)	\$ (29,001)	\$ (29,001)	\$ -	\$ 12,868,633	\$ 12,813,861	\$ 12,563,834	\$ (250,027)
Net changes in fund balances	\$ -	\$ -	\$ 980	\$ 980	\$ -	\$ (613,580)	\$ 229,490	\$ 843,070
Fund balances at beginning of year	-	-	16,205	16,205	-	613,580	1,126,172	512,592
Fund balances at end of year	\$ -	\$ -	\$ 17,185	\$ 17,185	\$ -	\$ -	\$ 1,355,662	\$ 1,355,662

Economic Development Fund				Tourism Fund			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 1,911,245	\$ 1,911,245	\$ 1,706,426	\$ (204,819)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911,245</u>	<u>\$ 1,911,245</u>	<u>\$ 1,706,426</u>	<u>\$ (204,819)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 550,000	\$ 3,369,000	\$ 413,517	\$ 2,955,483	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 550,000</u>	<u>\$ 3,369,000</u>	<u>\$ 413,517</u>	<u>\$ 2,955,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 550,000</u>	<u>\$ 3,369,000</u>	<u>\$ 413,517</u>	<u>\$ 2,955,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (550,000)	\$ (3,369,000)	\$ (413,517)	\$ 2,955,483	\$ 1,911,245	\$ 1,911,245	\$ 1,706,426	\$ (204,819)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
550,000	3,369,000	3,369,000	-	288,000	288,000	-	(288,000)
-	-	-	-	(2,199,245)	(2,199,245)	(1,871,883)	327,362
<u>\$ 550,000</u>	<u>\$ 3,369,000</u>	<u>\$ 3,369,000</u>	<u>\$ -</u>	<u>\$ (1,911,245)</u>	<u>\$ (1,911,245)</u>	<u>\$ (1,871,883)</u>	<u>\$ 39,362</u>
\$ -	\$ -	\$ 2,955,483	\$ 2,955,483	\$ -	\$ -	\$ (165,457)	\$ (165,457)
-	-	-	-	-	-	425,456	425,456
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,955,483</u>	<u>\$ 2,955,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,999</u>	<u>\$ 259,999</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds - Budget and Actual
 Year Ended June 30, 2018 (Continued)

	Debt Service Funds			
	General Debt Service Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees and regulatory licenses	-	-	-	-
Revenue from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Contribution from School Board	-	-	-	-
Commonwealth	-	-	-	-
Federal Government	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	-	-	-	-
Total public safety	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Housing programs	-	-	-	-
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ 4,764,241	\$ 4,764,241	\$ 4,757,158	\$ 7,083
Interest and fiscal charges	3,458,513	3,458,513	3,435,567	22,946
Capital projects	-	-	-	-
Total expenditures	\$ 8,222,754	\$ 8,222,754	\$ 8,192,725	\$ 30,029
Excess (deficiency) of revenues over (under) expenditures	\$ (8,222,754)	\$ (8,222,754)	\$ (8,192,725)	\$ 30,029
Other financing sources (uses):				
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	8,222,754	8,222,754	8,192,725	(30,029)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ 8,222,754	\$ 8,222,754	\$ 8,192,725	\$ (30,029)
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

School Debt Service Fund				Capital Projects Fund			
				Storm Water Control			
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
120,983	120,983	121,056	73	-	-	84,006	84,006
-	-	-	-	-	-	19,194	19,194
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
195,852	195,852	195,851	(1)	-	378,878	-	(378,878)
78,880	78,880	79,390	510	-	159,000	27,924	(131,076)
\$ 395,715	\$ 395,715	\$ 396,297	\$ 582	\$ -	\$ 537,878	\$ 131,124	\$ (406,754)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,178,680	\$ 10,178,680	\$ 10,177,802	\$ 878	\$ -	\$ -	\$ -	\$ -
5,932,215	5,932,215	5,919,510	12,705	-	-	-	-
-	-	-	-	1,185,530	5,179,635	569,971	4,609,664
\$ 16,110,895	\$ 16,110,895	\$ 16,097,312	\$ 13,583	\$ 1,185,530	\$ 5,179,635	\$ 569,971	\$ 4,609,664
\$ (15,715,180)	\$ (15,715,180)	\$ (15,701,015)	\$ 14,165	\$ (1,185,530)	\$ (4,641,757)	\$ (438,847)	\$ 4,202,910
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,715,180	15,715,180	15,701,015	(14,165)	1,185,530	4,641,757	605,860	(4,035,897)
-	-	-	-	-	-	-	-
\$ 15,715,180	\$ 15,715,180	\$ 15,701,015	\$ (14,165)	\$ 1,185,530	\$ 4,641,757	\$ 605,860	\$ (4,035,897)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,013	\$ 167,013
-	-	-	-	-	-	3,739,145	3,739,145
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,906,158	\$ 3,906,158

Component Unit School Board
 Combining Balance Sheet
 At June 30, 2018

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 22,424,376	\$ 1,674,068	\$ 2,100,506	\$ 26,198,950
Investments - restricted	-	-	17,749,225	17,749,225
Accounts receivable	882,083	24,988	-	907,071
Due from other governments	3,214,645	66,494	-	3,281,139
Prepaid items	65,548	-	-	65,548
Inventories	221,970	87,762	-	309,732
Total assets	<u>\$ 26,808,622</u>	<u>\$ 1,853,312</u>	<u>\$ 19,849,731</u>	<u>\$ 48,511,665</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 16,727,239	\$ 214,110	\$ 6,754,611	\$ 23,695,960
Unearned revenue - Note 9	223,973	-	-	223,973
Total liabilities	<u>\$ 16,951,212</u>	<u>\$ 214,110</u>	<u>\$ 6,754,611</u>	<u>\$ 23,919,933</u>
Fund Balance				
Nonspendable:				
Inventories and prepaid items	\$ 287,518	\$ 87,762	\$ -	\$ 375,280
Committed:				
Education				
Special revenue	9,569,892	1,551,440	-	11,121,332
Assigned:				
Capital projects	-	-	13,095,120	13,095,120
Total fund balance	<u>\$ 9,857,410</u>	<u>\$ 1,639,202</u>	<u>\$ 13,095,120</u>	<u>\$ 24,591,732</u>
Total liabilities and fund balance	<u>\$ 26,808,622</u>	<u>\$ 1,853,312</u>	<u>\$ 19,849,731</u>	<u>\$ 48,511,665</u>

Component Unit School Board
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 At June 30, 2018

Total fund balances for governmental funds	\$ 24,591,732
Total net position reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land and land improvements	\$ 6,174,142
Construction in progress	2,963,187
Buildings and improvements, net of depreciation	127,406,457
Furniture, equipment and vehicles, net of depreciation	5,654,239
School Board capital assets in primary government, net of depreciation	<u>(77,661,842)</u>
Total capital assets	64,536,183
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred inflows related to pensions	(16,257,071)
Deferred inflows related to OPEB	(2,009,617)
Pension and OPEB contributions subsequent to the measurement date and other deferred outflows will be a reduction to the net pension and OPEB liabilities in the next fiscal year and, therefore, are not reported in the funds	
Deferred outflows related to pensions	19,031,678
Deferred outflows related to OPEB	1,715,567
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position consist of the following:	
Compensated absences	(2,968,038)
School energy improvement lease	(7,821,492)
Net pension asset	482,302
Net pension liability	(138,093,000)
Net OPEB liabilities	<u>(48,118,869)</u>
Total net position of governmental activities (Exhibit 1)	<u>\$ (104,910,625)</u>

Component Unit School Board
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2018

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Use of money and property	\$ 864,543	\$ 16,810	\$ 412,917	\$ 1,294,270
Charges for services	3,280,198	2,441,212	-	5,721,410
Miscellaneous	3,015,577	114,831	-	3,130,408
Recovered costs	607,837	-	45,550	653,387
Intergovernmental:				
Appropriation from primary government	124,028,955	-	74,530	124,103,485
Commonwealth	49,981,270	93,801	1,000,000	51,075,071
Federal Government	6,180,578	2,932,322	-	9,112,900
Total revenues	<u>\$ 187,958,958</u>	<u>\$ 5,598,976</u>	<u>\$ 1,532,997</u>	<u>\$ 195,090,931</u>
Expenditures				
Current:				
Education:				
Instruction	\$ 131,772,240	-	-	\$ 131,772,240
Administration, attendance and health	7,860,204	-	-	7,860,204
Transportation	10,467,718	-	-	10,467,718
Special Programs	10,762,301	-	-	10,762,301
Facilities operations and maintenance	16,454,552	-	-	16,454,552
School food services	-	5,234,676	-	5,234,676
Technology	4,186,145	-	-	4,186,145
Contribution to primary government	3,486,080	-	-	3,486,080
Capital projects	-	-	34,186,039	34,186,039
Debt service:				
Lease issuance costs	-	-	291,971	291,971
Total expenditures	<u>\$ 184,989,240</u>	<u>\$ 5,234,676</u>	<u>\$ 34,478,010</u>	<u>\$ 224,701,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,969,718</u>	<u>\$ 364,300</u>	<u>\$ (32,945,013)</u>	<u>\$ (29,610,995)</u>
Other financing sources (uses)				
Issuance of school energy improvements lease	\$ -	-	\$ 7,821,492	\$ 7,821,492
Transfers in	112,500	-	-	112,500
Transfers (out)	-	(112,500)	-	(112,500)
Total other financing sources (uses)	<u>\$ 112,500</u>	<u>\$ (112,500)</u>	<u>\$ 7,821,492</u>	<u>\$ 7,821,492</u>
Net change in fund balance	<u>\$ 3,082,218</u>	<u>\$ 251,800</u>	<u>\$ (25,123,521)</u>	<u>\$ (21,789,503)</u>
Fund balance, beginning of year	<u>6,775,192</u>	<u>1,387,402</u>	<u>38,218,641</u>	<u>46,381,235</u>
Fund balance, end of year	<u><u>\$ 9,857,410</u></u>	<u><u>\$ 1,639,202</u></u>	<u><u>\$ 13,095,120</u></u>	<u><u>\$ 24,591,732</u></u>

Component Unit School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ (21,789,503)

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

Capital outlay		
Construction in progress additions	\$ 21,757,271	
Construction in progress deletions	(12,818,362)	
Buildings and improvements additions	9,307,616	
Other improvement additions	3,510,748	
Furniture, equipment and vehicle additions	<u>1,585,591</u>	23,342,864
Depreciation expense		(9,013,281)

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

Construction in progress additions	(16,892,925)	
Construction in progress deletions	10,917,203	
School buildings and improvements additions	(9,307,616)	
School buildings and improvements deletions	10,568,215	
Transfer of depreciation	<u>(4,923,902)</u>	(9,639,025)

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

(Increase) decrease in deferred inflows related to the measurement of the net pension liability	(9,453,738)
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	(2,009,617)

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

Issuance of school energy improvements lease	(7,821,492)
Increase (decrease) in deferred outflows related to the measurement of the net pension liability	(6,946,326)
Increase (decrease) in deferred outflows related to the measurement of the net OPEB liabilities	242,567
Net OPEB liabilities	881,841
Net pension asset	482,302
Net pension liability	20,343,040
Compensated absences	<u>(51,180)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ (21,431,548)</u>

COUNTY OF ALBEMARLE, VIRGINIA

Component Unit School Board
 School Funds
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	School Operating Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Use of money and property	\$ 874,455	\$ 874,455	\$ 864,543	\$ (9,912)
Charges for services	4,569,720	4,585,437	3,280,198	(1,305,239)
Miscellaneous	3,070,107	3,494,509	3,015,577	(478,932)
Recovered costs	613,419	884,670	607,837	(276,833)
Intergovernmental:				
Appropriation from primary government	125,091,358	125,113,515	124,028,955	(1,084,560)
Commonwealth	50,106,390	50,213,549	49,981,270	(232,279)
Federal Government	6,607,093	6,740,257	6,180,578	(559,679)
Total revenues	\$ 190,932,542	\$ 191,906,392	\$ 187,958,958	\$ (3,947,434)
Expenditures				
Current:				
Education:				
Instruction	\$ 136,982,001	\$ 133,216,024	\$ 131,772,240	\$ 1,443,784
Administration, attendance and health	8,196,489	8,196,489	7,860,204	336,285
Transportation	10,711,350	10,711,350	10,467,718	243,632
Special Programs	13,206,767	17,656,011	10,762,301	6,893,710
Facilities operations and maintenance	16,639,951	17,575,928	16,454,552	1,121,376
Food service operations	-	-	-	-
Technology	3,642,209	4,172,209	4,186,145	(13,936)
Contribution to primary government	2,186,930	2,209,286	3,486,080	(1,276,794)
Capital projects	-	-	-	-
Debt service:				
Lease issuance costs	-	-	-	-
Total expenditures	\$ 191,565,697	\$ 193,737,297	\$ 184,989,240	\$ 8,748,057
Excess (deficiency) of revenues over (under) expenditures	\$ (633,155)	\$ (1,830,905)	\$ 2,969,718	\$ 4,800,623
Other financing sources (uses)				
Issuance of school energy improvements lease	\$ -	\$ -	\$ -	\$ -
Transfers in	-	6,661,926	112,500	(6,549,426)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 6,661,926	\$ 112,500	\$ (6,549,426)
Net change in fund balance	\$ (633,155)	\$ 4,831,021	\$ 3,082,218	\$ (1,748,803)
Fund balance, beginning of year	633,155	(4,831,021)	6,775,192	11,606,213
Fund balance, end of year	\$ -	\$ -	\$ 9,857,410	\$ 9,857,410

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

School Food Services Fund				School Capital Projects Fund			
Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
\$ 3,800	\$ 3,800	\$ 16,810	\$ 13,010	\$ 2,000	\$ 2,000	\$ 412,917	\$ 410,917
2,528,663	2,528,663	2,441,212	(87,451)	-	-	-	-
120,000	120,000	114,831	(5,169)	-	94,385	-	(94,385)
-	-	-	-	-	45,550	45,550	-
-	-	-	-	29,063,799	54,372,121	74,530	(54,297,591)
88,000	88,000	93,801	5,801	1,026,000	1,752,000	1,000,000	(752,000)
2,910,016	2,910,016	2,932,322	22,306	-	-	-	-
<u>\$ 5,650,479</u>	<u>\$ 5,650,479</u>	<u>\$ 5,598,976</u>	<u>\$ (51,503)</u>	<u>\$ 30,091,799</u>	<u>\$ 56,266,056</u>	<u>\$ 1,532,997</u>	<u>\$ (54,733,059)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,537,979	5,537,979	5,234,676	303,303	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	30,091,799	56,266,056	34,186,039	22,080,017
-	-	-	-	-	-	291,971	(291,971)
<u>\$ 5,537,979</u>	<u>\$ 5,537,979</u>	<u>\$ 5,234,676</u>	<u>\$ 303,303</u>	<u>\$ 30,091,799</u>	<u>\$ 56,266,056</u>	<u>\$ 34,478,010</u>	<u>\$ 21,788,046</u>
<u>\$ 112,500</u>	<u>\$ 112,500</u>	<u>\$ 364,300</u>	<u>\$ 251,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,945,013)</u>	<u>\$ (32,945,013)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,821,492	\$ 7,821,492
-	-	-	-	-	-	-	-
(112,500)	(112,500)	(112,500)	-	-	-	-	-
<u>\$ (112,500)</u>	<u>\$ (112,500)</u>	<u>\$ (112,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,821,492</u>	<u>\$ 7,821,492</u>
\$ -	\$ -	\$ 251,800	\$ 251,800	\$ -	\$ -	\$ (25,123,521)	\$ (25,123,521)
-	-	1,387,402	1,387,402	-	-	38,218,641	38,218,641
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,639,202</u>	<u>\$ 1,639,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,095,120</u>	<u>\$ 13,095,120</u>

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Statistical Section

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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

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COUNTY OF ALBEMARLE, VIRGINIA

Table 1

Net Position by Component

Last Ten Fiscal Years

(full accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 3,791,630	\$ 13,677,146	\$ 17,753,323	\$ 21,444,649	\$ 21,021,622	\$ 15,838,056	\$ 19,617,917	\$ 19,119,107	\$ 13,365,493	\$ 14,365,980
Restricted										
Capital projects	-	-	-	23,187,330	364,513	12,019,324	-	-	-	-
Grant compliance	-	-	-	1,776,167	1,018,918	920,676	1,049,763	1,966,148	3,827,416	2,257,492
Debt service	-	-	-	502,484	284,252	-	-	-	-	-
Unrestricted	76,990,400	73,771,675	74,837,691	46,693,066	69,379,158	47,949,971	23,907,935	28,705,894	17,812,570	43,055,795
Total governmental activities net position	\$ 80,782,030	\$ 87,448,821	\$ 92,591,014	\$ 93,603,696	\$ 92,068,463	\$ 76,728,027	\$ 44,575,615	\$ 49,791,149	\$ 35,005,479	\$ 59,679,267
Component Unit - School Board										
Net investment in capital assets	\$ 67,908,953	\$ 70,649,801	\$ 71,500,382	\$ 73,683,791	\$ 73,714,848	\$ 71,271,030	\$ 68,284,362	\$ 65,392,519	\$ 59,845,625	\$ 64,536,183
Unrestricted	6,739,660	8,950,955	8,379,278	2,846,397	(1,113,021)	397,150	(144,572,714)	(138,243,494)	(106,394,992)	(169,446,808)
Total component unit activities net position	\$ 74,648,613	\$ 79,600,756	\$ 79,879,660	\$ 76,530,188	\$ 72,601,827	\$ 71,668,180	\$ (76,288,352)	\$ (72,850,975)	\$ (46,549,367)	\$ (104,910,625)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government administration	\$ 11,995,093	\$ 9,701,766	\$ 10,817,203	\$ 13,495,692	\$ 9,765,599	\$ 13,650,293	\$ 13,857,864	\$ 14,184,519	\$ 14,159,853	\$ 13,180,551
Judicial administration	8,555,124	4,817,482	4,904,469	5,004,115	5,489,228	5,975,851	6,047,874	5,909,977	5,955,611	6,115,421
Public safety	31,875,860	31,947,939	32,684,377	33,923,255	36,742,658	42,371,942	41,294,799	44,153,582	45,574,488	45,989,178
Public works	10,262,008	6,348,136	8,792,358	7,008,396	6,035,240	9,476,129	7,842,960	7,783,781	7,661,298	12,610,005
Health and welfare	22,623,545	22,711,257	23,085,655	23,234,055	25,652,233	27,307,322	27,157,789	27,448,264	26,701,233	27,868,798
Education	109,314,893	108,681,711	103,576,934	104,558,364	106,384,475	117,107,823	117,177,041	122,557,855	156,222,909	114,359,371
Parks, recreation and cultural	7,753,946	7,477,447	7,191,757	6,739,115	10,350,757	7,905,484	7,852,218	11,098,308	8,804,004	9,333,628
Community development	25,515,608	30,103,606	28,360,299	28,023,779	27,518,813	26,498,797	27,900,025	27,080,262	26,614,114	28,358,277
Interest on long-term debt	5,670,737	6,037,722	5,843,655	5,330,390	5,057,480	5,973,196	5,416,853	6,105,200	6,695,703	7,370,089
Total governmental activities expenses	\$ 233,566,814	\$ 227,827,066	\$ 225,256,707	\$ 227,317,161	\$ 232,996,483	\$ 256,266,837	\$ 254,547,423	\$ 266,321,748	\$ 298,389,213	\$ 265,185,318
Component unit activities:										
Albemarle County Public Schools	\$ 171,685,340	\$ 170,027,801	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782	\$ 181,612,613	\$ 183,267,944	\$ 188,700,452	\$ 207,155,126	\$ 202,743,987
Total component unit activities expenses	\$ 171,685,340	\$ 170,027,801	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782	\$ 181,612,613	\$ 183,267,944	\$ 188,700,452	\$ 207,155,126	\$ 202,743,987
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 327,307	\$ 66,288	\$ 37,049	\$ 427,114	\$ 383,601	\$ 385,209	\$ 379,547	\$ 397,260	\$ 382,375	\$ 407,226
Judicial administration	1,163,869	888,120	493,144	342,246	554,336	544,286	503,083	500,335	495,670	545,992
Public safety	477,246	1,148,738	1,997,033	2,928,839	2,124,556	2,775,672	2,803,272	3,161,337	3,117,781	3,293,635
Public works	59,982	20,345	621,781	40,095	60,712	74,861	95,345	102,082	92,316	63,340
Education	-	-	-	-	-	-	-	-	25,000	23,821
Parks, recreation and cultural	351,174	346,209	320,996	327,731	300,290	331,375	335,885	336,689	314,000	312,151
Community development	1,362,863	1,451,072	1,662,268	1,733,253	1,748,806	1,824,367	1,839,909	2,477,563	2,500,395	2,814,120
Operating grants and contributions	19,701,188	20,764,266	21,963,602	20,193,795	20,604,402	23,180,407	23,351,090	24,223,061	24,523,951	24,733,655
Capital grants and contributions	470,606	207,078	282,118	631,468	141,548	244,658	2,100,329	3,356,618	1,440,477	1,541,603
Total governmental activities program revenues	\$ 23,914,235	\$ 24,892,116	\$ 27,377,991	\$ 26,624,541	\$ 25,918,251	\$ 29,360,835	\$ 31,408,460	\$ 34,554,945	\$ 32,891,965	\$ 33,735,543
Component unit activities:										
Albemarle County Public Schools:										
Charges for services	\$ 6,000,252	\$ 5,972,130	\$ 6,172,823	\$ 6,227,087	\$ 6,103,355	\$ 6,500,393	\$ 5,906,669	\$ 6,583,247	\$ 6,104,492	\$ 5,721,410
Operating grants and contributions	53,022,699	56,105,052	52,870,276	50,950,750	52,162,077	51,535,786	53,440,814	55,447,030	58,701,661	59,187,971
Capital grants and contributions	895,867	700,000	700,000	752,000	752,000	1,804,000	300,000	1,026,000	1,752,000	1,000,000
Total component unit activities program revenues	\$ 59,918,818	\$ 62,777,182	\$ 59,743,099	\$ 57,929,837	\$ 59,017,432	\$ 59,840,179	\$ 59,647,483	\$ 63,056,277	\$ 66,558,153	\$ 65,909,381
Net (expense) / revenue										
Governmental activities	\$ (209,652,579)	\$ (202,934,950)	\$ (197,878,716)	\$ (200,692,620)	\$ (207,078,232)	\$ (226,906,002)	\$ (223,138,963)	\$ (231,766,803)	\$ (265,497,248)	\$ (231,449,775)
Component unit activities	\$ (111,766,522)	\$ (107,250,619)	\$ (106,949,695)	\$ (111,565,361)	\$ (114,083,350)	\$ (121,772,434)	\$ (123,620,461)	\$ (125,644,175)	\$ (140,596,973)	\$ (136,834,606)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
General property taxes, real and personal	\$ 142,649,142	\$ 140,241,324	\$ 136,848,200	\$ 139,954,858	\$ 140,017,949	\$ 145,022,794	\$ 152,302,505	\$ 165,115,649	\$ 174,980,809	\$ 184,916,636
Local sales and use taxes	11,974,379	11,622,874	12,716,193	12,227,842	13,117,767	13,573,237	14,405,992	15,093,147	16,229,409	16,858,642
Business license tax	9,608,468	9,367,013	9,383,798	10,068,058	10,391,250	10,370,971	10,883,364	11,952,487	12,849,303	13,231,145
Consumer utility taxes	9,051,996	9,181,669	9,171,347	4,143,933	4,266,095	4,346,059	4,439,504	4,404,363	4,462,769	4,607,616
Meals tax	5,446,576	5,389,527	5,737,476	5,965,206	6,168,335	6,361,972	6,950,994	7,415,331	7,971,041	8,580,284
Motor vehicle licenses taxes	3,534,531	3,491,779	3,538,789	3,720,119	3,773,475	3,672,607	3,566,011	3,732,953	3,910,692	3,925,015
Other local taxes	4,644,738	4,436,469	4,802,722	4,707,925	5,264,614	5,763,656	5,709,797	6,137,652	7,258,368	6,593,424
Unrestricted grants and contributions	15,603,533	15,556,934	15,691,032	20,844,755	21,045,744	21,255,810	21,120,038	21,017,419	21,113,223	20,816,629
Unrestricted revenues from use of money and property	1,563,093	846,649	805,955	608,377	842,474	692,400	985,769	1,631,677	1,653,038	2,515,915
Miscellaneous	469,286	937,284	203,873	319,380	649,297	506,060	1,362,906	481,659	282,926	1,774,308
Total governmental activities	\$ 204,545,742	\$ 201,071,522	\$ 198,899,385	\$ 202,560,453	\$ 205,543,000	\$ 211,565,566	\$ 221,726,880	\$ 236,982,337	\$ 250,711,578	\$ 263,819,614
Component Unit - School Board activities:										
Payment from COA: Education	\$ 109,291,418	\$ 108,658,236	\$ 103,554,633	\$ 104,535,840	\$ 106,361,725	\$ 117,082,861	\$ 117,153,017	\$ 122,891,483	\$ 162,121,149	\$ 110,978,380
Unrestricted revenues from use of money and property	873,647	799,208	811,439	885,422	765,199	914,242	926,260	1,206,650	1,123,464	1,294,270
Miscellaneous	3,144,786	2,745,318	2,862,527	2,794,627	3,028,065	2,841,684	3,186,514	3,244,419	3,653,968	3,130,408
Total component unit activities	\$ 113,309,851	\$ 112,202,762	\$ 107,228,599	\$ 108,215,889	\$ 110,154,989	\$ 120,838,787	\$ 121,265,791	\$ 127,342,552	\$ 166,898,581	\$ 115,403,058
Change in Net Position										
Governmental activities	\$ (5,106,838)	\$ (1,863,429)	\$ 1,020,668	\$ 1,867,832	\$ (1,535,233)	\$ (15,340,436)	\$ (1,412,083)	\$ 5,215,534	\$ (14,785,670)	\$ 32,369,839
Component Unit activities	1,543,329	4,952,143	278,904	(3,349,472)	(3,928,361)	(933,647)	(2,354,670)	1,698,377	26,301,608	(21,431,548)
Total reporting entity	\$ (3,563,509)	\$ 3,088,714	\$ 1,299,572	\$ (1,481,640)	\$ (5,463,594)	\$ (16,274,083)	\$ (3,766,753)	\$ 6,913,911	\$ 11,515,938	\$ 10,938,291

COUNTY OF ALBEMARLE, VIRGINIA

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

Fiscal Year	General Property Tax	Local sales and use Tax	Meals Tax	Consumer Utility		Motor Vehicle License		Bank Franchise Tax	Recordation and Wills Tax	Business License Tax	Utility Company		Seller's Tax	Other	Total
				Utility Tax	Meals Tax	Vehicle License Tax	Consumer Utility Tax				Company Tax	Other			
2009 \$	142,649	\$ 11,974	\$ 5,447	\$ 9,052	\$ 3,535	\$ 605	\$ 1,346	\$ 9,608	\$ 218	\$ 358	\$ 2,118	\$ 186,910			
2010	140,241	11,623	5,390	9,182	3,492	745	1,354	9,367	217	378	1,742	183,731			
2011	136,848	12,716	5,737	8,978	3,539	761	1,528	9,384	194	347	2,166	182,198			
2012	137,642	12,228	5,965	4,144	3,720	681	1,386	9,639	197	333	2,541	178,476			
2013	140,018	13,118	6,168	4,266	3,773	644	1,706	10,198	199	412	2,503	183,005			
2014	145,023	13,573	6,362	4,346	3,673	736	1,806	10,160	211	539	2,682	189,111			
2015	152,303	14,406	6,951	4,440	3,566	791	1,668	10,640	244	468	2,781	198,258			
2016	165,116	15,093	7,415	4,404	3,733	836	1,679	11,692	260	456	3,167	213,851			
2017	174,981	16,229	7,971	4,463	3,911	1,035	2,308	12,626	224	712	3,203	227,663			
2018	184,917	16,859	8,580	4,608	3,925	1,105	1,830	13,231	-	587	3,071	238,713			

COUNTY OF ALBEMARLE, VIRGINIA

Table 4

Fund Balances of Governmental Funds (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	\$ 46,984	\$ 63,614	\$ 114,626	\$ 104,517	\$ 193,590	\$ 88,554	\$ 118,063	\$ 110,587	\$ 105,800	\$ 157,766
Committed	-	-	715,565	905,080	5,138,214	2,497,481	3,150,271	728,372	1,065,746	1,049,115
Education - School Reserve	-	-	-	-	-	-	-	1,397,998	1,975,506	3,177,769
Unassigned	19,845,193	24,556,132	31,151,374	38,784,996	33,519,691	34,034,836	36,587,173	45,696,114	53,158,067	49,108,973
Total general fund	\$ 19,892,177	\$ 24,619,746	\$ 31,981,565	\$ 39,794,593	\$ 38,851,495	\$ 36,620,871	\$ 39,855,507	\$ 47,933,070	\$ 56,305,118	\$ 53,493,622
All other governmental funds										
Nonspendable										
Loan receivable	\$ -	\$ -	\$ 97,468	\$ 85,284	\$ 73,100	\$ 60,916	\$ 48,732	\$ 36,548	\$ 24,364	\$ 12,180
Restricted										
Grant compliance	-	-	2,538,900	1,776,167	1,018,918	920,676	1,049,763	1,966,148	3,827,416	2,257,492
Debt service funds	2,592,200	2,195,499	2,142,090	23,689,814	648,765	12,019,324	-	-	-	-
Committed										
Capital projects funds	-	-	19,220,461	5,994,432	18,947,621	20,052,818	17,102,971	33,972,293	37,441,136	36,649,886
Storm water projects	-	-	-	-	-	-	-	-	-	3,906,158
Special revenue	-	-	380,375	412,061	488,767	456,314	1,183,677	2,535,230	3,084,375	6,067,502
Unreserved										
Designated										
Subsequent year's expenditures:										
Special revenue funds	3,153,769	2,997,406	-	-	-	-	-	-	-	-
Capital projects funds	35,570,507	24,803,578	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 41,316,476	\$ 29,996,483	\$ 24,379,294	\$ 31,957,758	\$ 21,177,171	\$ 33,510,048	\$ 19,385,143	\$ 38,510,219	\$ 44,377,291	\$ 48,893,218

(1) The County implemented GASB 54 beginning with fiscal year 2011 - See Note 1 in the Notes to the Basic Financial Statements section of the report

COUNTY OF ALBEMARLE, VIRGINIA

Table 5

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
General property taxes	\$ 139,304,701	\$ 138,373,746	\$ 136,906,535	\$ 140,607,418	\$ 141,211,698	\$ 144,087,055	\$ 154,708,440	\$ 166,478,084	\$ 174,497,297	\$ 183,727,785
Other local taxes	44,260,688	43,489,331	45,350,325	40,833,083	42,987,536	44,088,502	45,955,663	48,735,933	52,681,579	53,796,125
Permits, privilege fees and regulatory licenses	1,434,988	1,538,833	1,729,419	1,919,380	1,904,552	1,977,406	1,991,189	2,790,331	2,770,923	3,123,406
Fines and forfeitures	547,798	476,500	622,358	990,216	735,224	668,593	609,085	472,385	440,281	487,221
Revenue from use of money and property	1,360,326	819,118	787,407	605,097	834,373	685,900	964,609	1,607,884	1,600,779	2,324,936
Charges for services	1,759,655	1,905,439	2,780,494	2,889,682	2,532,525	3,289,771	3,356,766	3,712,549	3,716,333	3,849,659
Miscellaneous	469,286	504,648	147,857	319,380	649,297	542,680	1,362,906	481,659	282,926	1,774,308
Recovered costs	398,641	399,889	1,017,954	668,751	904,990	539,548	1,983,051	421,454	386,582	1,020,571
Intergovernmental:										
Contribution from School Board	1,581,723	1,569,148	2,662,976	1,184,346	5,481,172	3,269,415	2,761,462	3,303,104	2,654,940	3,486,080
Contribution from Crozet Crossings Trust	-	430,800	44,559	-	-	-	-	-	-	-
Contribution from other entities	-	1,836	11,457	-	-	-	-	-	-	-
Commonwealth	28,129,106	27,808,950	29,045,534	32,930,068	33,009,455	34,581,788	35,248,698	36,374,530	36,176,577	36,128,492
Federal	7,646,221	8,719,328	8,891,218	8,779,144	8,863,542	10,177,967	11,401,555	12,301,788	10,980,211	10,963,395
Total revenues	\$ 226,893,133	\$ 226,037,566	\$ 229,998,093	\$ 231,726,565	\$ 239,114,364	\$ 243,908,625	\$ 260,343,424	\$ 276,679,701	\$ 286,188,428	\$ 300,681,978
Expenditures										
General government administration	\$ 10,952,609	\$ 10,296,021	\$ 9,913,420	\$ 10,228,576	\$ 11,032,446	\$ 11,840,369	\$ 12,111,158	\$ 12,362,302	\$ 12,904,062	\$ 14,168,560
Judicial administration	3,730,878	4,557,996	4,510,539	4,599,709	5,041,959	5,254,482	5,514,630	5,654,087	5,736,153	5,878,164
Public safety	29,270,378	28,806,876	29,455,224	30,733,340	33,052,196	37,341,188	38,481,310	39,752,946	40,684,363	42,667,290
Public works	4,777,155	4,447,556	4,220,210	4,176,188	3,633,473	3,712,675	3,925,228	4,392,018	4,545,067	4,938,047
Health and welfare	22,558,259	22,284,455	22,754,657	22,898,867	24,819,930	25,606,744	26,479,644	27,773,579	27,482,404	28,156,350
Education - local community college	23,475	23,475	22,301	22,524	22,750	24,962	24,024	23,510	23,981	164,934
Education - public school system	127,316,033	99,229,649	105,286,652	104,964,240	104,622,967	108,788,973	121,104,651	129,982,080	165,748,099	124,103,485
Education - trust funds	-	-	150,000	-	-	-	-	-	-	-
Parks, recreation and cultural	6,195,812	6,188,316	6,173,877	6,242,770	6,269,155	6,608,734	7,085,748	7,370,670	7,662,290	8,083,543
Community development	24,086,051	28,708,370	27,724,882	27,678,176	27,440,538	26,145,565	26,536,309	26,392,792	26,553,188	28,309,648
Contingencies	-	-	594,970	892,611	682,933	726,253	605,241	632,799	621,493	605,666
Capital outlay	16,381,449	9,868,170	8,579,656	7,311,142	18,574,052	16,440,284	20,247,892	18,537,609	14,557,174	17,661,822
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	9,876,961	11,554,226	10,705,633	16,863,207	9,926,100	11,610,667	12,174,372	12,463,533	14,273,729	14,934,960
Interest and other fiscal charges	5,517,350	6,664,880	6,070,159	6,835,239	6,053,924	6,995,720	6,573,486	7,417,869	7,991,378	9,355,077
Total expenditures	\$ 260,686,410	\$ 232,629,990	\$ 236,162,180	\$ 243,446,589	\$ 251,172,323	\$ 261,096,616	\$ 280,863,693	\$ 292,755,794	\$ 328,783,381	\$ 299,027,546
Excess (deficit) of revenues over (under) expenditures	\$ (33,793,277)	\$ (6,592,424)	\$ (6,164,087)	\$ (11,720,024)	\$ (12,057,959)	\$ (17,187,991)	\$ (20,520,269)	\$ (16,076,093)	\$ (42,594,953)	\$ 1,654,432
Other financing sources (uses)										
Transfers in	\$ 28,616,759	\$ 23,343,663	\$ 20,905,307	\$ 22,689,836	\$ 28,561,430	\$ 25,312,112	\$ 24,641,685	\$ 44,275,579	\$ 47,256,574	\$ 63,175,156
Proceeds from VRA Debt issued	-	-	-	-	362,637	-	-	-	-	-
Transfers out	(28,662,759)	(23,343,663)	(20,905,307)	(22,831,336)	(28,589,793)	(25,526,460)	(24,641,685)	(44,275,579)	(47,663,276)	(63,125,156)
Bonds issued	34,886,021	-	7,670,000	36,315,000	25,550,000	25,550,000	9,630,000	38,880,000	52,675,000	-
Premium on bonds issued	725,039	-	238,717	-	4,288,513	1,954,592	-	4,398,732	4,565,775	-
Payment to bond escrow agent	-	-	-	(13,350,497)	-	-	-	-	-	-
Total other financing sources (uses)	\$ 35,565,060	\$ -	\$ 7,908,717	\$ 27,111,516	\$ 334,274	\$ 27,290,244	\$ 9,630,000	\$ 43,278,732	\$ 56,834,073	\$ 50,000
Net change in fund balances	\$ 1,771,783	\$ (6,592,424)	\$ 1,744,630	\$ 15,391,492	\$ (11,723,685)	\$ 10,102,253	\$ (10,890,269)	\$ 27,202,639	\$ 14,239,120	\$ 1,704,432
Debt service as a percentage of noncapital expenditures	5.99%	8.04%	7.20%	9.92%	6.79%	7.43%	7.03%	7.01%	6.93%	8.37%

COUNTY OF ALBEMARLE, VIRGINIA

Table 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Estate (3)	Personal Property (1,2)	Public Service	Total Taxable		Total Direct Tax Rate (4)
				Assessed Value	Value	
2009	\$ 15,621,142	\$ 873,464	\$ 126,801	\$ 16,621,407	\$	1.097
2010	15,340,297	834,748	452,388	16,627,433		1.101
2011	15,081,811	852,033	424,607	16,358,451		1.096
2012	14,875,587	880,576	314,061	16,070,224		1.065
2013	14,734,853	905,538	329,783	15,970,174		1.045
2014	14,931,100	932,217	333,529	16,196,846		1.022
2015	15,467,281	951,629	358,256	16,777,166		1.000
2016	16,059,837	998,813	388,154	17,446,804		0.983
2017	16,719,336	1,040,481	391,501	18,151,318		0.972
2018	17,543,064	1,046,359	397,434	18,986,857		0.981

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

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 7

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

Fiscal Years	Public Service				Total Direct Tax Rate (4)
	Real Property (3)	Personal Property (3)	Real	Personal	
2009	\$.71/.742	\$ 4.28/4.28	\$.71/.742	4.28/4.28	1.097
2010	.742/.742	4.28/4.28	.742/.742	4.28/4.28	1.101
2011	.742/.742	4.28/4.28	.742/.742	4.28/4.28	1.096
2012	.742/.762	4.28/4.28	.742/.762	4.28/4.28	1.065
2013	.762/.766	4.28/4.28	.762/.766	4.28/4.28	1.045
2014	.766/.799	4.28/4.28	.766/.799	4.28/4.28	1.022
2015	.799/.819	4.28/4.28	.799/.819	4.28/4.28	1.000
2016	.819/.839	4.28/4.28	.819/.839	4.28/4.28	0.983
2017	.839/.839	4.28/4.28	.839/.839	4.28/4.28	0.972
2018	.839/.839	4.28/4.28	.839/.839	4.28/4.28	0.981

(1) Per \$100 of assessed value

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 8

Principal Property Taxpayers
Current Year and the Period Nine Years Prior (3)

Taxpayer	Fiscal Year 2018			Fiscal Year 2009			Fiscal Year 2009		
	Assessed Valuation (1)	Rank	% of Total Assessed Valuation	Assessed Valuation (2)	Rank	% of Total Assessed Valuation	Assessed Valuation (2)	Rank	% of Total Assessed Valuation
Martha Jefferson Hospital	\$ 276,731	1	1.46%						
University Real Estate Foundation (4)	260,068	2	1.37%	\$ 280,126	1,9	1.69%			
Westminster - Canterbury	130,292	3	0.69%	111,656	2	0.67%			
Oct Stonefield Property Owner, LLC	115,286	4	0.61%						
5th Street Station Ventures, LLC	99,557	5	0.52%						
Crockett Corporation	66,288	6	0.35%						
Shopping Center Associates	61,096	7	0.32%	71,489	5	0.43%			
JDM II SF National LLC	60,951	8	0.32%						
Reserve at Belvedere, LLC	54,651	9	0.29%						
MAALP Stonefield Commons, LLC	47,782	10	0.25%						
Avemore Apartments, LP	-	-	-						
Charles W Hurt	-	-	-	108,328	3	0.65%			
Hunter E Craig	-	-	-	94,022	4	0.57%			
March Mountain Properties, LLC	-	-	-	49,567	8	0.30%			
University of VA Host Properties, Inc	-	-	-	50,131	7	0.30%			
PJP	-	-	-	50,996	6	0.31%			
Glenmore Associates LP	-	-	-	47,172	10	0.28%			
	\$ 1,172,702		6.18%	\$ 816,315		5.20%			

(1) Based on January 1, 2017 real estate tax assessment records

(2) Based on January 1, 2008 real estate tax assessment records

(3) Amounts expressed in thousands

(4) University Real Estate Foundation Combined beginning FY 2015

COUNTY OF ALBEMARLE, VIRGINIA

Table 9

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 151,579,976	\$ 143,841,132	94.89%	\$ 7,641,928	\$ 151,483,060	99.94%
2010	151,047,966	141,669,613	93.79%	9,299,531	150,969,144	99.95%
2011	149,277,570	140,932,395	94.41%	8,258,533	149,190,928	99.94%
2012	150,892,028	144,024,192	95.45%	6,776,145	150,800,337	99.94%
2013	152,881,289	146,813,431	96.03%	5,855,918	152,669,349	99.86%
2014	158,501,037	152,862,649	96.44%	5,315,181	158,177,830	99.80%
2015	167,821,725	162,541,808	96.85%	4,805,592	167,347,400	99.72%
2016	177,465,143	171,967,912	96.90%	4,646,753	176,614,665	99.52%
2017	186,788,335	181,098,238	96.95%	3,521,579	184,619,817	98.84%
2018	193,611,195	189,968,058	98.12%	-	189,968,058	98.12%

(1) Net of Land Use and Tax Relief

COUNTY OF ALBEMARLE, VIRGINIA

Table 10

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities													Total Outstanding Debt	Percentage of Personal Income (1)	Per Capita (1)	
	General			School		County		Unamortized		Literary		Virginia					Lease Revenue Bonds
	Obligation Bonds	Pub. Facility Bonds	Bonds	Pub. Facility Bonds	Bonds	Bond Premium	Fund Loans	Capital Leases	Resource Authority	Resource Authority	Lease Revenue Bonds						
2009	\$ 114,935,000	\$ -	\$ 14,180,000	\$ 2,921,308	\$ -	\$ 3,432,350	\$ -	\$ 6,841,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,841,021	\$ 142,309,679	2.35%	\$ 1,519
2010	105,410,000	-	13,395,000	2,590,322	-	2,712,373	-	6,316,772	-	-	-	-	-	6,316,772	130,424,467	2.04%	1,374
2011	104,335,000	-	12,585,000	2,518,559	-	1,968,620	-	5,909,892	-	-	-	-	-	5,909,892	127,317,071	2.01%	1,286
2012	97,405,000	4,666,270	28,393,730	6,241,652	-	1,200,305	-	-	-	-	-	-	-	-	137,906,957	2.03%	1,368
2013	89,195,000	4,581,909	27,593,091	5,469,057	-	406,619	-	-	-	-	325,223	-	-	-	127,570,899	1.70%	1,256
2014	81,055,000	13,009,414	50,410,585	6,972,293	-	-	-	-	-	-	322,794	-	-	-	151,770,086	1.95%	1,477
2015	82,630,000	12,542,312	46,797,688	6,037,843	-	-	-	-	-	-	283,423	-	-	-	148,291,266	1.69%	1,430
2016	64,970,000	34,075,077	69,381,923	9,231,886	-	-	-	-	-	-	242,890	-	-	-	177,901,776	1.94%	1,693
2017	87,575,000	44,572,048	74,722,952	12,498,227	-	-	-	-	-	-	201,161	-	-	-	219,569,388	2.34%	2,077
2018	79,450,000	42,519,246	70,008,755	10,774,451	-	-	-	-	-	-	158,200	-	-	-	202,910,652	1.93%	1,884

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 11

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

Fiscal Year	Real Estate Assessed Value (1)	Net Bonded Debt (3)	Net General Bonded Debt as % of Assessed Value	Net Bonded Debt per Capita (2)
2008	\$ 15,539,599,011	\$ 97,805,779	0.63%	\$ 1,050
2009	\$ 15,621,141,927	\$ 117,856,308	0.75%	\$ 1,258
2010	15,340,297,091	108,000,323	0.70%	1,138
2011	15,081,811,427	106,853,559	0.71%	1,080
2012	14,875,587,841	99,608,160	0.67%	988
2013	14,734,853,452	91,106,736	0.62%	897
2014	14,931,099,687	82,696,120	0.55%	805
2015	15,467,280,583	84,021,531	0.54%	810
2016	16,059,836,557	66,133,135	0.41%	630
2017	16,719,336,669	91,218,535	0.55%	863
2018	17,543,062,004	79,450,000	0.45%	738

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

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

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

COUNTY OF ALBEMARLE, VIRGINIA

Table 12

Legal Debt Margin Information Last Ten Fiscal Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 1,562,114,193	\$ 1,534,029,709	\$ 1,508,181,143	\$ 1,487,558,784	\$ 1,473,485,345	\$ 1,493,109,969	\$ 1,546,728,058	\$ 1,605,983,656	\$ 1,671,933,667	\$ 1,754,306,200
Total net debt applicable to limit	117,856,308	108,000,323	106,853,559	99,608,160	91,106,736	82,696,120	84,021,531	66,133,135	91,218,535	79,450,000
Legal debt margin	\$ 1,444,257,884	\$ 1,426,029,386	\$ 1,401,327,583	\$ 1,387,950,624	\$ 1,382,378,609	\$ 1,410,413,849	\$ 1,462,706,528	\$ 1,539,850,521	\$ 1,580,715,132	\$ 1,674,856,200
Total net debt applicable to the limit as a percentage of debt limit	7.54%	7.04%	7.08%	6.70%	6.18%	5.54%	5.43%	4.12%	5.46%	4.53%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 17,543,062,004
Debt limit (10% of total assessed value)	\$ 1,754,306,200
Net debt applicable to limit	79,450,000
Legal debt margin	\$ 1,674,856,200

COUNTY OF ALBEMARLE, VIRGINIA

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)(5)	Personal Income (2)(5)	Per Capita			Unemployment Rate (4)	
				Personal Income (2)(5)	Median Age (1)	School Enrollment (3)		
2009	93,668	\$	6,059,782,000	\$	45,275	36.2	12,742	5.8%
2010	94,908		6,383,281,000		46,969	37.4	12,914	5.8%
2011	98,970		6,330,202,000		46,163	37.4	12,800	5.1%
2012	100,780		6,778,562,000		47,052	37.9	13,104	4.5%
2013	101,575		7,493,869,000		51,255	38.2	13,263	5.2%
2014	102,731		7,764,329,000		52,693	39.0	13,420	4.8%
2015	103,707		8,795,194,000		58,603	38.4	13,680	4.7%
2016	105,051		9,182,721,000		60,294	37.7	13,767	3.6%
2017	105,715		9,375,633,000		60,964	38.2	13,790	3.7%
2018	107,697		10,531,351,000		67,630	38.1	13,927	3.0%

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

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

(3) Albemarle County Public Schools

(4) Virginia Employment Commission

(5) Includes the City of Charlottesville

COUNTY OF ALBEMARLE, VIRGINIA

Table 14

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2018		Fiscal Year 2009	
	Rank	Employees	Rank	Employees
University of Virginia/Blue Ridge Hospital	1	1,000 +	1	1,000 +
County of Albemarle	2	1,000 +	2	1,000 +
Sentara Healthcare (Formerly Martha Jefferson)	3	1,000 +	3	1,000 +
State Farm Mutual Automobile Insurance	4	500 to 999	6	500 to 999
U.S. Department of Defense	5	500 to 999		
University of VA Medical Center	6	500 to 999		
Atlantic Coast Athletic Club	7	500 to 999		
Piedmont VA Community College	8	500 to 999	9	250 to 499
Crutchfield Corporation	9	250 to 499		
Wal Mart	10	250 to 499	8	250 to 499
Northrup Grumman Corporation			5	500 to 999
UVA Health Services Foundation			4	1,000 +
GE Fanuc Automation Manufacturing			7	250 to 499
Lakeland Tours			10	250 to 499

Source: Virginia Employment Commission

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration										
Board of Supervisors	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
County Executive (1)	11.5	11.5	7.0	7.0	8.0	8.0	8.0	9.5	9.5	9.5
Human Resources	3.0	3.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.5
County Attorney	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0
Finance (1)	53.5	53.5	49.8	49.8	52.8	53.3	54.8	55.8	55.8	58.8
Management & Budget (2)	0.0	0.0	3.5	3.5	3.5	4.0	4.3	4.8	5.3	5.8
Information Technology	23.0	23.0	21.0	21.0	20.0	21.0	21.0	22.0	22.0	21.5
Board of Elections (Registrar)	5.6	5.6	5.6	5.5	4.5	4.5	4.8	4.8	4.8	4.8
Judicial										
Circuit Court	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of the Circuit Court	11.0	10.0	10.0	10.0	10.5	11.0	11.0	11.0	11.5	11.5
Commonwealth's Attorney	9.0	9.0	9.0	9.0	9.5	9.5	11.5	11.5	11.5	12.5
Sheriff	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Public safety										
Police	151.5	152.0	147.5	147.5	147.5	151.5	156.5	163.5	163.5	166.5
Victim Witness	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Crime Analysis Grant	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0
Problem Oriented Policing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
Fire/Rescue	80.0	80.0	80.0	80.0	93.5	96.0	98.6	109.0	109.0	113.0
FEMA Grant (4)	0.0	0.0	0.0	0.0	0.0	9.0	8.4	0.0	0.0	0.0
Public Works (5)										
Facilities & Environmental Services	30.5	30.7	21.6	22.4	22.1	22.0	23.0	26.3	26.3	27.3
Facilities - Project Mgmt	8.0	10.0	10.0	9.0	9.0	9.0	9.0	8.5	8.5	9.0
Human Development										
Social Services	98.2	104.2	103.2	103.2	103.7	107.3	110.1	115.2	117.2	126.7
Bright Stars	19.5	18.5	18.5	18.3	18.3	18.7	18.7	21.1	21.1	21.1
Parks, Recreation, and Culture										
Parks and Recreation	19.0	19.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.8
Towe Park	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Community Development										
Community Development	84.0	83.0	59.0	59.0	58.0	58.0	63.5	66.5	68.5	72.5
Economic Development (3)	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.5	2.5	3.0
Housing	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0
Soil and Water Conservation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Totals	654.8	660.0	611.7	611.2	624.9	646.8	670.6	698.4	703.4	726.1

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

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

(3) Independent Office Established FY 14/15

(4) FEMA Grant Ended - Positions Incorporated into Fire/Rescue FY 15/16

(5) General Services & Facilities Development Combined & Restructured FY 15/16

COUNTY OF ALBEMARLE, VIRGINIA

Table 16

Operating Indicators by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Police department:										
Physical arrests	2,282	2,607	2,495	3,480	3,064	3,035	3,268	3,157	2,753	2,278
Traffic violations	13,373	13,454	13,779	13,573	8,223	9,991	10,251	6,939	9,243	9,083
Fire and rescue:										
Number of calls answered	12,370	12,680	13,127	11,467	12,666	12,385	13,053	13,507	13,263	14,336
Zoning & Current development										
New residential construction (unit #)	403	313	357	411	345	468	474	449	592	664
New commercial construction (unit #)	45	48	53	56	57	36	29	42	48	53
Health and welfare										
Department of Social Services:										
Caseload	12,636	14,619	18,188	18,640	19,442	17,519	17,336	16,612	N/A	13,647
Culture and recreation										
Parks and recreation:										
Middle school sports program participants	1,008	929	1,160	1,100	1,093	1,074	1,114	1,106	1,036	1,076
Fee based classes/camps	2,629	1,971	1,698	1,888	1,747	1,583	1,899	1,767	1,850	2,758
Summer playground program	465	504	411	393	389	382	347	298	293	365
Men's Basketball	-	-	320	320	350	300	340	340	350	320
Component Unit - School Board										
Education:										
School enrollment	12,742	12,914	12,800	13,104	13,263	13,420	13,680	13,737	13,790	13,927
Number of central office instructors (1)	-	-	35	37	43	42	51	63	66	84
Number of elementary instructors	496	518	545	541	563	571	571	562	568	580
Number of secondary instructors	553	551	578	593	603	615	610	608	616	626

Source: Individual county departments

(1) New indicator for FY 10/11

COUNTY OF ALBEMARLE, VIRGINIA

Table 17

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Administration vehicles	8	8	9	8	6	7	7	7	9	9
Judicial										
Sherriff's department patrol units	33	31	33	37	36	43	40	39	44	44
Public safety										
Police department patrol units	167	177	180	189	195	190	227	220	223	223
Fire/Rescue department vehicles	34	35	36	34	39	51	54	52	63	63
Community Development										
Economic Development (3)	-	-	-	-	-	-	-	-	1	1
Building codes:										
Administration (2)	-	-	-	-	3	3	6	3	4	4
Inspections vehicles	13	12	12	12	11	11	10	13	14	14
Planning (2)	1	1	1	1	-	-	-	-	-	-
Zoning vehicles (2)	6	4	3	3	-	-	-	-	-	-
Public works										
General Services:										
General maintenance vehicles	12	11	12	8	7	7	8	8	11	11
Facilities Development	5	5	5	3	3	3	3	3	3	3
Pool vehicles	11	11	10	11	11	11	12	12	11	11
Health and welfare										
Social Services vehicles	18	18	18	18	14	14	16	16	13	13
Parks and recreation										
Community centers	3	3	3	3	3	3	3	3	3	4
Vehicles	33	32	27	29	29	29	29	29	29	29
Parks (1)	36	36	36	37	37	38	38	38	38	39
Parks acreage (1) (4)	4,034	4,034	4,034	4,634	4,634	5,044	5,044	5,044	5,044	6,234
Tennis courts	36	36	36	36	36	36	36	36	36	36
Community development										
Housing vehicles	2	2	2	2	1	1	1	1	1	1

Source: Individual county departments

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

(2) Combined Divisions FY 12/13

(3) New to Vehicle Inventory FY 16/17

(4) FY18 Parks acreage increase attributable to the County's signing of a lease for the Biscuit Run Park.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Albemarle, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Albemarle, Virginia's basic financial statements, and have issued our report dated November 26, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Fanned, Cox Associates

Charlottesville, Virginia

November 26, 2018

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the County of Albemarle, Virginia's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of County of Albemarle, Virginia's major federal programs for the year ended June 30, 2018. County of Albemarle, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Albemarle, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Albemarle, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Albemarle, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

November 26, 2018

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Primary Government:				
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10115, 10116 40115, 40116	\$ 1,544,847	
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	Unknown	<u>22,390</u>	
Total Department of Agriculture			<u>\$ 1,567,237</u>	
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	400115, 400116	\$ 459,234	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115, 760116	71,101	
Foster Care - Title IV-E	93.658	1100115, 1100116	1,023,435	
Adoption Assistance	93.659	1120115, 1120116	834,829	
Promoting Safe and Stable Families	93.556	500115, 500116	68,872	
Refugee and Entrant Assistance - State Administered Programs	93.566	500115, 500116	6,107	
Low-Income Home Energy Assistance	93.568	600415, 600416	47,150	
Chafee Education and Training Vouchers Program	93.599	9160115, 9160116	16,280	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115, 900116	1,160	
Social Services Block Grant	93.667	1000115, 1000116	453,781	
Chafee Foster Care Independence Program	93.674	9150115, 9150116	17,407	
Children's Health Insurance Program	93.767	540115, 540116	87,514	
Medical Assistance Program	93.778	1200115, 1200116	<u>1,952,691</u>	
Total Department of Health and Human Services			<u>\$ 5,039,561</u>	
Department of Housing and Urban Development:				
Direct Payments:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 2,956,777	
Mainstream Vouchers	14.879	N/A	<u>482,335</u>	3,439,112
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Unknown		<u>469,040</u>
Total Department of Housing and Urban Development				<u>\$ 3,908,152</u>
Department of Justice:				
Direct Payments:				
Drug Court Discretionary Grant Program	16.585	N/A	\$ 22,895	
Pass Through Payments:				
Crime Victim Assistance	16.575	N/A	72,465	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000 39001-51000	73,071	
Equitable Sharing Program	16.922	Unknown		<u>20,234</u>
Total Department of Justice				<u>\$ 188,665</u>
Environmental Protection Agency:				
Direct Payments:				
Chesapeake Bay Program	66.466	N/A	\$ 27,924	
Total Environmental Protection Agency				<u>\$ 27,924</u>

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 Year Ended June 30, 2018 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Primary Government: (Continued)				
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety	20.600	Unknown	\$ 3,254	
Alcohol Open Container Requirements	20.607	154AL-11-51263	1,819	
National Priority Safety Programs	20.616	Unknown	<u>10,270</u>	
Total Department of Transportation			<u>\$ 15,343</u>	
Department of Homeland Security:				
Department of Emergency Services:				
Pass Through Payments:				
Emergency Food and Shelter National Board Program	97.024	Unknown	\$ 1,744	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	874	
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	99,012	
Assistance to Firefighters Grant	97.044	Unknown	<u>1,128</u>	
Total Department of Homeland Security			<u>\$ 102,758</u>	
Total Federal Expenditures - Primary Government			<u>\$ 10,849,640</u>	
Component Unit - School Board:				
Department of Agriculture:				
Direct Payments:				
Summer Food Service Program for Children	10.559	N/A	\$ 31,379	
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	17901-40591,40253	\$ 570,928	
National School Lunch Program	10.555	17901-40623,40254	<u>\$ 1,926,561</u>	
Department of Agriculture:				
Food Distribution	10.555	Unknown	403,453	
			<u>\$ 2,330,014</u>	2,900,942
Fresh Fruit and Vegetable Program	10.582	Unknown		<u>41,754</u>
Total Department of Agriculture				<u>\$ 2,974,075</u>
Department of Education:				
Direct payments:				
Education Innovation and Research(Formerly Investing in Innovation (i3) Fund)	84.411	Unknown	\$ 721,959	
Pass Through Payments:				
Title I Grants to Local Educational Agencies	84.010	17901-42901		1,509,934
School Improvement Grants	84.377	Unknown		41,879
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	17901-43071	\$ 2,983,382	
Special Education - Preschool Grants	84.173	17901-62521	64,017	3,047,399
Adult Education - Basic Grants to States	84.002	17901-42801 17901-61380		<u>78,296</u>
Migrant Education-State Grant Program	84.011	17901-42910		84,599
Career and Technical Education - Basic Grants to States	84.048	17901-61095		152,749
Migrant Education Coordination Program	84.144	17901-61399		11,204
Education for Homeless Children and Youth	84.196	17901-42940		52,714
English Language Acquisition State Grants	84.365	17901-60512		111,078
Student Support and Academic Enrichment Program	84.424	Unknown		1,836
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	17901-61480		<u>325,178</u>
Total Department of Education				<u>\$ 6,138,825</u>
Total Federal Expenditures - Component Unit- School Board				<u>\$ 9,112,900</u>
Total Expenditures of Federal Awards				<u>\$ 19,962,540</u>

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

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the County of Albemarle, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the reporting requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Albemarle, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Albemarle, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 7 - Relationship to Financial Statements

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

Primary government:	
General Fund	\$ 6,607,249
Federal/State Grants Fund	4,233,321
Other Governmental Funds	107,314
Equitable Sharing Program - Agency Funds	20,234
Total primary government	<u>\$ 10,968,118</u>
Component Unit School Board:	
School Operating Fund	\$ 6,180,578
School Food Services Fund	2,932,322
Total Component Unit School Board	<u>\$ 9,112,900</u>
Total federal expenditures per basic financial statements	\$ 20,081,018
Amounts required to reconcile federal revenues to expenditures:	
Less: Payment in lieu of taxes	(39,088)
Less: QCSB federal credit in debt service fund	<u>(79,390)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 19,962,540</u>

COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with
 2 CFR section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs. \$ 750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.

ACKNOWLEDGEMENTS

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

Cecilia Baber, Chief Accountant-Accounting

Lisa Breeden, Chief of Financial Management

Tammy Critzer, Financial Analyst

Daniel Greene, Chief Accountant-Treasury

Tisha Jaudon, Accountant IV

Jonathan Kern, Business and Financial Systems Contractor

Vicki Malamphy, Accountant III

Barry Shawley, Accountant IV

Valoree Smith, Management Analyst

Susan Worrell, Chief Accountant-Payroll

Robinson, Farmer, Cox Associates-Auditing Firm

ON THE COVER:

A special thank you is given to Greg Kamptner, County Attorney, for the beautiful photograph on the front cover of this report.