

# **Comprehensive Annual Financial Report**

***County of Albemarle, Virginia***

**Fiscal Year Ended June 30, 2020**

**COUNTY OF ALBEMARLE, VIRGINIA**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2020**

**DRAFT**

**Prepared By:**

**Department of Finance & Budget**

COUNTY OF ALBEMARLE, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2020

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COUNTY OF ALBEMARLE  
Department of Finance and Budget  
Telephone (434) 296-5855 Fax (434) 872-4598

November 23, 2020

To the Honorable Board of Supervisors and the County of Albemarle Community:

We are pleased to present the County of Albemarle's Comprehensive Annual Financial Report (CAFR), for the fiscal year ended June 30, 2020. 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 <https://www.albemarle.org/government/finance>.

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, the Charlottesville Albemarle Convention and Visitors Bureau, Albemarle-Charlottesville Regional Jail Authority and the Blue Ridge Juvenile Detention Commission.

### **Public Schools**

Albemarle County Public Schools include 15 elementary, 5 middle, 3 high schools, 1 charter school for grades 6-12, 3 science and technology academies, 1 high school center specializing in project-based learning, and 1 education center specializing in short-term intervention. 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 10.7 percent from 13,045 in 2009-2010 to 14,435 in 2019-2020. In the past five years, the school system has experienced a 5.4 percent increase in the number of students. In the 2019-2020 school year, twenty-one schools were fully accredited, and three were accredited with conditions.

### **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 25,000. In 2020 (for the 2021 edition), the U.S. News and World Report ranked the University as the nation's 4th best public university and 26th 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, 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 233,000 students have attended

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

### Higher Education (Continued)

credit and noncredit classes. Currently there have been over 14,300 associate 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 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

Tourism was a significant contributor to the local economy in 2019, according to data released by the United States Travel Association (USTA). Tourism revenue for Albemarle County reached \$406,052,608, a 3.9 percent increase over 2018. Tourism-supported jobs in Albemarle County totaled 3,415, while local tourism-related taxes were \$13,776,327.

The coronavirus pandemic put the Virginia travel and tourism industry in a predicament, and imposed a strain on Virginia's hotels, restaurants, attractions and communities. The pandemic triggered decreased revenue and a reduced workforce. As a result, projected revenues for the remainder of calendar year 2020 project a substantial decrease in tourism spending. To ameliorate this impact, the Charlottesville Albemarle Convention and Visitors Bureau (CACVB) and the Economic Development functions for the City of Charlottesville and Albemarle County created a CARES Relief Fund grant program to support hospitality and tourism businesses and increase the likelihood this economic infrastructure will remain intact post-pandemic. Additionally, the CACVB Executive Board accepted a Strategic Action Plan that includes strategies to protect the public safety and the tourism sectors moving forward.

The mission of the CACVB is to drive overnight stays and additional spending in hotels, restaurants and shops, thereby generating additional tax revenue. The CACVB promotes the diversity of visitor experiences in Albemarle County. Albemarle boasts historic resources of national significance, including prehistoric archaeological sites, Thomas Jefferson's Monticello, James Monroe's Highland, and the University of Virginia. Four sites are registered as National Historic Landmarks, and Monticello and the University of Virginia's "Academical Village" are on the UNESCO World Heritage list. Other County historic sites include Dr. Thomas Walker's 1765 Plantation, Castle Hill; the birth site of George Rogers Clark; Patrick Henry's family tavern, and Michie Tavern.

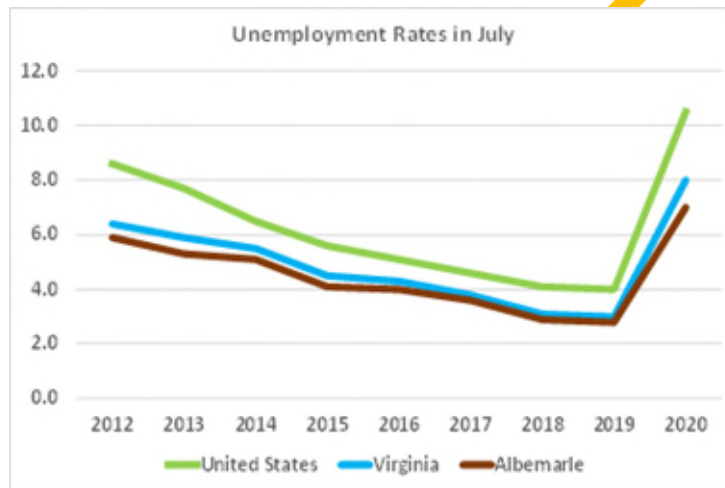
Albemarle County's natural landscape allows for hiking, kayaking, bicycling, horseback riding or sipping wine at vineyards with a view. With more than 40 wineries, distilleries and breweries, and a reputation as a "foodie" destination, a visitor can return often and still enjoy new experiences. Other area attractions include Skyline Drive, Blue Ridge Parkway, and Shenandoah National Park, all located in the western part of the County, for which Albemarle County and Charlottesville are the natural gateway for exploration.

The County is serviced by the Charlottesville-Albemarle Airport (CHO), a non-hub, commercial service airport offering more than 50 daily non-stop flights (prior to COVID) 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.

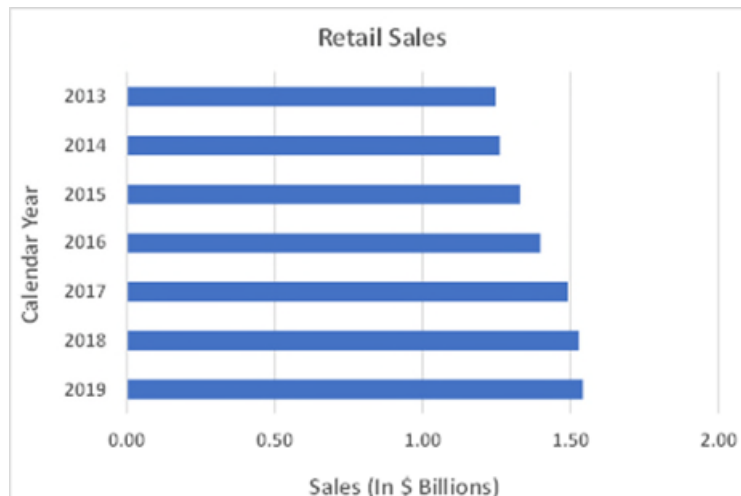
## ECONOMIC CONDITION AND OUTLOOK

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, by number of jobs, are educational services, healthcare and social assistance, retail trade, accommodation and food services, and professional, scientific, and technical services. The largest employers are the University of Virginia, the County of Albemarle, Sentara Healthcare, the U.S. Department of Defense, and State Farm Mutual Insurance.

According to the Virginia Employment Commission, as of July 2020, the non-seasonally adjusted unemployment rate for Albemarle County was 7.0 percent. This historically elevated rate reflects the impact of the coronavirus pandemic on Albemarle's economy. The County's unemployment rate is expected to decline in the remainder of calendar year 2020. The County continues to have one of the lower unemployment rates in Virginia, and was ranked 52nd lowest in the Commonwealth (tied with Appomattox, Warren, and Washington Counties). In July 2020, meanwhile, Virginia's unemployment rate was 8.0 percent and ranked twenty-first lowest in the nation. The national unemployment rate was 10.5 percent.

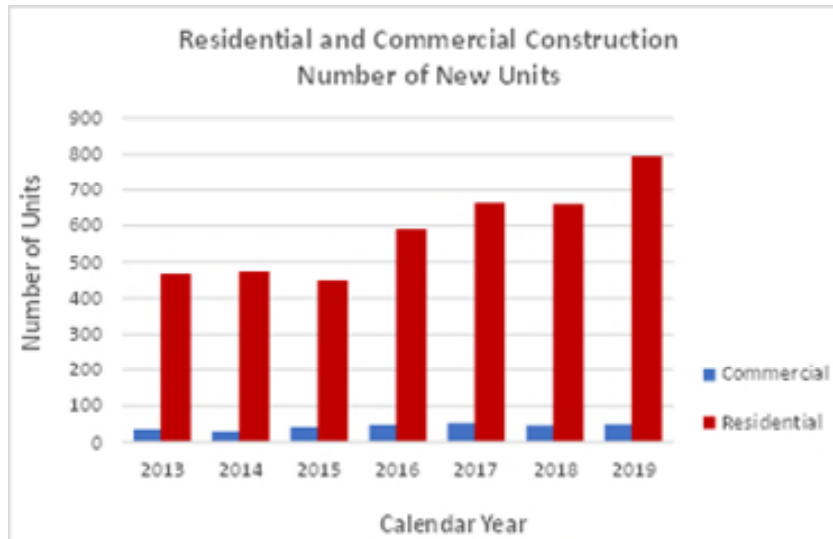


Retail sales in the County increased in FY 2019 for the tenth consecutive year. As of December 31, 2019, the increase was 0.9%, with \$1.542 billion compared to \$1.528 billion in 2018. Retail sales figures for the first half of calendar year 2020 decreased 6.6%, with \$695.173 million being reported, compared to \$744.397 million for the first half of calendar year 2019. This steep decline in the first half of calendar year 2020 coincided with the advent of the coronavirus pandemic, and sales are expected to improve in the remainder of calendar year 2020.



## ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

The number of building permits issued for new residential construction increased from 661 in calendar year 2018 to 795 in calendar year 2019. The value of this construction in 2019 was \$257,795,571 compared to \$224,124,172 the year before. The number of new commercial permits increased from 46 in 2018 to 50 in 2019, with a total value of \$95,927,452 in 2019 compared to \$20,732,563 in 2018. New construction continues to remain strong in calendar year 2020.



As of the second quarter of calendar year 2020, the median sales price of homes in the County of Albemarle was \$397,750. The median sales price of homes in the City of Charlottesville during the same period was \$369,000. These figures represent a 3.3 percent and 5.7 percent increase respectively from the same period of the previous year.<sup>1</sup> The housing market remains strong in calendar year 2020, with an ongoing limited supply of homes for sale and steady demand.

## 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/AAA/AAA, respectively. Albemarle is one of the smallest jurisdictions in the United States to achieve triple-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 conducts long-range financial planning that informs its Capital Improvement Plan and provides the Board of Supervisors with reasonable longer-term financial projections and outlook. The information provides the Board with sufficient data and information to provide staff with direction for fulfilling the Board's long-range goals and priorities. Long-range financial planning is based on the best information available at the time and sets direction that will influence budget decisions in the years to come.

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<sup>1</sup> Charlottesville Area Association of REALTORS [2020 Second Quarter Home Sales](#)

## FINANCIAL POLICIES (CONTINUED)

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 consideration of associated operating impacts and accordance with the Capital Improvement 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. Separate appropriations, approved by the Board of Supervisors, are adopted for Education and General Government Capital Improvement Programs. For local government, 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 2020, the County undertook or continued initiatives in the following areas:

#### Broadband Expansion and Access

- In 2020 the Albemarle Broadband Authority (ABBA) adopted a Strategic Plan in July 2020 to set goals and develop a funding plan. Through Virginia Telecommunication Initiative (VATI), ABBA through CenturyLink has provided up to a gigabit of fiber broadband service to 837 unserved locations. Additional grant funding opportunities are currently being explored to serve ~2,100 locations with fiber.

#### Albemarle County Public Schools Projects for "School Space Needs"

- *Scottsville Elementary School Addition and Improvements* - The project will add 17,500 square feet to the building as well as make improvements to the existing building and site. The additions will include four additional classrooms, two smaller resource classrooms, two offices, bathrooms, and a full-size gym. Improvements to the existing building will include repurposing the current gym into instructional space and other modernizations and renovations throughout the building to improve space for both students and staff. Site improvements will include outdoor learning areas and septic system enhancements. The project will also include the removal of all trailers and modular classrooms. Lastly, it will include new furnishings for both new and existing spaces. The project will adhere to Leadership in Energy and Environmental Design (LEED) principles and practices. Construction is scheduled to be substantially complete in the summer of 2021 to be operational for the 2021/22 school year.
- *Red Hill Elementary School Phase 2: Addition & Improvements* - This project supports the second phase of work at Red Hill Elementary and includes an addition, renovations and site improvements. The project will add about 6,500 square feet to the building to include a new gymnasium and support spaces such as physical education offices and storage. Renovations to existing building will include repurposing the current gym into instructional space and renovations to the cafeteria, toilets, hallways, support spaces, kitchen and serving line. Exterior renovations will include painting and fascia/soffit repair. Site work will

## MAJOR INITIATIVES (CONTINUED)

### Current Initiatives (Continued)

include additional parking, site improvements and outdoor learning areas. The project is anticipated to be operational for the 2021/22 school year.

- *Crozet Elementary School Addition Design* - Includes the design development of an estimated 28,000 square foot addition to the building as well as make improvements to the existing building and site. The additions will include 16 classrooms, three smaller resource classrooms, two offices, a faculty workroom and various support spaces. The additions will also expand the cafeteria and media center to support the larger student enrollment. Improvements to existing building will include improvements to existing classrooms, improvements to kitchen, stage and cafeteria (including Americans with Disabilities Act (ADA) upgrades), and improvements to existing administration, support spaces and toilets. Site improvements will include outdoor learning areas, new and expanded bus drop-off, additional parking, additional playground equipment, and the replacement of a paved play area due to the likely location of the addition. The project will follow LEED practices/principles. The design is scheduled for completion by fall of 2020.
- *High School Center II Design* - Supports the completion of design, land acquisition and construction of Center II (previously known as Center I). Albemarle County transferred property to the Albemarle County School Board in December 2019 as a site for the development of Center II. As envisioned, Center II will consist of a 60,000 square foot building with parking on 15.8 acres of land for 400 students per day to be open for the 2022/23 School Year. Per the facility planning study that was launched in the spring of 2017, this project addresses the facility needs of all high schools in the County to address growth, capacity issues, equity and instructional adequacy.

### Sidewalk Construction and/or Improvements for “Revitalizing Again Urban Neighborhoods” supporting and promoting pedestrian safety

- *Commonwealth/Dominion Drive* - Includes 6,450 feet of sidewalk on Commonwealth Drive from Hydraulic Road to Peyton Drive; Commonwealth Drive from Commonwealth Circle to Dominion Drive; and along Dominion Drive to US Route 29.
- *Ivy Road Sidewalk Improvements* - Provide pedestrian, bicycle, and drainage improvements along Ivy Road from the existing sidewalk at the Charlottesville City limits to the Route 29/250 Bypass interchange. Also includes crosswalks and pedestrian signal modifications at the Old Ivy Road and Ivy Road intersection.
- *Berkmar Drive Bicycle and Pedestrian Improvements* - This project will construct a 1.1-mile-long shared-use path from Hydraulic Road to Hilton Heights Road to connect to the new shared-use path on Berkmar Extended.

### Future Initiatives

- *Courts Complex* - This project will consist of renovations to the historic circuit court, historic Levy Opera House, and a 3-story addition at the rear of the Opera House. The complex houses the Albemarle County and City of Charlottesville General District Courts, County officials and staff, City officials and staff, and State judicial system personnel.
- *Economic Development Funding for Public-Private Partnerships (P3s)* - This program will provide funding to obtain site control of strategic properties, a critical component of negotiating public-private partnerships.

## MAJOR INITIATIVES (CONTINUED)

### Future Initiatives (Continued)

Site control can be obtained through extended due diligence periods, lease to purchase, land options (an exclusive right to purchase land at a specific price in the future) or through the outright purchase of land. As a strategy for economic and community development, local governments acquire, develop, and convey real estate property as part of a Public-Private Partnership. Achieving site control through traditional acquisition, extended due diligence periods, or other site control options ameliorate the risk that key parcels (or buildings) remain vacant or minimally developed, resulting in missed economic development opportunities. County site control, in combination with a development agreement, can result in a built environment that includes preferred public elements.

## RESPONDING TO AND LEADING THROUGH A PANDEMIC

Albemarle County was not unique in having to pivot normal governmental operations in order to respond to the COVID-19 pandemic that began in March 2020. Throughout this timeframe, the County continued progress in several operational areas while also developing new programs and initiatives to assist the community during the pandemic. A few highlights of these efforts include:

- Developed, with Board adoption, a Climate Action Plan that incorporated 31 strategies, 135 actions for meeting targets, and articulated a plan for Phase II.
- The Albemarle County Police Department received its re-accreditation. ACPD has been a State Accredited Law Enforcement Agency for twenty-four years.
- The County launched a new website: Albemarle.org. The new site is cloud-based, enhances our cybersecurity, and prioritizes the user experience for self-service.
- The County received a total of \$19 million in CARES CRF Funding that was used to provide several critical pandemic response initiatives (a sample list below):
  - Grant and micro-loan opportunities to businesses, non-profits and individuals experiencing financial hardship
  - Hand sanitizer and face coverings for the community, over 30,000 face coverings distributed
  - Expanded use of applications to enable field staff to complete work in the field and other critical teleworking equipment needed for County staff.

## 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, 2020. 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, 2019. This was the twenty-fifth 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 and Budget Department, to whom I am grateful for their commitment to excellence. I also thank the elected 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 'Nelsie Birch', is written over a large, diagonal yellow 'DRAFT' watermark.

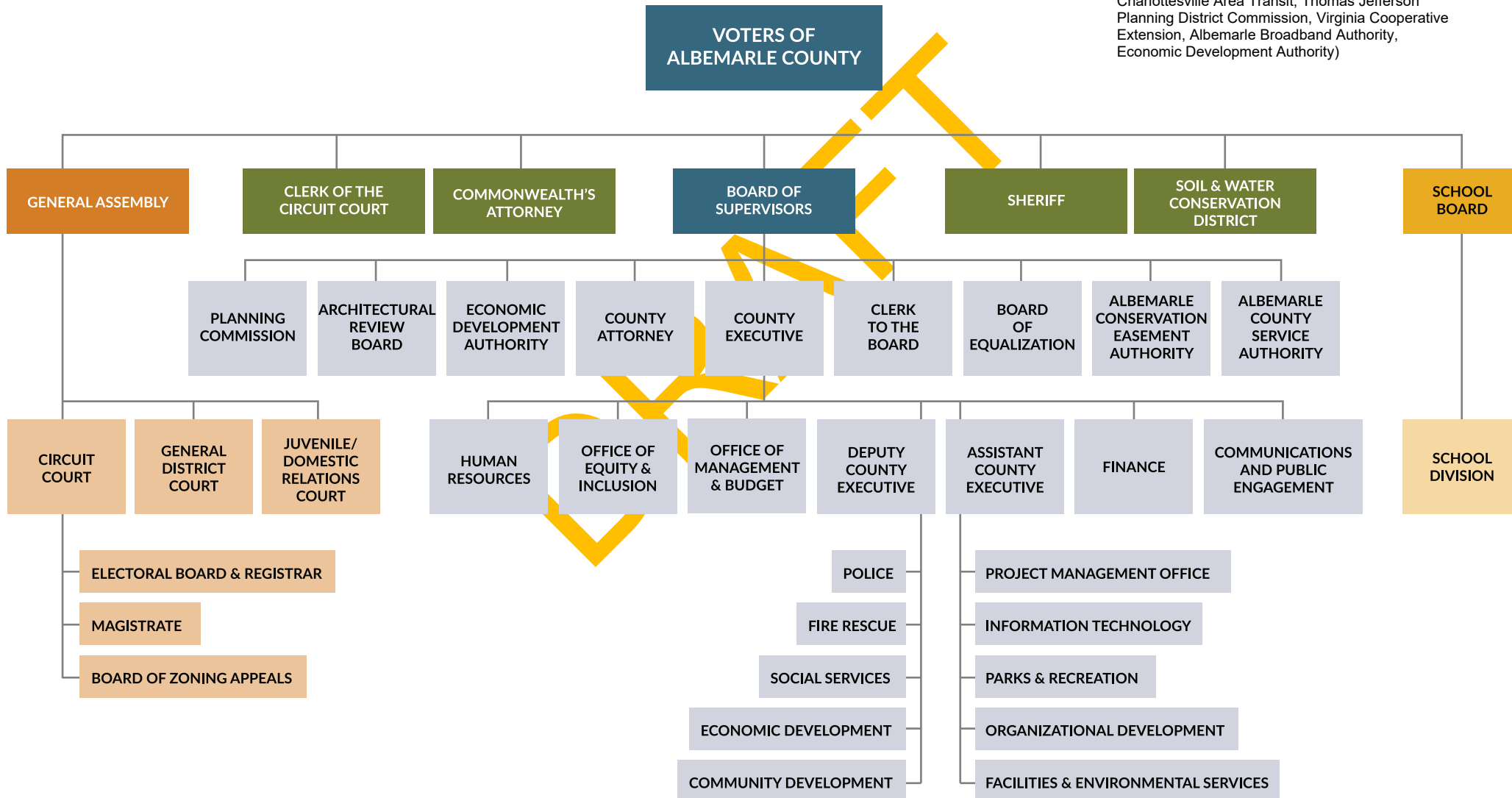
Nelsie L. Birch

Chief Financial Officer



## County of Albemarle ORGANIZATIONAL CHART

In addition to this chart, the County of Albemarle 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 Visitors Bureau, Regional Library); and Community Development (Albemarle Housing Improvement Program, Piedmont Housing Alliance, Charlottesville Area Transit, Thomas Jefferson Planning District Commission, Virginia Cooperative Extension, Albemarle Broadband Authority, Economic Development Authority)



COUNTY OF ALBEMARLE, VIRGINIA

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BOARD OF SUPERVISORS

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Ned L. Gallaway, Chairperson  
Donna P. Price, Vice-Chair

Bea LaPisto-Kirtley  
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@n'5"DUa Yf

Claudette K. Borgersen, Clerk

SCHOOL BOARD

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Graham Page, Chairperson  
Katrina Callsen, Vice-Chair

Kate Acuff  
Jonno Alcaro  
Judy Le

David Oberg  
Ellen Osborne

Jennifer W. Johnston, Clerk

## COUNTY OF ALBEMARLE, VIRGINIA

### OTHER OFFICIALS

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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	<b>James M. Hingeley</b>
County Attorney	Greg Kamptner
Director of Information Services	Michael C. Culp
Director of Community Development	<b>Jodie Filardo</b>
Extension Agent	Carrie Swanson
Chief Financial Officer	<b>Nelsie L. Birch</b>
Clerk of the General District Court	<b>@c`U`AcfgY</b>
Judge of the General District Court	Honorable Claiborne H. Stokes, Jr.
Director of Zoning	<b>Bart Svoboda</b>
Director of Emergency Communications Center	<b>Sonny Saxton</b>
Director of Parks and Recreation	Robert P. Crickenberger
Director of Human Resources	Lorna Gerome
Chief of Police	Ron L. Lantz
Registrar	Richard J. Washburne
Sheriff	<b>Chan Bryant</b>
Director of Social Services	Phyllis C. Savides
Director of Facilities & Environmental Services	Lance Stewart
Director of Inspections/Building Official	Michael Dellinger
<b>Chief of Fire Rescue</b>	<b>J. Dan Eggleston</b>
Director of Economic Development	<b>Roger Johnson</b>
Director of Communications	Emily Kilroy
<b>Director, Office of Equity and Inclusion</b>	<b>Siri Russell</b>
<b>Director, Project Management Office</b>	<b>Kristy Shifflett</b>



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, 2019

*Christopher P. Morill*

Executive Director/CEO



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Albemarle, Virginia, as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-17, 118-120 and 121-134 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 Draft, 2020, 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.

Charlottesville, Virginia  
Draft, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2020. 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 \$325,911,307. Liabilities and deferred inflows of resources totaled \$251,613,028. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,298,279, of which \$31,464,403 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position decreased \$1,878,322 from the prior year. This decrease is primarily a result of the increase in education and public safety expenses.

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

- As of June 30, 2020, the County's governmental funds reported combined fund balances of \$82,395,784, a decrease of \$12,050,597 in comparison with the prior year. Approximately 59.30% of the combined fund balances, \$48,857,623, is unassigned and available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$54,521,019, a decrease of \$1,256,938 from June 30, 2019. Federal/State Grant Funds reported a fund balance of \$5,064,435; the General Capital Improvements Fund reported a fund balance of \$13,330,475; and Other Governmental Funds reported \$9,479,855 in total fund balance.

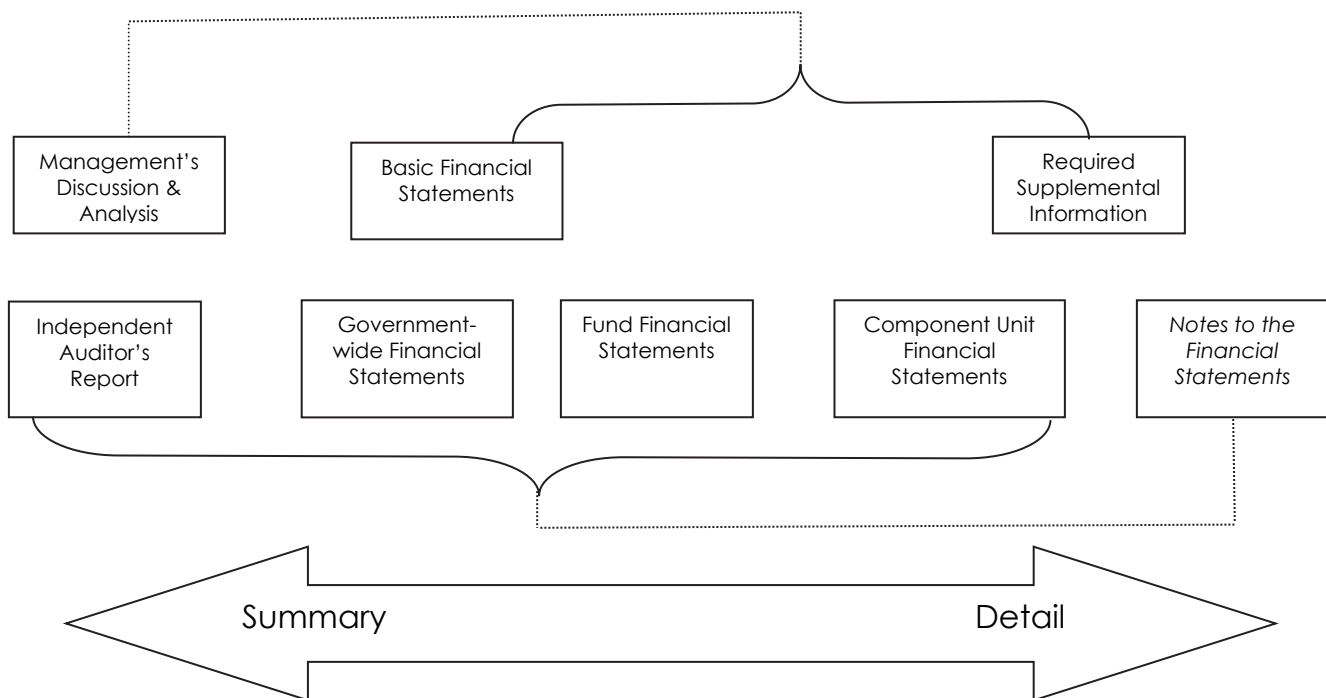
### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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 2019 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, 2020 and 2019 (\$ in thousands)						
	Governmental Activities		Component Unit		Total Reporting Entity	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 132,183	\$ 132,576	\$ 40,810	\$ 38,690	\$ 172,993	\$ 171,266
Capital assets (net)	<u>180,322</u>	<u>186,415</u>	<u>70,998</u>	<u>67,135</u>	<u>251,320</u>	<u>253,550</u>
Total assets	<u>\$ 312,505</u>	<u>\$ 318,991</u>	<u>\$ 111,808</u>	<u>\$ 105,825</u>	<u>\$ 424,313</u>	<u>\$ 424,816</u>
Deferred outflows of resources	<u>\$ 13,406</u>	<u>\$ 7,557</u>	<u>\$ 39,412</u>	<u>\$ 23,224</u>	<u>\$ 52,818</u>	<u>\$ 30,781</u>
Total assets and deferred outflows of resources	<u>\$ 325,911</u>	<u>\$ 326,548</u>	<u>\$ 151,220</u>	<u>\$ 129,049</u>	<u>\$ 477,131</u>	<u>\$ 455,597</u>
Liabilities:						
Other liabilities	\$ 17,617	\$ 8,807	\$ 23,691	\$ 25,068	\$ 41,308	\$ 33,875
Long-term Liabilities	<u>226,961</u>	<u>234,328</u>	<u>214,509</u>	<u>193,969</u>	<u>441,470</u>	<u>428,297</u>
Total liabilities	<u>\$ 244,578</u>	<u>\$ 243,135</u>	<u>\$ 238,200</u>	<u>\$ 219,037</u>	<u>\$ 482,778</u>	<u>\$ 462,172</u>
Deferred inflows of resources	<u>\$ 7,035</u>	<u>\$ 7,237</u>	<u>\$ 18,349</u>	<u>\$ 17,407</u>	<u>\$ 25,384</u>	<u>\$ 24,644</u>
Net Position:						
Net investment in capital assets	\$ 37,770	\$ 18,886	\$ 70,998	\$ 67,135	\$ 108,768	\$ 86,021
Restricted	5,064	3,147	-	-	5,064	3,147
Unrestricted	<u>31,464</u>	<u>54,143</u>	<u>(176,327)</u>	<u>(174,530)</u>	<u>(144,863)</u>	<u>(120,387)</u>
Total net position	<u>\$ 74,298</u>	<u>\$ 76,176</u>	<u>\$ (105,329)</u>	<u>\$ (107,395)</u>	<u>\$ (31,031)</u>	<u>\$ (31,219)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 325,911</u>	<u>\$ 326,548</u>	<u>\$ 151,220</u>	<u>\$ 129,049</u>	<u>\$ 477,131</u>	<u>\$ 455,597</u>

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

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

The following table presents revenues and expenses of governmental activities:

<b>Changes in Net Position</b> <b>For the Fiscal Year Ended June 30, 2020 and 2019</b> <b>(\$ in thousands)</b>			
	<b>Governmental Activities</b>		<b>Total %</b>
	<b>2020</b>	<b>2019</b>	<b>Change</b>
			<b>2020-2019</b>
Revenues:			
Program Revenues:			
Charges for services	\$ 6,941	\$ 7,099	-2.23%
Operating grants and contributions	30,743	27,736	10.84%
Capital grants and contributions	764	947	-19.32%
General Revenues:			
General property taxes, real and personal	206,275	195,223	5.66%
Other taxes	54,683	54,749	-0.12%
Grants and contributions not restricted	20,497	20,390	0.52%
Use of money and property	2,691	3,504	-23.20%
Miscellaneous revenue	3,104	1,042	197.89%
Total Revenues	\$ 325,698	\$ 310,690	4.83%
Expenses:			
General government	\$ 20,152	\$ 16,033	25.69%
Judicial administration	6,915	6,424	7.64%
Public safety	52,253	47,608	9.76%
Public works	10,057	8,557	17.53%
Health and welfare	30,827	31,365	-1.72%
Education	160,480	136,979	17.16%
Parks, recreation, and cultural	10,426	8,911	17.00%
Community Development	30,569	31,930	-4.26%
Interest on long-term debt	5,897	6,386	-7.66%
Total Expenses	\$ 327,576	\$ 294,193	11.35%
Increase (decrease) in net position	\$ (1,878)	\$ 16,497	-111.38%
Beginning net position	76,176	59,679	27.64%
Ending net position	\$ 74,298	\$ 76,176	-2.47%

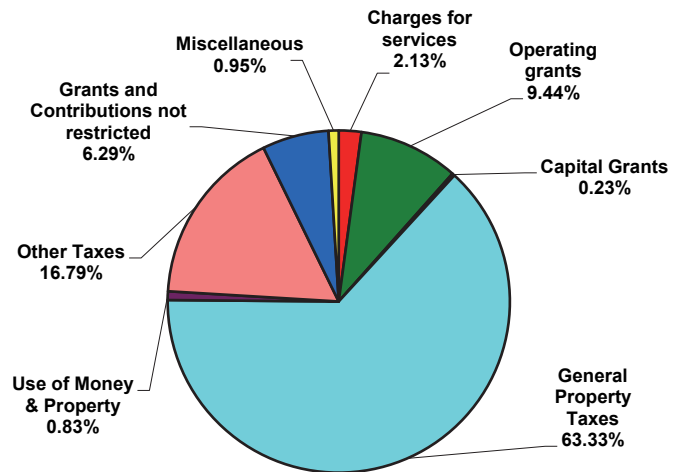
## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)

Revenue from operating grants and contributions increase 10.84% due to CARES Act funds. Miscellaneous Revenues increased over 197% due to an increase in proffer revenues.

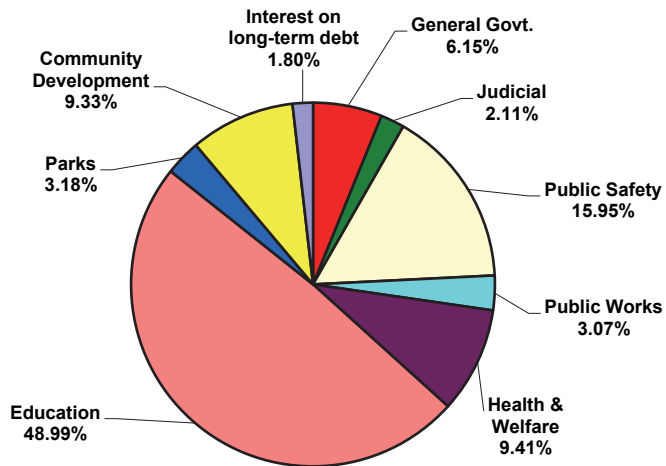
Education experienced an increase due to the transfer to School Capital Projects in the current year.

### Governmental Activities - Revenues by Source For the Fiscal Year Ended June 30, 2020

Governmental activities total net position decreased \$1,878,322 with an ending net position of \$74,298,279. Revenues from governmental activities totaled \$325,697,170 for FY2020 compared to FY 2019 revenues from governmental activities of \$310,690,481. Taxes comprise the largest source of these revenues, totaling \$260,956,586 or 80.12% of all governmental activities revenue. Of this amount, general property taxes comprise 79.05% of the taxes collected totaling \$206,274,520.



### Governmental Activities - Expenses by Function For the Fiscal Year Ended June 30, 2020



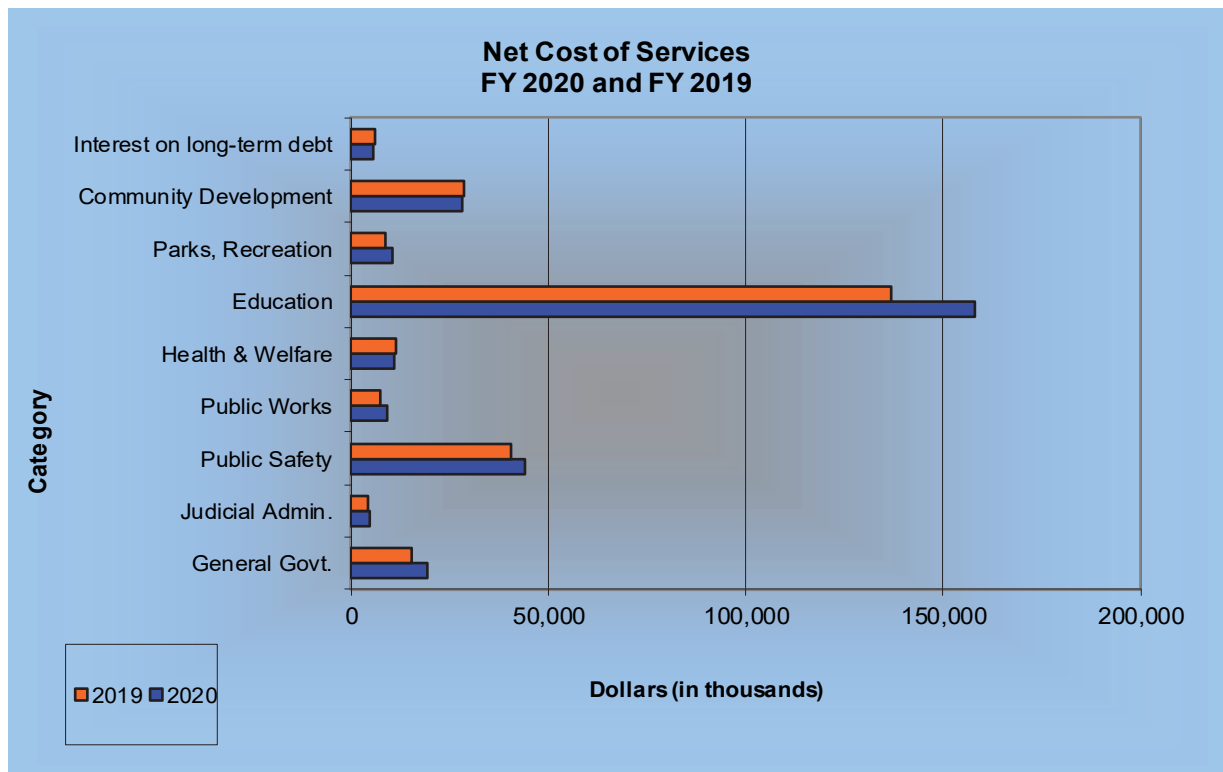
The total cost of all governmental activities for this fiscal year was \$327,575,492. As the chart to the left illustrates, Education continues to be the County's largest program with expenses totaling \$160,479,578. Public Safety expenses, which total \$52,253,314 represents the second largest expense, followed by Health and Welfare at \$30,827,079, Community Development at \$30,569,280, and General Government Administration at \$20,152,213.

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

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, 2020 and 2019						
	Total Cost of Services			Net Cost of Services		
	2020	2019	Percentage Change	2020	2019	Percentage Change
General government	\$ 20,152,213	\$ 16,033,434	25.69%	\$ 19,044,266	\$ 15,129,068	25.88%
Judicial administration	6,914,556	6,423,724	7.64%	4,497,888	4,025,747	11.73%
Public safety	52,253,314	47,607,466	9.76%	43,819,992	40,358,928	8.58%
Public works	10,056,684	8,557,091	17.52%	9,232,889	7,513,774	22.88%
Health & welfare	30,827,079	31,364,841	-1.71%	10,877,834	11,128,203	-2.25%
Education	160,479,578	136,979,246	17.16%	157,884,710	136,954,246	15.28%
Parks, recreation & cultural	10,425,952	8,910,639	17.01%	10,270,902	8,566,953	19.89%
Community development	30,569,280	31,930,547	-4.26%	27,937,394	28,574,086	-2.23%
Interest on long-term debt	5,896,836	6,386,159	-7.66%	5,561,253	6,159,652	-9.71%
Total	\$ 327,575,492	\$ 294,193,147	11.35%	\$ 289,127,128	\$ 258,410,657	11.89%

For the year ended June 30, 2020, governmental activities generated \$6,914,556 in program revenues from users of services provided by the activity, as compared to \$7,099,069 for FY 2019. The largest percent of charges were generated from Public Safety with 46.39%, while Community Development generated 35.65% of charges for services program revenue. Operating grant and contribution revenues increased to \$30,743,216 when compared to \$27,736,396 in FY 2019. Capital grant and contribution revenues totaled \$763,951 which decreased by \$183,074 when compared with 2019.



## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As of June 30, 2020, the County's governmental funds reported a combined ending fund balance of \$82,395,784, a decrease of \$12,050,597 in comparison with the prior year. Approximately 59.30% (\$48,890,972) is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is non-spendable (\$194,447); restricted (\$5,064,435); or committed (\$28,279,279). For further details on Fund Balance, please refer to Exhibit 3 located in the Fund Financial statements section.

The General Fund contributed \$142.8 million in operating funds to support the Schools operations.

The State and Federal Grants fund reported a fund balance of \$5,064,435 at June 30, 2020, an increase of \$1,917,008 from 2019. Total revenues for 2020 were \$14,799,263 compared to \$15,871,642 in total expenditures for 2020.

The County's CARES ACT fund reported \$1,533,632 revenues for COVID-19 related expenditures in FY 2020.

In the General Capital Improvement Fund, the County expended \$2224 million in FY 2020. Approximately 19.49% of those expenditures, \$4.4 million, was used for Public Safety, specifically Fire/Rescue. Expenditures in this category included \$1.9 million for Volunteer Fire Department projects, and \$2,319,570 related to General Public Safety projects. The County also expended \$10.5 million for School projects and 2.1 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:

<b>Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2020</b>			
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>
Revenues:			
Taxes	\$ 256,901,340	\$ 256,901,340	\$ 258,043,727
Other	9,336,538	9,271,433	9,421,753
Intergovernmental	35,838,673	35,940,858	35,632,394
Total	\$ 302,076,551	\$ 302,113,631	\$ 303,097,874
Expenditures:			
Expenditures	272,496,730	280,459,320	270,930,136
Excess (deficit) of revenues over expenditures	\$ 29,579,821	\$ 21,654,311	\$ 32,167,738
Other Financing Sources (Uses):			
Transfers in	\$ 5,894,259	\$ 14,530,283	\$ 2,599,295
Transfers out	(35,474,080)	(36,184,594)	(36,023,971)
Total	\$ (29,579,821)	\$ (21,654,311)	\$ (33,424,676)
Change in Fund Balance	\$ -	\$ -	\$ (1,256,938)
Fund balance, beginning of year	-	-	55,777,957
Fund balance, end of year	\$ -	\$ -	\$ 54,521,019

## **BUDGETARY HIGHLIGHTS: (Continued)**

### **General Fund: (Continued)**

Actual revenues were \$984,243, or 2.00% more than final budget amounts and actual expenditures were \$8,796,989 or 0.33% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2020, include the following:

- Actual tax revenues exceeded budgeted amounts by \$3,371,515 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 \$635,909.
- Actual revenues from the Federal Government were \$680,671 more than budgeted due to additional grant funding approval, particularly related to Social Services expenditures.
- General government actual expenditures were \$1,654,024 less than budgeted, Public Safety actual expenditures were \$1,860,009 less than budgeted, and Education actual expenditures were \$1,184,123 less than budgeted. These savings were primarily due to attrition during FY 20.
- Expenditures in Public Works were \$873,379 less than budgeted primarily as a result of uncompleted projects carried forward to FY 2021.

Final budgeted revenues were \$37,080 or 0.01% more than the original budget amounts and final budgeted expenditures were \$7,962,590 or 2.92% 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, 2020, include the following:

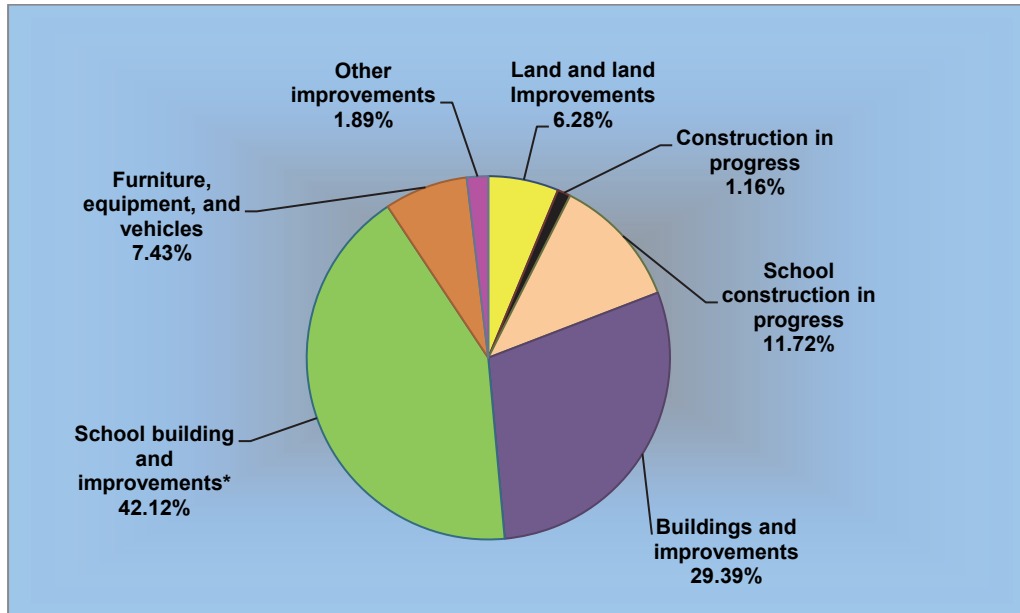
- Final budgeted expenditures for General Government Administration increased from the original budget by \$1,274,760. \$522,855 of the increase was for Information Technology expenditures and \$524,320 increase was related to County Executive departmental expenditures.
- The final budget for Public Safety increased by \$1,056,823 over the original budget. Of this amount, \$574,269 increase was for the Police Department and \$575,590 was for Fire and Rescue Services.
- The final budget for Education increased by \$4,628,342 over the original budget for various School Capital Projects.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2020, the County's investment in capital assets totaled \$180,322,396 as summarized below:

**Capital Assets as of June 30, 2020**



During Fiscal Year 2020, the County's net capital assets (including additions, decreases, and depreciation) decreased \$6,092,198 as summarized below:

Change in Capital Assets Governmental Funds			
	Balance July 1, 2019	Net Additions and Deletions	Balance June 30, 2020
Land and land Improvements	\$ 11,704,520	\$ -	\$ 11,704,520
Construction in progress	2,169,618	3,389,364	5,558,982
School land and construction in progress*	21,843,188	(15,679,990)	6,163,198
Buildings and improvements	90,061,377	-	90,061,377
School building and improvements*	87,206,952	6,057,546	93,264,498
Furniture, equipment, and vehicles	60,439,394	3,105,328	63,544,722
Other improvements	12,297,561	1,047,582	13,345,143
Total Capital Assets	\$ 285,722,610	\$ (2,080,170)	\$ 283,642,440
Less accumulated depreciation	(99,308,016)	(4,012,028)	(103,320,044)
Total capital assets, net	\$ 186,414,594	\$ (6,092,198)	\$ 180,322,396

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

## **CAPITAL ASSETS AND LONG-TERM DEBT**

### **Capital Assets: (Continued)**

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

- Improvements made to the Hollymead Dam Spillway.
- 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.

### **Long-term Debt**

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

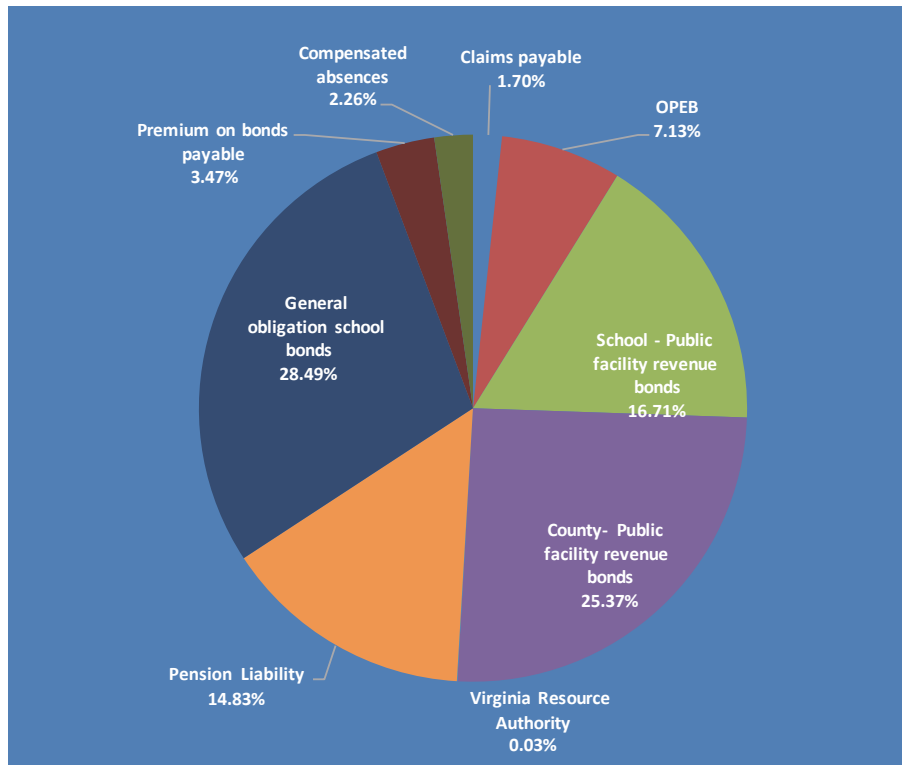
<b>Summary of Long-Term Obligation Changes For the Fiscal Year Ended June 30, 2020</b>			
	<b>Amounts Payable July 1, 2019</b>	<b>Net Increase (Decrease)</b>	<b>Amounts Payable June 30, 2020</b>
Primary Government			
General obligation school bonds	\$ 71,930,000	\$ (7,260,000)	\$ 64,670,000
School - Public facility revenue bonds	40,296,516	(2,362,444)	37,934,072
County - Public facility revenue bonds	63,950,483	(6,363,556)	57,586,927
Virginia Resource Authority	113,971	(45,534)	68,437
Premium on bonds payable	9,260,373	(1,375,666)	7,884,707
Claims payable	2,873,303	984,451	3,857,754
Net pension liability	26,759,287	6,893,603	33,652,890
Net OPEB obligations	14,738,806	1,433,918	16,172,724
Compensated absences	4,405,229	729,052	5,134,281
Total	<u>\$ 234,327,968</u>	<u>\$ (7,366,176)</u>	<u>\$ 226,961,792</u>

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

### Long-term Debt: (Continued)

As of June 30, 2020, the County's long-term obligations total \$226,961,792 and can be summarized as follows:

**Long-Term Obligations  
Primary Government as of June 30, 2020**



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

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

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

- The County will not fund current operations from the proceeds of borrowed funds.
- The County will manage its financial resources in a way that prevents borrowing to meet working capital needs.
- The County will confine long-term borrowing and capital leases to capital improvements or projects that cannot be financed by current revenues.
- To the extent feasible, any year that the debt service payment falls below its current level, those savings will be used to finance one-time capital needs.

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

### **Long-term Debt (Continued)**

- The County's debt offering documents will provide full and complete public disclosure of financial condition and operating results and other pertinent credit information in compliance with municipal finance industry standards for similar issues.
- Recognizing the importance of underlying debt to its overall financial condition, the County will set target debt ratios, which will be calculated annually and included in the annual review of fiscal trends:
  - Net debt as a percentage of the estimated market value of taxable property should not exceed 2%.
  - The ratio of debt service expenditures as a percent of general fund and school fund revenues should not exceed 10%.
- 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 COVID-19 pandemic did not spare the County of Albemarle, which saw an average unemployment rate in July 2020 of 7.0%, compared to 2.9% a year ago. This was still below the average for the state as a whole at 8.0%.
- According to the U.S. Census Bureau, the estimated population in Albemarle was 109,330, as of July 1, 2019, with an estimated 80.3% of individuals aged eighteen or older. This reflects a population growth of 0.4% since 2010.
- The Fiscal Year 2021 Adopted Budget anticipates general fund revenues and expenditures to be \$300,394,251, a 2.1% decrease over the fiscal year 2020 budget. Revenues are comprised primarily of General Property Taxes at 67% with Other Local Taxes comprising 18%. The County's transfer to fund Education operations (including Education debt service) continues to be the largest expenditure area at 45% of total expenditures with Public Safety being the next largest at 16%.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to 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](http://www.albemarle.org).

## **BASIC FINANCIAL STATEMENTS**

## **Government-wide Financial Statements**

Statement of Net Position  
At June 30, 2020

	Governmental Activities	Component Unit School Board
<b>Assets</b>		
Cash and investments	\$ 77,250,204	\$ 28,938,455
Investments - restricted	14,383,243	3,176,376
Receivables (net of allowance for doubtful accounts) - Note 4	27,701,087	1,381,214
Due from other governments - Note 5	12,653,855	6,637,736
Prepaid items	43,975	15,480
Inventories	150,472	385,618
Net pension asset	-	275,602
Capital assets - Note 7:		
Land and construction in progress	23,426,700	15,089,845
Other capital assets (net of accumulated depreciation)	156,895,696	55,907,869
Total capital assets, net	<u>\$ 180,322,396</u>	<u>\$ 70,997,714</u>
Total assets	<u>\$ 312,505,232</u>	<u>\$ 111,808,195</u>
<b>Deferred Outflows of Resources:</b>		
Deferred amount on refunding	\$ 322,132	\$ -
Deferred items related to pension	11,180,840	35,505,383
Deferred items related to OPEB	1,903,103	3,906,158
Total deferred outflows of resources	<u>\$ 13,406,075</u>	<u>\$ 39,411,541</u>
Total assets and deferred outflows of resources	<u><u>\$ 325,911,307</u></u>	<u><u>\$ 151,219,736</u></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 6,783,493	\$ 23,691,259
Amounts held for others	1,478,929	-
Accrued interest payable	1,186,687	-
Unearned revenue	8,167,218	-
Long-term liabilities - Note 8:		
Due within one year	21,559,445	1,102,594
Due in more than one year	205,402,347	213,406,204
Total liabilities	<u>\$ 244,578,119</u>	<u>\$ 238,200,057</u>
<b>Deferred Inflows of Resources</b>		
Deferred revenue - Note 9	\$ 3,540,213	\$ -
Deferred items related to pension	1,794,619	13,623,072
Deferred items related to OPEB	1,700,077	4,725,949
Total deferred inflows of resources	<u>\$ 7,034,909</u>	<u>\$ 18,349,021</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 37,769,441	\$ 70,997,714
Restricted:		
Grant compliance	5,064,435	-
Unrestricted	31,464,403	(176,327,056)
Total net position	<u>\$ 74,298,279</u>	<u>\$ (105,329,342)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 325,911,307</u></u>	<u><u>\$ 151,219,736</u></u>

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

Statement of Activities  
Year Ended June 30, 2020

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	\$ 20,152,213	\$ 533,458	\$ 574,489	\$ -	\$ (19,044,266)	\$ -
Judicial administration	6,914,556	473,122	1,943,546	-	(4,497,888)	-
Public safety	52,253,314	3,220,032	5,213,290	-	(43,819,992)	-
Public works	10,056,684	59,844	-	763,951	(9,232,889)	-
Health and welfare	30,827,079	-	19,949,245	-	(10,877,834)	-
Education	160,479,578	25,000	2,569,868	-	(157,884,710)	-
Parks, recreation and cultural	10,425,952	155,050	-	-	(10,270,902)	-
Community development	30,569,280	2,474,691	157,195	-	(27,937,394)	-
Interest on long-term debt	5,896,836	-	335,583	-	(5,561,253)	-
Total governmental activities	\$ 327,575,492	\$ 6,941,197	\$ 30,743,216	\$ 763,951	\$ (289,127,128)	\$ -
Component Unit						
Albemarle County Public Schools	\$ 224,268,894	\$ 4,790,755	\$ 61,839,647	\$ 960,000	\$ -	\$ (156,678,492)
General Revenues						
Taxes:						
General property taxes, real and personal				\$ 206,274,520	\$ -	
Local sales and use taxes				18,492,964	-	
Business licenses tax				13,834,555	-	
Consumer utility taxes				4,493,304	-	
Meals tax				7,909,209	-	
Motor vehicle licenses tax				3,945,530	-	
Other taxes				6,006,504	-	
Payment from County of Albemarle:						
Education				-		154,547,814
Grants and contributions not restricted to specific programs						
				20,497,314	-	
Unrestricted use of money and property				2,691,171		680,369
Miscellaneous				3,103,735		3,515,742
Total general revenues				\$ 287,248,806	\$ 158,743,925	
Change in net position				\$ (1,878,322)	\$ 2,065,433	
Net position, beginning of year				76,176,601	(107,394,775)	
Net position, end of year				\$ 74,298,279	\$ (105,329,342)	

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

## **Fund Financial Statements**

Balance Sheet  
Governmental Funds  
At June 30, 2020

	General Fund	Federal/ State Grants Fund	CARES ACT Fund	General Capital Improve- ments	Other Govern- mental Funds	Total Govern- mental Funds
<b>Assets</b>						
Cash and investments	\$ 32,534,732	\$ 5,368,949	\$ 8,167,218	\$ 1,718,558	\$ 7,156,731	\$ 54,946,188
Investments - restricted	-	-	-	12,100,955	2,282,288	14,383,243
Property taxes receivable, (net of allowance for uncollectibles) - Note 4	23,974,109	-	-	-	-	23,974,109
Receivables, (net of allowance for uncollectibles) - Note 4	3,425,686	40,456	-	198,969	61,867	3,726,978
Due from other governments - Note 5	11,015,867	1,637,988	-	-	-	12,653,855
Prepaid items	43,975	-	-	-	-	43,975
Inventories	150,472	-	-	-	-	150,472
Total assets	<u>\$ 71,144,841</u>	<u>\$ 7,047,393</u>	<u>\$ 8,167,218</u>	<u>\$ 14,018,482</u>	<u>\$ 9,500,886</u>	<u>\$ 109,878,820</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 3,525,519	\$ 1,982,958	\$ -	\$ 688,007	\$ 21,031	\$ 6,217,515
Unearned revenue	-	-	8,167,218	-	-	8,167,218
Amounts held for others	1,478,929	-	-	-	-	1,478,929
Total liabilities	<u>\$ 5,004,448</u>	<u>\$ 1,982,958</u>	<u>\$ 8,167,218</u>	<u>\$ 688,007</u>	<u>\$ 21,031</u>	<u>\$ 15,863,662</u>
<b>Deferred Inflows of resources</b>						
Unavailable revenue, property tax - Note 9	<u>\$ 11,619,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,619,374</u>
<b>Fund Balance</b>						
Nonspendable:						
Inventories and prepaid items	\$ 194,447	\$ -	\$ -	\$ -	\$ -	\$ 194,447
Restricted:						
Grant compliance	-	5,064,435	-	-	-	5,064,435
Committed:						
General government administration	\$ 481,370	\$ -	\$ -	\$ -	\$ -	\$ 481,370
Judicial administration	26,746	-	-	-	-	26,746
Public safety	385,491	-	-	-	-	385,491
Public works	633,197	-	-	-	-	633,197
Parks and recreation	83,706	-	-	-	-	83,706
Community development	175,821	-	-	-	-	175,821
Transfers, contingencies and refunds	300,350	-	-	-	-	300,350
General capital projects	-	-	-	13,330,475	-	13,330,475
Storm water projects	-	-	-	-	3,610,836	3,610,836
Special revenue	-	-	-	-	5,902,368	5,902,368
Education - School Reserve Fund	3,348,919	-	-	-	-	3,348,919
Unassigned	48,890,972	-	-	-	(33,349)	48,857,623
Total fund balance	<u>\$ 54,521,019</u>	<u>\$ 5,064,435</u>	<u>\$ -</u>	<u>\$ 13,330,475</u>	<u>\$ 9,479,855</u>	<u>\$ 82,395,784</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 71,144,841</u>	<u>\$ 7,047,393</u>	<u>\$ 8,167,218</u>	<u>\$ 14,018,482</u>	<u>\$ 9,500,886</u>	<u>\$ 109,878,820</u>

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
At June 30, 2020

Total fund balances for governmental funds (Exhibit 3)	\$	82,395,784
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	11,704,520
Construction in progress		5,558,982
School Board construction in progress		6,163,198
Buildings and improvements, net of accumulated depreciation		52,337,114
Other improvements, net of accumulated depreciation		4,166,217
Furniture, equipment and vehicles, net of accumulated depreciation		13,224,055
School Board capital assets, net of accumulated depreciation		87,168,310
 Total net capital assets		 180,322,396

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 is:

17,880,284

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.

8,079,161

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		(1,794,619)
Deferred inflows related to OPEB		(1,700,077)

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		11,180,840
Deferred outflows related to OPEB		1,903,103

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	\$	(1,186,687)
General obligation bonds		(64,670,000)
Public facility revenue and refunding bonds		(95,520,999)
Virginia Resource Authority		(68,437)
Net pension liability		(33,652,890)
Net OPEB liabilities		(16,172,724)
Unamortized bond premium		(7,884,707)
Deferred amount on refunding		322,132
Compensated absences		(5,134,281)
		<u>(223,968,593)</u>

Total net position of governmental activities (Exhibits 1 and 2)	\$	<u><u>74,298,279</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2020

	General Fund	Federal/ State Grants Fund	CARES ACT Fund	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 204,574,224	\$ -	\$ -	\$ -	\$ -	\$ 204,574,224
Other local taxes	53,469,503	-	-	-	1,212,563	54,682,066
Permits, privilege fees and regulatory licenses	2,755,285	-	-	-	23,053	2,778,338
Fines and forfeitures	410,333	-	-	-	-	410,333
Use of money and property	1,791,992	4,968	-	371,089	174,350	2,342,399
Charges for services	3,751,776	-	-	-	750	3,752,526
Miscellaneous	335,004	1,225,759	-	1,542,972	-	3,103,735
Recovered costs	377,363	29,685	-	311,293	87,500	805,841
Intergovernmental:						
Contribution from School Board	219,868	2,350,000	-	-	-	2,569,868
Commonwealth	28,194,254	7,134,221	-	655,364	335,583	36,319,422
Federal Government	7,218,272	4,054,630	1,533,632	108,587	200,070	13,115,191
Total revenues	\$ 303,097,874	\$ 14,799,263	\$ 1,533,632	\$ 2,989,305	\$ 2,033,869	\$ 324,453,943
<b>Expenditures</b>						
Current:						
General government administration	\$ 16,528,524	\$ 45,407	\$ 128,804	\$ -	\$ -	\$ 16,702,735
Judicial administration	5,745,333	1,022,863	-	-	-	6,768,196
Public safety	47,213,732	259,565	571,037	-	-	48,044,334
Public works	5,931,091	-	228,179	-	71,126	6,230,396
Health and welfare	18,661,884	11,115,757	133,635	-	-	29,911,276
Education - local community college	24,008	-	-	140,000	-	164,008
Education - public school system	142,828,854	-	-	10,368,905	-	153,197,759
Parks, recreation and cultural	8,960,028	-	69,653	-	-	9,029,681
Community development	24,512,954	3,428,050	238,547	-	239,691	28,419,242
Contingencies	523,728	-	-	-	-	523,728
Debt service:						
Principal payments	-	-	-	-	16,031,534	16,031,534
Interest and fiscal charges	-	-	-	-	7,395,597	7,395,597
Capital projects	-	-	-	12,220,030	1,866,024	14,086,054
Total expenditures	\$ 270,930,136	\$ 15,871,642	\$ 1,369,855	\$ 22,728,935	\$ 25,603,972	\$ 336,504,540
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 32,167,738	\$ (1,072,379)	\$ 163,777	\$ (19,739,630)	\$ (23,570,103)	\$ (12,050,597)
<b>Other financing sources (uses)</b>						
Transfers in	\$ 2,599,295	\$ 3,307,534	\$ -	\$ 8,177,481	\$ 26,573,185	\$ 40,657,495
Transfers (out)	(36,023,971)	(318,147)	(163,777)	-	(4,151,600)	(40,657,495)
Total other financing sources (uses)	\$ (33,424,676)	\$ 2,989,387	\$ (163,777)	\$ 8,177,481	\$ 22,421,585	\$ -
Net change in fund balance	\$ (1,256,938)	\$ 1,917,008	\$ -	\$ (11,562,149)	\$ (1,148,518)	\$ (12,050,597)
<b>Fund balance, beginning of year</b>	55,777,957	3,147,427	-	24,892,624	10,628,373	94,446,381
<b>Fund balance, end of year</b>	\$ 54,521,019	\$ 5,064,435	\$ -	\$ 13,330,475	\$ 9,479,855	\$ 82,395,784

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, 2020

Net change in fund balances - total governmental funds (Exhibit 5) \$ (12,050,597)

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:

Construction in progress additions	\$ 3,389,364	
Other improvements additions	1,047,582	
Furniture, equipment and vehicle additions	3,423,633	\$ 7,860,579

Depreciation expense	(10,021,017)	(2,160,438)
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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. (11,836)

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 deletions	\$ (15,679,990)	
School buildings and improvements additions	15,679,990	
School buildings and improvements deletions	(9,622,444)	
Transfer of depreciation	5,702,520	(3,919,924)

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. 1,700,296

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	711,370
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	(588,817)

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	\$ 7,260,000	
Public facility revenue bonds	8,726,000	
Virginia Resource Authority	45,534	16,031,534

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	\$ (729,052)	
Amortization of deferred amount on refunding	(27,464)	
Amortization of bond premium	1,375,666	
Net pension liability	(6,893,603)	
Net OPEB liabilities	(1,433,918)	
Increase (decrease) in deferred outflows related to the measurement of the net pension liability	4,961,106	
Increase (decrease) in deferred outflows related to the measurement of the net OPEB liabilities	915,635	
Accrued interest payable	150,559	
Net adjustment		(1,681,071)

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. 91,161

Change in net position of governmental activities (Exhibit 2)	\$ (1,878,322)
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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, 2020

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	<b>Governmental Activities Internal Service Funds</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 22,318,239
Receivables, (net of allowance for doubtful accounts)	<u>-</u>
Total assets	\$ <u><u>22,318,239</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 565,978
Reconciled overdraft	14,223
Claims payable:	
Due within one year	<u>3,857,754</u>
Total liabilities	\$ <u><u>4,437,955</u></u>
<b>Net Position</b>	
Unrestricted	\$ <u>17,880,284</u>
Total liabilities and net position	\$ <u><u>22,318,239</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2020

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>Operating revenues</b>	
Charges for services, net	\$ 35,118,222
<b>Operating expenses</b>	
Benefits and related expenses	\$ 33,571,264
Services and supplies	1,804,569
Total operating expenses	\$ 35,375,833
<b>Operating income (loss)</b>	\$ (257,611)
<b>Nonoperating revenues (expenses)</b>	
Interest income	\$ 348,772
<b>Change in net position</b>	\$ 91,161
<b>Net position, beginning of year</b>	17,789,123
<b>Net position, end of year</b>	\$ 17,880,284

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

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2020

		Governmental Activities
		Internal Service Funds
<b>Cash flows from operating activities</b>		
Receipts from insured	\$	33,271,731
Receipts from services		1,855,528
Payments to suppliers		(33,937,083)
Net cash provided by (used for) operating activities	\$	1,190,176
<b>Cash flows from investing activities</b>		
Interest income	\$	348,772
<b>Net increase (decrease) in cash and cash equivalents</b>	\$	1,538,948
<b>Cash and cash equivalents, beginning of year</b>		20,779,291
<b>Cash and cash equivalents, end of year</b>	\$	22,318,239
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>		
Operating income (loss)	\$	(257,611)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Changes in assets and liabilities:		
Receivables, net		350
Accounts payable and accrued liabilities		454,299
Reconciled overdraft		8,687
Claims payable		984,451
Net cash provided by (used for) operating activities	\$	1,190,176

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 At June 30, 2019

	Private Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 7,789,102	\$ 10,914,878
Investments with trustee	389,450	-
Accounts receivable	287,602	719,572
	<u>          </u>	<u>          </u>
Total assets	\$ 8,466,154	\$ 11,634,450
	<u>          </u>	<u>          </u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 1,562,473
Amounts held for others	-	10,071,977
	<u>          </u>	<u>          </u>
Total liabilities	\$ -	\$ 11,634,450
	<u>          </u>	<u>          </u>
<b>Net Position</b>	\$ 8,466,154	\$ -
	<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, 2020

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		<b>Private Purpose Trust Funds</b>
		<hr/>
<b>Additions</b>		
Investment earnings (losses)	\$	248,488
Proffers		<hr/> 2,251,574
Total additions	\$	<hr/> 2,500,062
<b>Deductions</b>		
General	\$	56,031
Contributions		<hr/> 1,430,203
Total deductions	\$	<hr/> 1,486,234
Change in net position	\$	1,013,828
<b>Net position, beginning of year</b>	\$	<hr/> 7,452,326
<b>Net position, end of year</b>	\$	<hr/> <hr/> 8,466,154

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020

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

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#### **Narrative Profile**

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

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

The financial statements of the County of Albemarle, Virginia have been prepared in conformity with 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:** The financial statements are 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

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

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

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 \$4,705,746 in operating funds in fiscal year 2020. 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, 2020 (Continued)

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

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

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

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

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

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

###### Region Ten Community Services Board

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

###### Blue Ridge Juvenile Detention Commission

The Commission was created to construct and operate a juvenile detention center for the Counties of Albemarle, Fluvanna and Greene, and the City of Charlottesville. Commission members are appointed by each participant locality. No locality appoints a majority of the Board Members. The participating localities contribute operating and capital grants to the Commission for its operations and debt service. In 2020 the County contributed \$333,717 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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. In the current reporting model, the focus is on 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

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 2019.

##### 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

**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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

##### 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

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

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.

##### 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

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

b. Agency Funds: (Continued)

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.

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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

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

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

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.

Albemarle 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### **C. Basis of Accounting**

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

The government-wide statements of net position and statements of activities, all proprietary funds, and private purpose trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net position or on the statement of fiduciary net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in 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, 2020 (Continued)

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

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

##### Encumbrances:

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to commit an applicable portion of an appropriation, is used as an extension of formal budgetary control in the primary government and component unit School Board. Encumbrances outstanding at year-end are reported as committed fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances are subject to reappropriation by the Board of Supervisors in the succeeding fiscal year. At June 30, 2020 amounts reappropriated by the Board totaled **\$2,994,658**.

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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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

##### Encumbrances: (Continued)

8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2020, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. There were 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**

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the county's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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

#### **F. Investments**

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

#### **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 \$573,463 at June 30, 2020 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.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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I. Inventories

Inventories are reported at average cost using the consumption method.

J. Capital Assets

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

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

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 \$5,134,281.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### K. Compensated Absences: (Continued)

##### Component Unit School Board

Certain School Board employees accrue vacation and sick leave.

The School Board has outstanding accrued vacation and sick pay totaling \$5,207,232.

#### 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

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

#### 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 applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### 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 following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments 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, 2020.

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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### **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.

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 2<sup>nd</sup> 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 2<sup>nd</sup> 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)**

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS and GLI Plans and the additions to/deductions from the VRS OPEB Plans' 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### T. Upcoming Pronouncements

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

### NOTE 2—DEPOSITS AND INVESTMENTS:

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#### Deposits

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

#### Investments

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

#### Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. The County’s rated debt investments as of June 30, 2020 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	\$ -	\$ 297,005	
Virginia State Non-Arbitrage Program	18,895,012	-	
Local Government Investment Pool	14,558,119	-	
Total	\$ 33,453,131	\$ 297,005	

#### 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.

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (Continued)

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

The County has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value Measurement Using	
	6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Fund	\$ 297,005	\$ 297,005
Total	\$ 297,005	\$ 297,005

**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, 2020, 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.

**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)		
Investment Type	Fair Value	Less Than 1 Year
Mutual Funds	\$ 297,005	\$ 297,005
Virginia State Non-Arbitrage Program	18,895,012	18,895,012
Local Government Investment Pool	14,558,119	14,558,119
Total	\$ 33,750,136	\$ 33,750,136

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### Restricted Investments

Restricted investments at June 30, 2020 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	\$ 12,100,955	\$ 3,176,376
Storm Water Control Fund:		
General projects unexpended bond proceeds	<u>2,282,288</u>	<u>-</u>
Total	<u>\$ 14,383,243</u>	<u>\$ 3,176,376</u>

### NOTE 3—PROPERTY TAXES:

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

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

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 2020 were levied by the County Board of Supervisors on May 14, 2020, on the assessed value listed as of January 1, 2020.

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 May 2020, but due in December 2020, 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, 2020 (Continued)

## NOTE 4—RECEIVABLES:

Receivables at June 30, 2020 consist of the following:

	Primary Government Governmental Activities					Component Unit
	Federal/ State Grants Fund		General Capital Improvements	Other Governmental Funds	Total	School Board
	General					
Property taxes	\$ 24,547,572	\$ -	\$ -	\$ -	\$ 24,547,572	\$ -
Other	3,425,686	40,456	198,969	61,867	3,726,978	1,381,214
Total	\$ 27,973,258	\$ 40,456	\$ 198,969	\$ 61,867	\$ 28,274,550	\$ 1,381,214
Allowance for uncollectibles	(573,463)	-	-	-	(573,463)	-
Net receivables	\$ 27,399,795	\$ 40,456	\$ 198,969	\$ 61,867	\$ 27,701,087	\$ 1,381,214

## NOTE 5—DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2020 consist of the following:

	Governmental Funds			Component Unit
	Federal/ State Grants Fund		Total	School Board
	General			
Commonwealth of Virginia:				
Local sales taxes	\$ 2,991,258	\$ -	\$ 2,991,258	\$ -
State sales taxes	-	-	-	2,244,208
PPTRA	6,783,357	-	6,783,357	-
Communications tax	312,912	-	312,912	-
Comprehensive Services Act	-	1,627,561	1,627,561	-
Shared expenses	200,377	-	200,377	-
Public assistance grants	200,502	-	200,502	-
Other state funds	4,072	381	4,453	295,853
Federal government:				
School funds	-	-	-	4,097,675
Public assistance grants	523,389	-	523,389	-
Other federal funds	-	10,046	10,046	-
Total	\$ 11,015,867	\$ 1,637,988	\$ 12,653,855	\$ 6,637,736

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 6—INTERFUND BALANCES AND ACTIVITY:

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#### Primary Government

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

There are no balances due to or from other funds at June 30, 2020.

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

###### General Fund

Federal/State Grants Fund for other costs	\$ 318,147
CARES Act expended	105,112
Water resources for costs expended	963,473
Tourism Fund for tourism program costs expended	1,212,563
Total General Fund	<u>\$ 2,599,295</u>

###### Federal/State Grants Fund

General and other funds for local match funds for various grant programs	<u>\$ 3,307,534</u>
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###### General Debt Service

General and other funds for debt service expenditures	<u>\$ 9,170,213</u>
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###### School Debt Service

General Fund for debt service expenditures	<u>\$ 13,807,688</u>
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###### General Capital Improvements:

General Fund for capital projects	\$ 8,147,308
Courthouse Maintenance Fund for building renovations and other costs	30,173
Total General Capital Improvements Fund	<u>\$ 8,177,481</u>

###### Stormwater Control Fund

Water Resources Fund for stormwater capital improvement expenditures	\$ 1,748,155
General Fund for stormwater capital improvement expenditures	219,924
Total Stormwater Control Fund	<u>\$ 1,968,079</u>

###### Economic Development Fund

General Fund for economic development expenditures	<u>\$ 250,000</u>
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###### Water Resources Fund

General Fund for water resources projects	<u>\$ 1,377,205</u>
Total transfers	<u><u>\$ 40,657,495</u></u>

#### 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	<u>\$ 112,500</u>

###### School Food Services Fund:

School operating fund for education expenditures	<u>\$ 36,782</u>
Total transfers	<u><u>\$ 149,282</u></u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 7—CAPITAL ASSETS:**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2020:

**Governmental Activities:**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 11,704,520	\$ -	\$ -	\$ 11,704,520
Construction in progress	2,169,618	3,389,364	-	5,558,982
School construction in progress *	21,843,188	-	15,679,990	6,163,198
Total capital assets not being depreciated	\$ 35,717,326	\$ 3,389,364	\$ 15,679,990	\$ 23,426,700
Capital assets being depreciated:				
Buildings and improvements	\$ 90,061,377	\$ -	\$ -	\$ 90,061,377
Other improvements	12,297,561	1,047,582	-	13,345,143
School buildings and improvements *	87,206,952	15,679,990	9,622,444	93,264,498
Furniture, equipment and vehicles	60,439,394	3,423,633	318,305	63,544,722
Total capital assets being depreciated	\$ 250,005,284	\$ 20,151,205	\$ 9,940,749	\$ 260,215,740
Accumulated depreciation:				
Buildings and improvements	\$ 35,265,680	\$ 2,458,583	\$ -	\$ 37,724,263
Other improvements	8,765,702	413,224	-	9,178,926
School buildings and improvements *	8,692,420	3,106,288	5,702,520	6,096,188
Furniture, equipment and vehicles	46,584,214	4,042,922	306,469	50,320,667
Total accumulated depreciation	\$ 99,308,016	\$ 10,021,017	\$ 6,008,989	\$ 103,320,044
Total capital assets being depreciated, net	\$ 150,697,268	\$ 10,130,188	\$ 3,931,760	\$ 156,895,696
Governmental activities capital assets, net	\$ 186,414,594	\$ 13,519,552	\$ 19,611,750	\$ 180,322,396
Depreciation expense was allocated as follows:				
General government administration		\$ 2,318,050		
Judicial administration		341,578		
Public safety		3,294,939		
Public works		21,622		
Health and welfare		6,530		
Education		3,197,887		
Parks, recreation and cultural		754,621		
Community development		85,790		
Total depreciation expense		\$ 10,021,017		

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

## NOTE 7—CAPITAL ASSETS: (CONTINUED)

### Component Unit School Board:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 6,174,142	\$ -	\$ -	\$ 6,174,142
Construction in progress	28,928,138	6,916,638	20,765,875	15,078,901
School construction in progress allocated to County *	(21,843,188)	-	(15,679,990)	(6,163,198)
Total capital assets not being depreciated	\$ 13,259,092	\$ 6,916,638	\$ 5,085,885	\$ 15,089,845
Capital assets being depreciated:				
Buildings and improvements	\$ 287,031,995	\$ 19,131,828	\$ -	\$ 306,163,823
Other improvements	20,272,618	3,619,033	-	23,891,651
School buildings and improvements*	(87,206,952)	(15,679,990)	(9,622,444)	(93,264,498)
Furniture, equipment and vehicles	46,683,801	1,124,397	94,380	47,713,818
Total capital assets being depreciated	\$ 266,781,462	\$ 8,195,268	\$ (9,528,064)	\$ 284,504,794
Accumulated depreciation:				
Buildings and improvements	\$ 171,216,949	\$ 10,224,003	\$ -	\$ 181,440,952
Other improvements	9,744,286	1,234,060	-	10,978,346
School buildings and improvements *	(8,692,420)	(3,106,288)	(5,702,520)	(6,096,188)
Furniture, equipment and vehicles	40,636,463	1,731,732	94,380	42,273,815
Total accumulated depreciation	\$ 212,905,278	\$ 10,083,507	\$ (5,608,140)	\$ 228,596,925
Total capital assets being depreciated, net	\$ 53,876,184	\$ (1,888,239)	\$ (3,919,924)	\$ 55,907,869
School board capital assets, net	\$ 67,135,276	\$ 5,028,399	\$ 1,165,961	\$ 70,997,714
Depreciation expense allocated to education		\$ 10,083,507		

\* 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	\$ 180,322,396
Long-term debt applicable to capital assets at June 30, 2020:	
General obligation school bonds	\$ 64,670,000
School - Public facility revenue bonds	30,293,072
County - Public facility revenue bonds	57,586,927
Premium on bonds payable	7,884,707
Deferred amount for issuance premiums	(322,132) \$ 160,112,574
Less-debt proceeds received but not expended on capital assets at June 30, 2019	(17,559,619)
Net long-term debt	\$ 142,552,955
Net investment in capital assets	\$ 37,769,441

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (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, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020	Amounts Due Within One Year
General obligation school bonds:					
Direct Borrowings and Direct Placements	\$ 71,930,000	\$ -	\$ 7,260,000	\$ 64,670,000	\$ 7,155,000
School - Public facility revenue bonds:					
Public Offerings	32,234,516	-	1,941,444	30,293,072	2,036,050
Direct Borrowings and Direct Placements	8,062,000	-	421,000	7,641,000	431,000
County - Public facility revenue bonds:					
Public Offerings	63,950,483	-	6,363,556	57,586,927	6,283,950
Virginia Resource Authority:					
Direct Borrowings and Direct Placements	113,971	-	45,534	68,437	46,878
Premium on bonds payable	9,260,373	-	1,375,666	7,884,707	1,235,385
Claims payable	2,873,303	3,857,754	2,873,303	3,857,754	3,857,754
Net pension liability	26,759,287	24,109,324	17,215,721	33,652,890	-
Net OPEB liability:					
Net Health Insurance OPEB liability	\$ 11,611,987	\$ 2,802,590	\$ 1,748,749	\$ 12,665,828	\$ -
Net Group Life Insurance OPEB liability	3,126,819	1,026,493	646,416	3,506,896	-
Total net OPEB liability	\$ 14,738,806	\$ 3,829,083	\$ 2,395,165	\$ 16,172,724	\$ -
Compensated absences	4,405,229	1,169,575	440,523	5,134,281	513,428
Total primary government	\$ 234,327,968	\$ 32,965,736	\$ 40,331,912	\$ 226,961,792	\$ 21,559,445
Reconciliation to Exhibit 1:					
Long-term liabilities due within one year:				\$ 21,559,445	
Long-term liabilities due in more than one year:				205,402,347	
Total long-term obligations				\$ 226,961,792	

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (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,	Direct Borrowings and Direct Placements		Revenue & Refunding Bonds						Direct Borrowings and Direct Placements	
	General Obligation School Bonds		School Public Facility			County Public Facility			Virginia Resource Authority	
			Public Offerings		Direct Borrowings and Direct Placements		Public Offerings			
			Principal	Interest	Principal	Interest	Principal	Interest		
2021	\$ 7,155,000	\$ 2,738,721	\$ 2,036,050	\$ 1,247,976	\$ 431,000	\$ 179,564	\$ 6,283,950	\$ 2,467,893	\$ 46,878	\$ 1,664
2022	7,085,000	2,413,434	2,138,781	1,146,174	441,000	169,435	6,581,220	2,153,695	21,559	316
2023	6,045,000	2,104,623	2,239,330	1,039,234	451,000	159,072	5,875,670	1,824,635	-	-
2024	5,680,000	1,829,431	2,270,373	927,269	462,000	148,473	4,264,627	1,530,852	-	-
2025	5,415,000	1,567,903	2,306,433	822,867	473,000	137,616	4,363,564	1,340,208	-	-
2026	5,035,000	1,321,021	2,410,715	716,338	484,000	126,500	4,564,287	1,143,894	-	-
2027	4,740,000	1,090,609	2,008,963	604,173	495,000	115,127	3,001,038	936,763	-	-
2028	3,985,000	883,854	1,703,725	524,473	507,000	103,494	3,036,274	827,334	-	-
2029	3,500,000	708,769	1,772,513	456,529	519,000	91,580	3,157,487	706,727	-	-
2030	2,180,000	579,316	1,834,021	395,169	531,000	79,383	2,935,978	591,188	-	-
2031	2,230,000	472,626	1,897,806	331,009	543,000	66,905	3,042,194	484,084	-	-
2032	1,790,000	371,181	1,961,592	392,945	556,000	54,144	3,153,407	372,286	-	-
2033	1,845,000	317,481	1,663,579	194,593	569,000	41,078	2,801,422	256,339	-	-
2034	1,900,000	262,131	1,111,525	136,072	583,000	27,706	1,253,476	152,128	-	-
2035	1,965,000	200,381	1,149,027	99,947	596,000	14,006	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	-	-
	\$ 64,670,000	\$ 17,068,706	\$ 30,293,072	\$ 9,117,796	\$ 7,641,000	\$ 1,514,083	\$ 57,586,927	\$ 14,990,238	\$ 68,437	\$ 1,980

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

### Primary Government: (Continued)

Details of general long-term obligations outstanding at June 30, 2020 are as follows:

	<u>Amount Outstanding</u>
County Public Facilities Revenue Bonds:	
Public Offerings:	
\$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%	\$ 17,010,000
\$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%	18,944,574
\$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%	9,078,971
\$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%	12,553,382
Total County public facilities revenue bonds	\$ <u>57,586,927</u>
School Public Facilities Revenue Bonds:	
Public Offerings:	
\$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%	\$ 6,290,000
\$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%	3,511,618
\$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%	10,321,028
\$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%	10,170,426
Direct Borrowings and Direct Placements:	
\$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%	7,641,000
Total School public facilities revenue bonds	\$ <u>37,934,072</u>

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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### Primary Government: (Continued)

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

	<u>Amount Outstanding</u>
General Obligation School Bonds: Direct Borrowings and Direct Placements:	
\$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%	\$ 27,525,000
\$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	1,400,000
\$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%	130,000
\$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%	2,030,000
\$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%	1,245,000
\$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%	1,340,000
\$8,950,000, 2004B Series, issued November 10, 2004, maturing in various annual installments through July 15, 2024, interest payable semi-annually at rates from 4.10% to 5.60%	2,225,000

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (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)	
Direct Borrowings and Direct Placements: (Continued)	
\$7,380,000, 2005A Series, issued November 10, 2005, maturing in various annual installments through July 15, 2025, interest payable semi-annually at rates from 4.10% to 5.60%	\$ 2,200,000
\$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%	5,250,000
\$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%	4,520,000
\$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%	12,600,000
\$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%	4,205,000
Total general obligation school bonds	\$ <u>64,670,000</u>
Virginia Resource Authority:	
Direct Borrowings and Direct Placements:	
\$400,000 Virginia Resource Authority loan issued June 23, 2011, due in various semi-annual installments through December 1, 2021, interest at 2.73%	\$ 68,437
Compensated absences	\$ 5,134,281
Claims payable	\$ 3,857,754
Net pension liability	\$ 33,652,890
Net Health Insurance OPEB Obligation	\$ 12,665,828
Net Group Life Insurance OPEB Obligation	\$ 3,506,896
Unamortized bond premiums	\$ 7,884,707
Total long-term obligations	\$ <u>226,961,792</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, 2020 (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, 2020.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Amounts Due Within One Year
Compensated absences	\$ 3,641,895	\$ 1,929,527	\$ 364,190	\$ 5,207,232	\$ 520,723
School Energy Improvement Lease	7,581,718	-	562,689	7,019,029	581,871
Net pension liability - professional	133,078,000	51,301,710	31,886,889	152,492,821	-
Net OPEB Liability:					
Net HIC OPEB obligation	\$ 14,395,000	\$ 2,238,206	\$ 1,458,937	\$ 15,174,269	\$ -
Net Group Life Insurance OPEB liability	7,892,000	2,356,221	1,565,129	8,683,092	-
Net Health Insurance OPEB liability	27,380,505	3,133,929	4,582,079	25,932,355	-
Total net OPEB Liability	\$ 49,667,505	\$ 7,728,356	\$ 7,606,145	\$ 49,789,716	-
Total	\$ 193,969,118	\$ 60,959,593	\$ 40,419,913	\$ 214,508,798	\$ 1,102,594

Reconciliation to Exhibit 1:

Long-term liabilities due within one year	\$ 1,102,594
Long-term liabilities due in more than one year	213,406,204
Total long-term debt	\$ 214,508,798

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	
	Principal	Interest
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
	\$ 7,019,029	\$ 1,292,130

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (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%	\$ 7,019,029
Compensated absences	\$ 5,207,232
Net pension liability - professional	\$ 152,492,821
Net OPEB liabilities	\$ 49,789,716
Total long-term obligations	<u>\$ 214,508,798</u>

**NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:**

The following is a summary of unearned revenue for the year ended June 30, 2020.

Deferred revenue /unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</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	\$ -	\$ 8,079,161
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	3,540,213	3,540,213
Total deferred/unavailable revenue	<u>\$ 3,540,213</u>	<u>\$ 11,619,374</u>

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 10—COMMITMENTS AND CONTINGENCIES:

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

- A. Federal programs in which the County and School Board participate were audited in accordance with the provisions of 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, 2020 (Continued)

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

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The County contributes to the County of Albemarle Pension Plan for Permanent Part-time Employees, a defined contribution plan for its permanent part-time employees. Under the terms of the plan administered by 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 2020 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:

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

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

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, 2020 (Continued)

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### NOTE 13—PENSION PLAN:

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#### *Plan Description*

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a 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. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through County of Albemarle and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay 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.

#### *Benefit Structures*

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, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 13—PENSION PLAN: (CONTINUED)

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#### Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. 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.

#### Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

#### *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.

The County's contractually-required contribution rate for the year ended June 30, 2020 was 12.21% of covered employee compensation. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2017.

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 \$5,333,508 and \$4,996,779 for the years ended June 30, 2020 and June 30, 2019, respectively.

#### *Net Pension Liability*

At June 30, 2020, the County reported a liability of \$33,652,890 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 13—PENSION PLAN: (CONTINUED)

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#### *Net Pension Liability: (Continued)*

June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. 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, 2019 and 2018, was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2019, and June 30, 2018, the County's proportion was 95.04% and 94.69%, 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, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

#### Mortality rates:

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, 2020 (Continued)

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### NOTE 13—PENSION PLAN: (CONTINUED)

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#### *Actuarial Assumptions - General Employees: (Continued)*

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

The actuarial assumptions used in the June 30, 2018, 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:

#### 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

#### *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, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 13—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) -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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strateg	6.00%	3.52%	0.21%
PIP - Private Investment Partner	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

\* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (Continued)

**NOTE 13—PENSION PLAN: (CONTINUED)*****Discount Rate: (Continued)***

was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 60,000,832	\$ 33,652,890	\$ 12,670,240

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

For the year ended June 30, 2020, the County recognized pension expense of \$6,524,087. At June 30, 2020, 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	\$ 1,537,082	\$ 315,395
Difference in proportionate share	105,034	-
Change in assumptions	4,205,216	152,288
Net difference between projected and actual earnings on pension plan investments	-	1,326,936
Employer contributions subsequent to the measurement date	5,333,508	-
Total	<u>\$ 11,180,840</u>	<u>\$ 1,794,619</u>

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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**NOTE 13—PENSION PLAN: (CONTINUED)**

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

\$5,333,508 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, 2021. 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>
2021	\$ 1,891,647
2022	934,952
2023	1,137,793
2024	88,321
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, 2018 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	199
Inactive members:	
Vested inactive members	51
Non-vested inactive members	146
Inactive members active elsewhere in VRS	126
Total inactive members	323
Active members	218
Total covered employees	740

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (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, 2020, was 3.83% of covered employee compensation. This rate was based on an actuarially-determined rate from an actuarial valuation as of June 30, 2017.

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 \$309,723 and \$244,830 for the years ended June 30, 2020, and June 30, 2019, respectively.

***Net Pension Liability***

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

***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, 2018	\$ 28,969,207	\$ 30,048,765	\$ (1,079,558)
Changes for the year:			
Service cost	\$ 591,992	\$ -	\$ 591,992
Interest	1,973,519	-	1,973,519
Changes of assumptions	822,887	-	822,887
Differences between expected and actual experience	(53,379)	-	(53,379)
Contributions - employer	-	243,047	(243,047)
Contributions - employee	-	338,569	(338,569)
Net investment income	-	1,970,730	(1,970,730)
Benefit payments, including refunds of employee contributions	(1,552,154)	(1,552,154)	-
Administrative expenses	-	(20,044)	20,044
Other changes	-	(1,239)	1,239
Net changes	\$ 1,782,865	\$ 978,909	\$ 803,956
Balances at June 30, 2019	\$ 30,752,072	\$ 31,027,674	\$ (275,602)

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 3,401,476	\$ (275,602)	\$ (3,216,611)

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

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized pension expense of \$466,941. At June 30, 2020, 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)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 70,694
Changes of assumptions	443,676	-
Net difference between projected and actual earnings on pension plan investments	-	262,894
Employer contributions subsequent to the measurement date	309,723	-
Total	\$ 753,399	\$ 333,588

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 13—PENSION PLAN: (CONTINUED)

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#### Component Unit School Board (nonprofessional): (Continued)

\$309,723 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, 2021. 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>
2021	\$ 312,572
2022	(216,771)
2023	(5,307)
2024	19,594
Thereafter	-

#### Component Unit School Board (nonprofessional):

##### *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 options provided to political subdivisions 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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$15,466,883 and \$15,441,877 for the years ended June 30, 2020, and June 30, 2019, respectively.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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NOTE 13—PENSION PLAN: (CONTINUED)

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**Component Unit School Board (nonprofessional): (Continued)**

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

At June 30, 2020, the school division reported a liability of \$152,492,821 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, 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, 2018, relative to the total of the actuarially-determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 1.15871% as compared to 1.13161% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$17,467,609. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019, 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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 9,764,759
Net difference between projected and actual earnings on pension plan investments	-	3,348,381
Changes of assumptions	15,100,364	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,184,737	176,344
Employer contributions subsequent to the measurement date	<u>15,466,883</u>	<u>-</u>
Total	<u>\$ 34,751,984</u>	<u>\$ 13,289,484</u>

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 13—PENSION PLAN: (CONTINUED)

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#### Component Unit School Board (nonprofessional): (Continued)

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

\$15,466,883 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, 2021. 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>	
2021	\$ 1,130,839
2022	(2,021,819)
2023	2,113,875
2024	3,274,204
2025	1,498,518
Thereafter	-

#### *Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% 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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

### NOTE 13—PENSION PLAN: (CONTINUED)

#### Component Unit School Board (professional): (Continued)

##### *Actuarial Assumptions: (Continued)*

Mortality rates: (Continued)

##### 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

#### ***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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	36,522,769
Employers' Net Pension Liability (Asset)	<u>\$ 13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 229,567,943	\$ 152,492,821	\$ 88,765,970

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annualreport.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Primary Government and Component Unit School Board****Aggregate Pension Information**

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government	\$ 11,180,840	\$ 1,794,619	\$ 33,652,890	\$ 6,524,087
Component Unit School Board				
School Board Nonprofessional	\$ 753,399	\$ 333,588	\$ (275,602)	\$ 466,941
School Board Professional	34,751,984	13,289,484	152,492,821	17,467,609
Totals	\$ 35,505,383	\$ 13,623,072	\$ 152,217,219	\$ 17,934,550

**NOTE 14—LEGAL COMPLIANCE:****A. Expenditures in Excess of Appropriations**

Expenditures did not exceed appropriations in any fund at June 30, 2020.

**B. Fund Deficits**

There are no funds with deficit balances at June 30, 2020.

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

## NOTE 15—SELF INSURANCE/RISK MANAGEMENT:

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

### Employee Health Insurance:

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

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

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

<b>Fiscal Year</b>	<b>Claims Liability Beginning of Year</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims and Other Payments</b>	<b>Claims Liability End of Year</b>
2020	\$ 2,734,993	\$ 32,458,818	\$ 31,459,259	\$ 3,734,552
2019	2,389,711	31,922,586	31,577,304	2,734,993
2018	2,699,600	27,999,801	28,309,690	2,389,711

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

<b>Fiscal Year</b>	<b>Operating Revenue</b>	<b>Nonoperating Revenue</b>	<b>Claims and Related Expenses</b>
2020	\$ 31,459,259	\$ 297,421	\$ 32,204,289
2019	31,577,304	416,668	30,654,062
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

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

#### Employee Dental Insurance:

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

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

<u>Fiscal Year</u>	<u>Claims Liability Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims and Other Payments</u>	<u>Claims Liability End of Year</u>
2020	\$ 138,310	\$ 1,812,472	\$ 1,827,580	\$ 123,202
2019	187,211	1,692,953	1,741,854	138,310
2018	187,292	1,713,689	1,713,770	187,211

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

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Nonoperating Revenue</u>	<u>Claims and Related Expenses</u>
2020	\$ 1,812,472	\$ 22,875	\$ 1,366,975
2019	1,741,854	25,482	1,496,085
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

#### 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, 2020 (Continued)

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

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#### 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:

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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
Nelsie L. Birch, Chief Financial Officer	750,000
Chan Bryant, 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, 2020 (Continued)

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### NOTE 17—ACCRUED LANDFILL COSTS:

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In 1991, the County transferred its share of the joint City-County landfill operations and the related assets and liabilities (including post-closure care and corrective account costs) to the Rivanna Solid Waste Authority. During the fiscal year ended June 30, 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 \$3,501,358. During the fiscal year ended June 30, 2020, the County paid \$1,134,011 to the Rivanna Solid Waste Authority under the terms and contributions of the Cost Sharing Agreement.

### NOTE 18—CONSTRUCTION AND OTHER COMMITMENTS:

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At June 30, 2020, the County has several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended To date	Balance
Scottsville Elementary Addition and Renovation	\$ 8,109,246	\$ 781,735	\$ 7,327,511
Albemarle HS HVAC & Wastewater Pump Upgrade	1,636,450	643,505	992,945
Food Services Upgrade	577,300	60,667	516,633
Walton Middle Roof Replacement	970,000	461,439	508,561
Other construction projects	7,487,679	6,406,155	1,081,524
Total	<u>\$ 18,780,675</u>	<u>\$ 8,353,501</u>	<u>\$ 10,427,174</u>

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### *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, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	3,538
Total retirees with VERIP		181
Total retirees with County Medical coverage		<u>112</u>
Total	\$	<u><u>3,831</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, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

#### *Actuarial Assumptions*

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
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	3.13%

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 3.13% 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*

	Primary Government Total OPEB Liability	School Board Total OPEB Liability
Balances at June 30, 2018	\$ 11,611,987	\$ 27,380,505
Changes for the year:		
Service cost	1,050,794	2,151,422
Interest	450,742	922,862
Difference between expected and actual experience	(738,496)	(1,512,016)
Changes in assumptions	(299,632)	(613,474)
Benefit payments	(646,167)	(1,322,980)
Changes in proportionate share	1,225,044	(1,133,608)
Amortization and other adjustments	11,556	59,644
Net changes	\$ 1,053,841	\$ (1,448,150)
Balances at June 30, 2019	\$ 12,665,828	\$ 25,932,355

**COUNTY OF ALBEMARLE, VIRGINIA**

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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***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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	Rate		
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Primary Government	\$ 13,505,445	\$ 12,665,828	\$ 11,870,828
School Board	\$ 27,651,411	\$ 25,932,355	\$ 24,304,652

***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 (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.00%)	Healthcare Cost Trend (4.00%)	1% Increase (5.00%)
Primary Government	\$ 11,427,785	\$ 12,665,828	\$ 14,108,451
School Board	\$ 23,397,555	\$ 25,932,355	\$ 28,886,022

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (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*

For the year ended June 30, 2020, the County and School Board recognized OPEB expense in the amount of \$1,395,029 and \$2,335,963 respectively. At June 30, 2020, 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
Differences between expected and actual experience	\$ -	\$ 823,729	\$ -	\$ 1,686,524
Changes in assumptions	-	646,447	-	1,323,554
Net difference between projected and actual				
Changes in proportion	1,050,038	-	-	971,664
Total	<u>\$ 1,050,038</u>	<u>\$ 1,470,176</u>	<u>\$ -</u>	<u>\$ 3,981,742</u>

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

Year Ended June 30	Primary Government	School Board
2021	\$ (106,507)	\$ (738,321)
2022	(106,507)	(738,321)
2023	(106,507)	(738,321)
2024	(106,505)	(738,323)
2025	(20,814)	(562,868)
Thereafter	26,702	(465,588)

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.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### *Plan Description*

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

#### *Eligible Employees*

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

#### *Benefit Amounts*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### *Contributions*

The contribution requirements for the GLI Plan 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 GLI Plan 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, 2020, 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 GLI Plan from the entity were \$235,652 and \$219,680 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$52,088 and \$38,412 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional); and \$530,443 and \$505,528 for the years ended June 30, 2020 and June 30, 2019, 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 GLI Plan OPEB*

At June 30, 2020, the entity reported a liability of \$3,689,989, \$613,154, and \$8,069,938 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, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.22676%, 0.03768%, and 0.49592% as compared to 0.21740%, 0.03739%, and 0.48223% at June 30, 2018, for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$117,437, \$19,029, and \$234,276 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, 2020 (Continued)

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

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)*

At June 30, 2020, 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>
<b>Primary Government</b>		
Differences between expected and actual experience	\$ 233,229	\$ 45,488
Net difference between projected and actual earnings on GLI OPEB program investments	-	72,034
Change in assumptions	221,405	105,748
Changes in proportion	162,779	6,631
Employer contributions subsequent to the measurement date	235,652	-
<b>Total Primary Government</b>	<u>\$ 853,065</u>	<u>\$ 229,901</u>
<b>Component Unit School Board (nonprofessional)</b>		
Differences between expected and actual experience	\$ 40,778	\$ 7,953
Net difference between projected and actual earnings on GLI OPEB program investments	-	12,595
Change in assumptions	38,711	18,489
Changes in proportion	19,763	-
Employer contributions subsequent to the measurement date	52,088	-
<b>Total Component Unit School Board (nonprofessional)</b>	<u>\$ 151,340</u>	<u>\$ 39,037</u>
<b>Component Unit School Board (professional)</b>		
Differences between expected and actual experience	\$ 536,699	\$ 104,674
Net difference between projected and actual earnings on GLI OPEB program investments	-	165,763
Change in assumptions	509,489	243,344
Changes in proportion	230,476	-
Employer contributions subsequent to the measurement date	530,443	-
<b>Total Component Unit School Board (professional)</b>	<u>\$ 1,807,107</u>	<u>\$ 513,781</u>

# COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

### *GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)*

\$235,652, \$52,088 and \$530,443 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, 2021. 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)
2021	\$ 45,220	\$ 7,029	\$ 76,340
2022	45,223	7,029	76,347
2023	77,325	12,363	146,553
2024	107,733	15,997	204,818
2025	103,378	14,047	201,302
Thereafter	28,865	3,750	57,523

### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - General State Employees**

##### **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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### *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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

##### **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, 2020 (Continued)

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

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

The actuarial assumptions used in the June 30, 2018, 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 60.00% to 45.00.%
Discount Rate	Decreased rate from 7.00% to 6.75%

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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, 2020 (Continued)

**NOTE 20—GROUP LIFE INSURANCE (GLI) PLAN (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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

\*The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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 ended 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 which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue 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, 2020 (Continued)

NOTE 20—GROUP LIFE INSURANCE (GLI) PLAN (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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 4,607,090	\$ 3,506,896	\$ 2,614,668
School Board's (nonprofessional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 853,400	\$ 613,154	\$ 484,331
School Board's (professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 10,601,665	\$ 8,069,938	\$ 6,016,778

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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, 2020 (Continued)

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

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#### *Plan Description*

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan 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. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. 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 HIC 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 HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

#### *Eligible Employees*

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

#### *Benefit Amounts*

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. 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: \$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.

#### *HIC Plan Notes*

The monthly HIC 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 HIC as a retiree.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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***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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 HIC Plan were \$1,224,100 and \$1,166,705 for the years ended June 30, 2020, and June 30, 2019, respectively.

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2020, the school division reported a liability of \$15,174,269 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was 1.1591% as compared to 1.1338% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$1,307,595. Since there was a change in proportionate share between June 30, 2018, and June 30, 2019, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

*Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)*

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 85,949
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	958	-
Change in assumptions	353,175	105,440
Change in proportion	369,478	-
Employer contributions subsequent to the measurement date	1,224,100	-
Total	\$ 1,947,711	\$ 191,389

\$1,224,100 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, 2021. 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:

Year Ended June 30	
2021	\$ 73,112
2022	73,097
2023	79,746
2024	77,521
2025	84,298
Thereafter	144,448

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

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#### *Actuarial Assumptions*

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation: Teacher employees	3.5%-5.95%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% 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, 2020 (Continued)

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)****Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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, 2020 (Continued)

**NOTE 21—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)*****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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

\*The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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

**Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. 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 ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue 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 HIC Plan net HIC OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	16,982,587	\$ 15,174,269	\$ 13,638,106

**Teacher Employee HIC OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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, 2020 (Continued)

## NOTE 22—SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

	VRS OPEB Plans:			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
<b>Primary Government</b>				
Group Life Insurance Program (Note 20):				
County	\$ 853,065	\$ 229,901	\$ 3,506,896	\$ 117,437
County Stand-Alone Plan (Note 19)	1,050,038	1,470,176	12,665,828	1,395,029
Totals	<u>\$ 1,903,103</u>	<u>\$ 1,700,077</u>	<u>\$ 16,172,724</u>	<u>\$ 1,512,466</u>
<b>Component Unit School Board</b>				
Group Life Insurance Program (Note 20):				
School Board Nonprofessional	\$ 151,340	\$ 39,037	\$ 613,154	\$ 19,029
School Board Professional	1,807,107	513,781	8,069,938	234,276
Teacher Health Insurance Credit Program (Note 21)	1,947,711	191,389	15,174,269	1,307,595
School Stand-Alone Plan (Note 19)	-	3,981,742	25,932,355	2,335,963
Totals	<u>\$ 3,906,158</u>	<u>\$ 4,725,949</u>	<u>\$ 49,789,716</u>	<u>\$ 3,896,863</u>

## NOTE 23—COVID-19 PANDEMIC SUBSEQUENT EVENT:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Albemarle, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

## COUNTY OF ALBEMARLE, VIRGINIA

Notes to Financial Statements  
June 30, 2020 (Continued)

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### NOTE 23—COVID-19 PANDEMIC SUBSEQUENT EVENT: (CONTINUED)

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On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, the County received \$9,538,621, representing the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. The County of Albemarle received its second round of CRF funds on August 17, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

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## **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.

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 201,202,709	\$ 201,202,709	\$ 204,574,224	\$ 3,371,515
Other local taxes	55,698,631	55,698,631	53,469,503	(2,229,128)
Permits, privilege fees and regulatory licenses	2,119,376	2,119,376	2,755,285	635,909
Fines and forfeitures	457,282	457,282	410,333	(46,949)
Use of money and property	2,180,890	2,180,890	1,791,992	(388,898)
Charges for services	3,885,060	3,816,857	3,751,776	(65,081)
Miscellaneous	296,424	299,522	335,004	35,482
Recovered costs	397,506	397,506	377,363	(20,143)
Intergovernmental:				
Contribution from School Board	279,959	279,959	219,868	(60,091)
Commonwealth	29,053,331	29,123,298	28,194,254	(929,044)
Federal Government	6,505,383	6,537,601	7,218,272	680,671
Total revenues	\$ 302,076,551	\$ 302,113,631	\$ 303,097,874	\$ 984,243
<b>Expenditures</b>				
Current:				
General Government Administration				
Board of supervisors	\$ 756,446	\$ 757,278	\$ 721,472	\$ 35,806
County executive	2,268,741	2,793,061	2,335,413	457,648
Human resources	935,698	957,223	889,841	67,382
County attorney	1,131,087	1,142,051	1,069,742	72,309
Finance	6,356,666	6,512,617	5,994,796	517,821
Management and budget	666,922	631,778	597,779	33,999
Information technology	3,863,315	4,386,170	4,086,843	299,327
Voter registration	808,913	882,670	798,261	84,409
Other general government	120,000	119,700	34,377	85,323
Total general government administration	\$ 16,907,788	\$ 18,182,548	\$ 16,528,524	\$ 1,654,024
Judicial Administration				
Circuit court	\$ 107,958	\$ 170,102	\$ 164,676	\$ 5,426
General district court	40,800	40,800	34,520	6,280
Magistrate	4,250	4,250	4,171	79
Juvenile and domestic relations court	124,305	124,305	124,305	-
Clerk of the circuit court	1,005,028	1,040,196	946,413	93,783
Sheriff	3,096,381	3,136,571	2,953,083	183,488
Commonwealth attorney	1,526,010	1,699,826	1,518,165	181,661
Total judicial administration	\$ 5,904,732	\$ 6,216,050	\$ 5,745,333	\$ 470,717
Public Safety				
Police department	\$ 20,348,791	\$ 20,923,060	\$ 20,046,490	\$ 876,570
E-911 service	2,955,983	2,861,215	2,861,215	-
Fire and rescue services	17,497,590	18,073,180	17,206,107	867,073
Regional jail	4,198,490	4,217,868	4,217,868	-
Inspections	1,496,964	1,545,622	1,544,627	995
Contributions - various	1,519,100	1,452,796	1,337,425	115,371
Total public safety	\$ 48,016,918	\$ 49,073,741	\$ 47,213,732	\$ 1,860,009
Public Works				
Sanitation and waste removal	\$ 89,833	\$ 89,833	\$ 54,659	\$ 35,174
Contribution to RSWA	1,200,739	1,200,739	1,134,011	66,728
Maintenance of buildings and grounds	5,154,369	5,513,898	4,742,421	771,477
Total public works	\$ 6,444,941	\$ 6,804,470	\$ 5,931,091	\$ 873,379

Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Expenditures (Continued)</b>				
Health and Welfare				
Family Services	\$ 1,220,962	\$ 1,102,212	\$ 1,086,088	\$ 16,124
Contribution human development	4,061,381	4,154,681	4,154,650	31
Social services	13,857,788	14,137,399	13,421,146	716,253
Total health and welfare	\$ 19,140,131	\$ 19,394,292	\$ 18,661,884	\$ 732,408
Education				
Appropriation to public school system	\$ 139,384,635	\$ 144,012,977	\$ 142,828,854	\$ 1,184,123
Community college	24,008	24,008	24,008	-
Total education	\$ 139,408,643	\$ 144,036,985	\$ 142,852,862	\$ 1,184,123
Parks, Recreation and Cultural				
Parks and recreation	\$ 3,334,188	\$ 3,515,621	\$ 3,161,805	\$ 353,816
Towe park	202,529	202,914	199,757	3,157
Regional library	4,705,746	4,705,746	4,694,553	11,193
Miscellaneous contributions	903,913	903,913	903,913	-
Total parks, recreation and cultural	\$ 9,146,376	\$ 9,328,194	\$ 8,960,028	\$ 368,166
Community Development				
Planning and community development	\$ 5,772,668	\$ 5,901,995	\$ 5,482,291	\$ 419,704
Contributions to other agencies	3,997,181	3,997,181	3,997,181	-
Revenue sharing agreement - City of Charlottesville	14,199,607	14,199,607	14,199,607	-
Soil and Water Conservation District	117,409	119,219	119,007	212
Cooperative extension program	223,724	223,724	186,368	37,356
Economic development	866,483	949,644	528,497	421,147
Total community development	\$ 25,177,072	\$ 25,391,370	\$ 24,512,954	\$ 878,416
Contingencies				
Total contingencies	\$ 2,350,129	\$ 2,031,670	\$ 523,728	\$ 1,507,942
Total expenditures	\$ 272,496,730	\$ 280,459,320	\$ 270,930,136	\$ 9,529,184
Excess (deficiency) of revenues over expenditures	\$ 29,579,821	\$ 21,654,311	\$ 32,167,738	\$ 10,513,427
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 5,894,259	\$ 14,530,283	\$ 2,599,295	\$ (11,930,988)
Transfers (out)	(35,474,080)	(36,184,594)	(36,023,971)	160,623
Total other financing sources (uses)	\$ (29,579,821)	\$ (21,654,311)	\$ (33,424,676)	\$ (11,770,365)
Net change in fund balance	\$ -	\$ -	\$ (1,256,938)	\$ (1,256,938)
Fund balance, beginning of year	-	-	55,777,957	55,777,957
Fund balance, end of year	\$ -	\$ -	\$ 54,521,019	\$ 54,521,019

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, 2020

	Federal and State Grants Fund			
	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ 2,066	\$ 2,066	\$ 4,968	\$ 2,902
Miscellaneous	2,000	1,224,759	1,225,759	1,000
Recovered costs	35,000	110,000	29,685	(80,315)
Intergovernmental:				
Contribution from School Board	2,350,000	2,350,000	2,350,000	-
Revenue from the Commonwealth	6,713,796	7,066,238	7,134,221	67,983
Revenue from the Federal Government	3,547,545	4,101,439	4,054,630	(46,809)
Total revenues	\$ 12,650,407	\$ 14,854,502	\$ 14,799,263	\$ (55,239)
<b>Expenditures</b>				
Current:				
General Government Administration				
County executive	\$ -	\$ 100,000	\$ 45,407	\$ 54,593
Judicial Administration				
Sheriff's office	\$ 731,081	\$ 1,108,610	\$ 1,022,863	\$ 85,747
Public Safety				
Police department	\$ 172,901	\$ 291,516	\$ 210,800	\$ 80,716
Fire-Rescue	-	260,243	48,765	211,478
Total public safety	\$ 172,901	\$ 551,759	\$ 259,565	\$ 292,194
Health and Welfare				
Comprehensive Services Act programs	\$ 9,570,204	\$ 9,570,204	\$ 9,657,871	\$ (87,667)
At-risk 4 year olds	1,603,170	1,604,061	1,438,902	165,159
Other	4,000	18,901	18,984	(83)
Total health and welfare	\$ 11,177,374	\$ 11,193,166	\$ 11,115,757	\$ 77,409
Community Development				
Planning and community development	\$ -	\$ 372,392	\$ 209,404	\$ 162,988
Housing programs	3,122,066	5,653,992	3,218,646	2,435,346
Total community development	\$ 3,122,066	\$ 6,026,384	\$ 3,428,050	\$ 2,598,334
Total expenditures	\$ 15,203,422	\$ 18,979,919	\$ 15,871,642	\$ 3,053,684
Excess (deficiency) of revenues over (under) expenditures	\$ (2,553,015)	\$ (4,125,417)	\$ (1,072,379)	\$ 2,998,445
Other financing sources (uses):				
Transfers in	\$ 2,879,815	\$ 4,452,217	\$ 3,307,534	\$ (1,144,683)
Transfers (out)	(326,800)	(326,800)	(318,147)	8,653
Total other financing sources (uses)	\$ 2,553,015	\$ 4,125,417	\$ 2,989,387	\$ (1,136,030)
Net changes in fund balances	\$ -	\$ -	\$ 1,917,008	\$ 1,862,415
Fund balances at beginning of year	-	-	3,147,427	3,147,427
Fund balances at end of year	\$ -	\$ -	\$ 5,064,435	\$ 5,009,842

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  
 CARES ACT Fund  
 Year Ended June 30, 2020

	Federal and State Grants Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Revenue from use of money				
Revenue from the Federal Government	\$ -	\$ 1,813,166	\$ 1,533,632	\$ (279,534)
Total revenues	\$ -	\$ 1,813,166	\$ 1,533,632	\$ (279,534)
<b>Expenditures</b>				
Current:				
General Government Administration				
County executive	\$ -	\$ 41,257	\$ 41,257	\$ -
County attorney	-	2,491	2,491	-
Finance	-	32,067	32,067	-
Management and budget	-	213	213	-
Information technology	-	52,776	52,776	-
Total general government administration	\$ -	\$ 128,804	\$ 128,804	\$ -
Public Safety				
Police department	\$ -	\$ 35,830	\$ 35,830	\$ -
E-911 service	-	8,968	8,968	-
Fire and rescue services	-	315,213	315,213	-
Regional jail	-	52,259	52,259	-
Contributions - various	-	158,767	158,767	-
Total public safety	\$ -	\$ 571,037	\$ 571,037	\$ -
Public Works				
General services	\$ -	\$ 228,179	\$ 228,179	\$ -
Health and Welfare				
Family Services	\$ -	\$ 150	\$ 150	\$ -
Social services	-	133,485	133,485	-
Total health and welfare	\$ -	\$ 133,635	\$ 133,635	\$ -
Parks, Recreation and Cultural				
Parks and recreation	\$ -	\$ 68,986	\$ 68,986	\$ -
Convention and visitors bureau	-	667	667	-
Total parks, recreation and cultural	\$ -	\$ 69,653	\$ 69,653	\$ -
Community Development				
Economic development	\$ -	\$ 38,388	\$ 238,388	\$ (200,000)
Soil and Water Conservation District	-	159	159	-
Total community development	\$ -	\$ 38,547	\$ 238,547	\$ (200,000)
Total expenditures	\$ -	\$ 1,169,855	\$ 1,369,855	\$ (200,000)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 643,311	\$ 163,777	\$ (479,534)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ (643,311)	\$ (163,777)	\$ 479,534
Total other financing sources (uses)	\$ -	\$ (643,311)	\$ (163,777)	\$ 479,534
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

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  
For the Measurement Dates of June 30, 2014 through June 30, 2019

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)
<b>Primary Government - County Retirement Plan</b>					
2019	95.04%	\$ 33,652,890	\$ 42,229,160	79.69%	82.70%
2018	94.69%	26,759,287	41,921,141	63.83%	84.98%
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%
<b>Component Unit School Board (professional)</b>					
2019	1.1587%	152,492,821	97,216,833	156.86%	73.51%
2018	1.1316%	133,078,000	92,641,849	143.65%	74.81%
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)  
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 591,992	\$ 614,260	\$ 630,798	\$ 637,830	\$ 794,863	\$ 828,627
Interest	1,973,519	1,931,746	1,858,795	1,923,580	1,817,237	1,720,625
Differences between expected and actual experience	(53,379)	(422,954)	256,654	(2,112,662)	177,527	-
Changes in assumptions	822,887	-	(257,121)	-	-	-
Benefit payments, including refunds of employee contributions	(1,552,154)	(1,500,432)	(1,393,503)	(1,355,010)	(1,185,865)	(1,152,293)
<b>Net change in total pension liability</b>	<b>\$ 1,782,865</b>	<b>\$ 622,620</b>	<b>\$ 1,095,623</b>	<b>\$ (906,262)</b>	<b>\$ 1,603,762</b>	<b>\$ 1,396,959</b>
<b>Total pension liability - beginning</b>	<b>28,969,207</b>	<b>28,346,587</b>	<b>27,250,964</b>	<b>28,157,226</b>	<b>26,553,464</b>	<b>25,156,505</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 30,752,072</b>	<b>\$ 28,969,207</b>	<b>\$ 28,346,587</b>	<b>\$ 27,250,964</b>	<b>\$ 28,157,226</b>	<b>\$ 26,553,464</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 243,047	\$ 298,819	\$ 295,542	\$ 493,668	\$ 504,909	\$ 748,757
Contributions - employee	338,569	330,605	330,846	320,570	318,408	395,722
Net investment income	1,970,730	2,111,330	3,181,638	453,639	1,171,563	3,512,738
Benefit payments, including refunds of employee contributions	(1,552,154)	(1,500,432)	(1,393,503)	(1,355,010)	(1,185,865)	(1,152,293)
Administrative expense	(20,044)	(18,581)	(18,741)	(16,579)	(16,163)	(18,770)
Other	(1,239)	(1,865)	(2,817)	(194)	(247)	185
<b>Net change in plan fiduciary net position</b>	<b>\$ 978,909</b>	<b>\$ 1,219,876</b>	<b>\$ 2,392,965</b>	<b>\$ (103,906)</b>	<b>\$ 792,605</b>	<b>\$ 3,486,339</b>
<b>Plan fiduciary net position - beginning</b>	<b>30,048,765</b>	<b>28,828,889</b>	<b>26,435,924</b>	<b>26,539,830</b>	<b>25,747,225</b>	<b>22,260,886</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 31,027,674</b>	<b>\$ 30,048,765</b>	<b>\$ 28,828,889</b>	<b>\$ 26,435,924</b>	<b>\$ 26,539,830</b>	<b>\$ 25,747,225</b>
<b>School Division's net pension liability(asset) - ending (a) - (b)</b>	<b>\$ (275,602)</b>	<b>\$ (1,079,558)</b>	<b>\$ (482,302)</b>	<b>\$ 815,040</b>	<b>\$ 1,617,396</b>	<b>\$ 806,239</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>100.90%</b>	<b>103.73%</b>	<b>101.70%</b>	<b>97.01%</b>	<b>94.26%</b>	<b>96.96%</b>
<b>Covered payroll</b>	<b>\$ 7,387,004</b>	<b>\$ 7,210,978</b>	<b>\$ 6,763,407</b>	<b>\$ 6,439,895</b>	<b>\$ 6,461,738</b>	<b>\$ 7,956,214</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>-3.73%</b>	<b>-14.97%</b>	<b>-7.13%</b>	<b>12.66%</b>	<b>25.03%</b>	<b>10.13%</b>

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 - Pension  
For the Years Ended June 30, 2011 through June 30, 2020

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)
<b>Primary Government</b>					
2020	\$ 5,613,806	\$ 5,613,806	\$ -	\$ 47,683,701	11.77%
2019	4,996,779	4,996,779	-	42,229,160	11.83%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 309,723	\$ 309,723	\$ -	\$ 10,016,892	3.09%
2019	244,830	244,830	-	7,387,004	3.31%
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%
<b>Component Unit School Board (professional)</b>					
2020	\$ 15,466,883	\$ 15,466,883	\$ -	\$ 102,008,315	15.16%
2019	15,441,877	15,441,877	-	97,216,833	15.88%
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%

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 - Pension  
For the Year Ended June 30, 2020

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**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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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%
Discount Rate	Decreased rate from 7% to 6.75%

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
Discount Rate	Decreased rate from 7% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 1,050,794	\$ 723,249	\$ 774,096
Interest	450,742	387,976	313,351
Changes in assumptions	(299,632)	(57,999)	(625,399)
Differences between expected and actual experience	(738,496)	(371,513)	-
Changes in proportionate share	1,225,044	-	-
Amortization and other adjustments	11,556	-	-
Benefit payments	(646,167)	(185,579)	(682,000)
<b>Net change in total OPEB liability</b>	<b>\$ 1,053,841</b>	<b>\$ 496,134</b>	<b>\$ (219,952)</b>
<b>Total OPEB liability - beginning</b>	<b>11,611,987</b>	<b>11,115,853</b>	<b>11,335,805</b>
<b>Total OPEB liability - ending</b>	<b>\$ 12,665,828</b>	<b>\$ 11,611,987</b>	<b>\$ 11,115,853</b>
<b>Covered-employee payroll</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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 Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 2,151,422	\$ 2,393,181	\$ 2,526,114
Interest	922,862	900,152	708,431
Changes in assumptions	(613,474)	(142,792)	(1,132,386)
Differences between expected and actual experience	(1,512,016)	(581,149)	-
Changes in proportionate share	(1,133,608)	-	-
Amortization adjustments	59,644	-	-
Benefit payments	(1,322,980)	(1,246,756)	(1,803,000)
<b>Net change in total OPEB liability</b>	<b>\$ (1,448,150)</b>	<b>\$ 1,322,636</b>	<b>\$ 299,159</b>
<b>Total OPEB liability - beginning</b>	<b>27,380,505</b>	<b>26,057,869</b>	<b>25,758,710</b>
<b>Total OPEB liability - ending</b>	<b>\$ 25,932,355</b>	<b>\$ 27,380,505</b>	<b>\$ 26,057,869</b>
<b>Covered-employee payroll</b>	<b>\$ N/A</b>	<b>\$ N/A</b>	<b>\$ N/A</b>
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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, 2020

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Valuation Date: 1/1/2020  
Measurement Date: 6/30/2019

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	3.13%
Inflation	2.50%
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 Healthy 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 (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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)
<b>Primary Government</b>					
2019	0.22676%	\$ 3,506,896	\$ 42,229,160	8.30%	52.00%
2018	0.21740%	3,126,819	41,338,393	7.56%	51.22%
2017	0.21335%	3,211,000	39,352,233	8.16%	48.86%
<b>Component Unit School Board (nonprofessional)</b>					
2019	0.03768%	\$ 613,154	\$ 7,387,004	8.30%	52.00%
2018	0.03739%	568,000	7,109,483	7.99%	51.22%
2017	0.03667%	552,000	6,763,407	8.16%	48.86%
<b>Component Unit School Board (professional)</b>					
2019	0.49592%	\$ 8,069,938	\$ 97,216,833	8.30%	52.00%
2018	0.48223%	7,324,000	91,694,292	7.99%	51.22%
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 (GLI) Plan

For the Years Ended June 30, 2017 through June 30, 2020

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)
<b>Primary Government</b>					
2020	\$ 235,652	\$ 235,652	\$ -	\$ 45,299,516	0.52%
2019	219,680	219,680	-	42,229,160	0.52%
2018	216,613	216,613	-	41,338,393	0.52%
2017	204,632	204,632	-	39,352,233	0.52%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 52,088	\$ 52,088	\$ -	\$ 10,016,892	0.52%
2019	38,412	38,412	-	7,387,004	0.52%
2018	37,254	37,254	-	7,109,483	0.52%
2017	35,170	35,170	-	6,763,407	0.52%
<b>Component Unit School Board (professional)</b>					
2020	\$ 530,443	\$ 530,443	\$ -	\$ 102,008,315	0.52%
2019	505,528	505,528	-	97,216,833	0.52%
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 (GLI) Plan  
 For the Year Ended June 30, 2020

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**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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**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
Discount Rate	Decreased rate from 7% to 6.75%

**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%
Discount Rate	Decreased rate from 7% to 6.75%

**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%
Discount Rate	Decreased rate from 7% to 6.75%

## Schedule of School Board's Share of Net OPEB Liability

Teacher Employee Health Insurance Credit (HIC) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

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)
2019	1.1591%	\$ 15,174,269	\$ 97,225,436	15.61%	8.97%
2018	1.1338%	14,395,000	91,694,292	15.70%	8.08%
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 Employee Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2017 through June 30, 2020

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Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 1,224,100	\$ 1,224,100	\$ -	\$ 102,008,315	1.20%
2019	1,166,705	1,166,705	-	97,225,436	1.20%
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.

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Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2020

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**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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7% to 6.75%

**OTHER SUPPLEMENTARY INFORMATION**

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Combining Balance Sheet  
Nonmajor Governmental Funds  
At June 30, 2020

	Special Revenue	Debt Service	Storm Water Control Fund	Total
<b>Assets</b>				
Cash and investments	\$ 5,848,471	\$ -	\$ 1,341,609	\$ 7,190,080
Investments - restricted	-		2,282,288	2,282,288
Receivables, (net of allowance for uncollectibles) - Note 4	61,867	-	-	61,867
Total assets	<u>\$ 5,910,338</u>	<u>\$ -</u>	<u>\$ 3,623,897</u>	<u>\$ 9,534,235</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 7,970	\$ -	\$ 13,061	\$ 21,031
Reconciled overdraft	-	33,349	-	33,349
Total liabilities	<u>\$ 7,970</u>	<u>\$ 33,349</u>	<u>\$ 13,061</u>	<u>\$ 54,380</u>
<b>Fund Balance</b>				
Committed:				
Stormwater projects	\$ -	\$ -	\$ 3,610,836	\$ 3,610,836
Special revenue	5,902,368	-	-	5,902,368
Unassigned	-	(33,349)	-	(33,349)
Total fund balance	<u>\$ 5,902,368</u>	<u>\$ (33,349)</u>	<u>\$ 3,610,836</u>	<u>\$ 9,479,855</u>
Total liabilities and fund balance	<u>\$ 5,910,338</u>	<u>\$ -</u>	<u>\$ 3,623,897</u>	<u>\$ 9,534,235</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2020

	Special Revenue	Debt Service	Storm Water Control	Total
<b>Revenues</b>				
Other local taxes	\$ 1,212,563	\$ -	\$ -	\$ 1,212,563
Permits, privilege fees and regulatory licenses	23,053	-	-	23,053
Use of money and property	85,756	-	88,594	174,350
Charges for services	-	-	750	750
Recovered costs	-	-	87,500	87,500
Intergovernmental:				
Commonwealth	-	335,583	-	335,583
Federal Government	-	80,298	119,772	200,070
Total revenues	\$ 1,321,372	\$ 415,881	\$ 296,616	\$ 2,033,869
<b>Expenditures</b>				
Current:				
Public works	\$ 71,126	\$ -	\$ -	\$ 71,126
Community Development	239,691	-	-	239,691
Debt service:				
Principal payments	-	16,031,534	-	16,031,534
Interest and fiscal charges	-	7,395,597	-	7,395,597
Capital projects	-	-	1,866,024	1,866,024
Total expenditures	\$ 310,817	\$ 23,427,131	\$ 1,866,024	\$ 25,603,972
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 1,010,555	\$ (23,011,250)	\$ (1,569,408)	\$ (23,570,103)
<b>Other financing sources (uses)</b>				
Transfers in	\$ 1,627,205	\$ 22,977,901	\$ 1,968,079	\$ 26,573,185
Transfers (out)	(4,151,600)	-	-	(4,151,600)
Total other financing sources (uses)	\$ (2,524,395)	\$ 22,977,901	\$ 1,968,079	\$ 22,421,585
Net change in fund balance	\$ (1,513,840)	\$ (33,349)	\$ 398,671	\$ (1,148,518)
<b>Fund balance, beginning of year</b>	7,416,208	-	3,212,165	10,628,373
<b>Fund balance, end of year</b>	\$ 5,902,368	\$ (33,349)	\$ 3,610,836	\$ 9,479,855

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
At June 30, 2020

	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Economic Development Fund	Total
<b>Assets</b>							
Cash and investments	\$ 216,496	\$ 10,353	\$ 3,063	\$ 208,282	\$ 72,061	\$ 5,338,216	\$ 5,848,471
Receivables, (net of allowance for uncollectibles) - Note 4	-	-	-	61,715	152	-	61,867
Total assets	<u>\$ 216,496</u>	<u>\$ 10,353</u>	<u>\$ 3,063</u>	<u>\$ 269,997</u>	<u>\$ 72,213</u>	<u>\$ 5,338,216</u>	<u>\$ 5,910,338</u>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 7,970	\$ -	\$ 7,970
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,970</u>	<u>\$ -</u>	<u>\$ 7,970</u>
<b>Fund Balance</b>							
Committed:							
Special revenue	\$ 216,496	\$ 10,353	\$ 3,063	\$ 269,997	\$ 64,243	\$ 5,338,216	\$ 5,902,368
Total fund balance	<u>\$ 216,496</u>	<u>\$ 10,353</u>	<u>\$ 3,063</u>	<u>\$ 269,997</u>	<u>\$ 64,243</u>	<u>\$ 5,338,216</u>	<u>\$ 5,902,368</u>
Total liabilities and fund balance	<u>\$ 216,496</u>	<u>\$ 10,353</u>	<u>\$ 3,063</u>	<u>\$ 269,997</u>	<u>\$ 72,213</u>	<u>\$ 5,338,216</u>	<u>\$ 5,910,338</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year Ended June 30, 2020

	Fire Rescue Services Fund	Water Resources Fund	Courthouse Maintenance Fund	Stream Buffer Fund	Tourism Fund	Old Crozet School Fund	Economic Development Fund	Total
<b>Revenues</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	1,212,563	\$ -	\$ -	1,212,563
Permits, privilege fees and regulatory licenses	-	-	23,053	-	-	-	-	23,053
Use of money and property	-	-	-	-	-	85,756	-	85,756
Intergovernmental: Commonwealth	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	23,053	\$ -	1,212,563	85,756	\$ -	1,321,372
<b>Expenditures</b>								
Current:								
Public works	\$ -	\$ -	\$ -	\$ -	\$ -	71,126	\$ -	71,126
Community Development	-	-	-	-	-	-	239,691	239,691
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	71,126	239,691	310,817
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ -	\$ -	23,053	\$ -	1,212,563	14,630	(239,691)	1,010,555
<b>Other financing sources (uses)</b>								
Transfers in	\$ -	1,377,205	\$ -	\$ -	\$ -	\$ -	250,000	1,627,205
Transfers (out)	-	(2,908,864)	(30,173)	-	(1,212,563)	-	-	(4,151,600)
Total other financing sources (uses)	\$ -	(1,531,659)	(30,173)	\$ -	(1,212,563)	\$ -	250,000	(2,524,395)
Net change in fund balance	\$ -	(1,531,659)	(7,120)	\$ -	\$ -	14,630	10,309	(1,513,840)
Fund balance, beginning of year	-	1,748,155	17,473	3,063	269,997	49,613	5,327,907	7,416,208
Fund balance, end of year	\$ -	216,496	10,353	3,063	269,997	64,243	5,338,216	5,902,368

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 Year Ended June 30, 2020

	Debt Service		
	General	School	Total
<b>Revenues</b>			
Commonwealth	\$ -	\$ 335,583	\$ 335,583
Federal government	-	80,298	80,298
Total revenues	\$ -	\$ 415,881	\$ 415,881
<b>Expenditures</b>			
Debt service:			
Principal payments	\$ 6,409,090	\$ 9,622,444	\$ 16,031,534
Interest and fiscal charges	2,794,472	4,601,125	7,395,597
Total expenditures	\$ 9,203,562	\$ 14,223,569	\$ 23,427,131
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (9,203,562)	\$ (13,807,688)	\$ (23,011,250)
<b>Other financing sources (uses)</b>			
Transfers in	\$ 9,170,213	\$ 13,807,688	\$ 22,977,901
Total other financing sources (uses)	\$ 9,170,213	\$ 13,807,688	\$ 22,977,901
Net change in fund balance	\$ (33,349)	\$ -	\$ (33,349)
<b>Fund balance, beginning of year</b>	-	-	-
<b>Fund balance, end of year</b>	\$ (33,349)	\$ -	\$ (33,349)

Combining Statement of Net Position  
Internal Service Funds  
At June 30, 2020

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Assets</b>							
Current assets:							
Cash and investments	\$ 19,967,620	\$ 1,599,168	\$ -	\$ 4,857	\$ 21,330	\$ 725,264	\$ 22,318,239
Accounts receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 19,967,620</u>	<u>\$ 1,599,168</u>	<u>\$ -</u>	<u>\$ 4,857</u>	<u>\$ 21,330</u>	<u>\$ 725,264</u>	<u>\$ 22,318,239</u>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 465,192	\$ 32,124	\$ 3,248	\$ -	\$ -	\$ 65,414	\$ 565,978
Reconciled overdraft	-	-	14,223	-	-	-	14,223
Claims payable:							
Due within one year	3,734,552	123,202	-	-	-	-	3,857,754
Total liabilities	\$ 4,199,744	\$ 155,326	\$ 17,471	\$ -	\$ -	\$ 65,414	\$ 4,437,955
<b>Net position</b>							
Unrestricted	15,767,876	1,443,842	(17,471)	4,857	21,330	659,850	17,880,284
Total liabilities and net position	<u>\$ 19,967,620</u>	<u>\$ 1,599,168</u>	<u>\$ -</u>	<u>\$ 4,857</u>	<u>\$ 21,330</u>	<u>\$ 725,264</u>	<u>\$ 22,318,239</u>

Combining Statement of Revenues, Expenses and  
Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2020

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Operating revenues</b>							
Charges for services, net	\$ 31,459,259	\$ 1,812,472	\$ 52,646	\$ -	\$ 501,894	\$ 1,291,951	\$ 35,118,222
<b>Operating expenses</b>							
Benefits and related expenses	\$ 32,204,289	\$ 1,366,975	\$ -	\$ -	\$ -	\$ -	\$ 33,571,264
Services and supplies	-	-	64,931	-	502,690	1,236,948	1,804,569
Total operating expenses	\$ 32,204,289	\$ 1,366,975	\$ 64,931	\$ -	\$ 502,690	\$ 1,236,948	\$ 35,375,833
Operating income (loss)	\$ (745,030)	\$ 445,497	\$ (12,285)	\$ -	\$ (796)	\$ 55,003	\$ (257,611)
<b>Nonoperating revenues (expenses)</b>							
Interest income	\$ 297,421	\$ 22,875	\$ -	\$ -	\$ -	\$ 28,476	\$ 348,772
Change in net position	\$ (447,609)	\$ 468,372	\$ (12,285)	\$ -	\$ (796)	\$ 83,479	\$ 91,161
Net position, beginning of year	16,215,485	975,470	(5,186)	4,857	22,126	576,371	17,789,123
Net position, end of year	\$ 15,767,876	\$ 1,443,842	\$ (17,471)	\$ 4,857	\$ 21,330	\$ 659,850	\$ 17,880,284

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2020

	Health Insurance Fund	Dental Plan Pool Fund	Duplicating Fund	Facilities Development Fund	Computer Replacement Fund	Vehicle Replacement Fund	Total Internal Service Funds
<b>Cash flows from operating activities</b>							
Receipts from insured	\$ 31,459,259	\$ 1,812,472	\$ -	\$ -	\$ -	\$ -	\$ 33,271,731
Receipts from services	-	-	61,683	-	501,894	1,291,951	1,855,528
Payments to suppliers	(30,765,456)	(1,426,844)	(61,683)	(8,876)	(502,690)	(1,171,534)	(33,937,083)
Net cash provided by (used for) operating activities	\$ 693,803	\$ 385,628	\$ -	\$ (8,876)	\$ (796)	\$ 120,417	\$ 1,190,176
<b>Cash flows from investing activities</b>							
Interest income	\$ 297,421	\$ 22,875	\$ -	\$ -	\$ -	\$ 28,476	\$ 348,772
Net increase (decrease) in cash and cash equivalents	\$ 991,224	\$ 408,503	\$ -	\$ (8,876)	\$ (796)	\$ 148,893	\$ 1,538,948
Cash and cash equivalents, beginning of year	18,976,396	1,190,665	-	13,733	22,126	576,371	20,779,291
Cash and cash equivalents, end of year	\$ 19,967,620	\$ 1,599,168	\$ -	\$ 4,857	\$ 21,330	\$ 725,264	\$ 22,318,239
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>							
Operating income (loss)	\$ (745,030)	\$ 445,497	\$ (12,285)	\$ -	\$ (796)	\$ 55,003	\$ (257,611)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Change in assets and liabilities:							
Receivables, net	-	-	350	-	-	-	350
Accounts payable and accrued liabilities	439,274	(44,761)	3,248	(8,876)	-	65,414	454,299
Reconciled overdraft	-	-	8,687	-	-	-	8,687
Claims payable	999,559	(15,108)	-	-	-	-	984,451
Net cash provided by (used for) operating activities	\$ 693,803	\$ 385,628	\$ -	\$ (8,876)	\$ (796)	\$ 120,417	\$ 1,190,176

Combining Statement of Fiduciary Net Position  
Private Purpose Trust Funds  
At June 30, 2020

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Funds	Proffer Trust Fund	Total
<b>Assets</b>							
Cash and investments	\$ -	\$ 13,230	\$ 89,011	\$ 62,880	\$ 213,756	\$ 7,410,225	\$ 7,789,102
Investments with trustee	389,450	-	-	-	-	-	389,450
Accounts receivable	8,000	-	-	-	-	279,602	287,602
<b>Total assets</b>	<u>\$ 397,450</u>	<u>\$ 13,230</u>	<u>\$ 89,011</u>	<u>\$ 62,880</u>	<u>\$ 213,756</u>	<u>\$ 7,689,827</u>	<u>\$ 8,466,154</u>
<b>Net Position</b>	<u>\$ 397,450</u>	<u>\$ 13,230</u>	<u>\$ 89,011</u>	<u>\$ 62,880</u>	<u>\$ 213,756</u>	<u>\$ 7,689,827</u>	<u>\$ 8,466,154</u>
<b>Total liabilities and net position</b>	<u>\$ 397,450</u>	<u>\$ 13,230</u>	<u>\$ 89,011</u>	<u>\$ 62,880</u>	<u>\$ 213,756</u>	<u>\$ 7,689,827</u>	<u>\$ 8,466,154</u>

Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
Year Ended June 30, 2020

	McIntire Trust Fund	Juanise Dyer Trust Fund	Weinstein Trust Fund	Crozet Crossings Trust Fund	Synthetic Turf Field Fund	Proffer Trust Fund	Total
<b>Additions</b>							
Investment earnings (losses)	\$ 68,969	\$ 229	\$ 1,543	\$ 1,090	\$ 43,250	\$ 133,407	\$ 248,488
Proffers	-	-	-	-	-	2,251,574	2,251,574
Total additions	\$ 68,969	\$ 229	\$ 1,543	\$ 1,090	\$ 43,250	\$ 2,384,981	\$ 2,500,062
<b>Deductions</b>							
General	\$ 56,031	-	-	-	-	-	\$ 56,031
Contributions	-	-	-	-	-	1,430,203	1,430,203
Total deductions	\$ 56,031	-	-	-	-	1,430,203	\$ 1,486,234
Change in net position	\$ 12,938	\$ 229	\$ 1,543	\$ 1,090	\$ 43,250	\$ 954,778	\$ 1,013,828
Net position, beginning of year	384,512	13,001	87,468	61,790	170,506	6,735,049	7,452,326
Net position, end of year	<u>\$ 397,450</u>	<u>\$ 13,230</u>	<u>\$ 89,011</u>	<u>\$ 62,880</u>	<u>\$ 213,756</u>	<u>\$ 7,689,827</u>	<u>\$ 8,466,154</u>

COUNTY OF ALBEMARLE, VIRGINIA

Combining Statement of Fiduciary Net Position

Agency Funds

At June 30, 2020

	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
<b>Assets</b>								
Cash and investments	\$ 78,962	\$ 227,550	\$ 863,597	\$ 24,127	\$ 287,619	\$ 21,643	\$ 516,979	\$ (411,067)
Accounts receivable	-	53	3,604	-	930	-	-	589,360
Total assets	<u>\$ 78,962</u>	<u>\$ 227,603</u>	<u>\$ 867,201</u>	<u>\$ 24,127</u>	<u>\$ 288,549</u>	<u>\$ 21,643</u>	<u>\$ 516,979</u>	<u>\$ 178,293</u>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ 867,201	\$ -	\$ -	\$ -	\$ 516,979	\$ 178,293
Amounts held for others	78,962	227,603	-	24,127	288,549	21,643	-	-
Total liabilities	<u>\$ 78,962</u>	<u>\$ 227,603</u>	<u>\$ 867,201</u>	<u>\$ 24,127</u>	<u>\$ 288,549</u>	<u>\$ 21,643</u>	<u>\$ 516,979</u>	<u>\$ 178,293</u>

Appeal Bond Fund	Sheriff Reserve Fund	Performance Bond Fund	Natural Heritage Fund	Economic Development Authority Fund	Commonwealth Attorney Commission Fund	Public Recreation Facility Authority	Courts Escrow Fund	Albemarle Broadband Authority	Total
\$ 4,500	\$ 1,865	\$ 6,852,856	\$ 1,153	\$ 688,085	\$ 106,756	\$ 311,245	\$ 7,807	\$ 1,331,201	\$ 10,914,878
-	-	-	-	125,625	-	-	-	-	719,572
<u>\$ 4,500</u>	<u>\$ 1,865</u>	<u>\$ 6,852,856</u>	<u>\$ 1,153</u>	<u>\$ 813,710</u>	<u>\$ 106,756</u>	<u>\$ 311,245</u>	<u>\$ 7,807</u>	<u>\$ 1,331,201</u>	<u>\$ 11,634,450</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,562,473
<u>4,500</u>	<u>1,865</u>	<u>6,852,856</u>	<u>1,153</u>	<u>813,710</u>	<u>106,756</u>	<u>311,245</u>	<u>7,807</u>	<u>1,331,201</u>	<u>10,071,977</u>
<u>\$ 4,500</u>	<u>\$ 1,865</u>	<u>\$ 6,852,856</u>	<u>\$ 1,153</u>	<u>\$ 813,710</u>	<u>\$ 106,756</u>	<u>\$ 311,245</u>	<u>\$ 7,807</u>	<u>\$ 1,331,201</u>	<u>\$ 11,634,450</u>

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Special Welfare Fund:</b>				
Assets:				
Cash and investments	\$ <u>78,208</u>	\$ <u>106,973</u>	\$ <u>106,219</u>	\$ <u>78,962</u>
Liabilities:				
Amounts held for others	\$ <u>78,208</u>	\$ <u>106,973</u>	\$ <u>106,219</u>	\$ <u>78,962</u>
<b>Drug Fund:</b>				
Assets:				
Cash and investments	\$ <u>180,239</u>	\$ <u>89,676</u>	\$ <u>42,365</u>	\$ <u>227,550</u>
Liabilities:				
Amounts held for others	\$ <u>180,239</u>	\$ <u>89,729</u>	\$ <u>42,365</u>	\$ <u>227,603</u>
<b>Payroll Suspense Fund:</b>				
Assets:				
Cash and investments	\$ <u>836,323</u>	\$ <u>863,597</u>	\$ <u>836,323</u>	\$ <u>863,597</u>
Accounts receivable	<u>5,972</u>	<u>3,604</u>	<u>5,972</u>	<u>3,604</u>
Total assets	\$ <u>842,295</u>	\$ <u>867,201</u>	\$ <u>842,295</u>	\$ <u>867,201</u>
Liabilities:				
Accounts payable	\$ <u>842,295</u>	\$ <u>867,201</u>	\$ <u>842,295</u>	\$ <u>867,201</u>
<b>HUD Family Self Sufficiency Fund:</b>				
Assets:				
Cash and investments	\$ <u>24,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,127</u>
Liabilities:				
Amounts held for others	\$ <u>24,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,127</u>
<b>County Contribution Fund:</b>				
Assets:				
Cash and investments	\$ <u>57,644</u>	\$ <u>229,975</u>	\$ <u>-</u>	\$ <u>287,619</u>
Total assets	\$ <u>57,644</u>	\$ <u>230,905</u>	\$ <u>-</u>	\$ <u>288,549</u>
Liabilities:				
Amounts held for others	\$ <u>57,644</u>	\$ <u>230,905</u>	\$ <u>-</u>	\$ <u>288,549</u>
<b>Ace Contribution Fund:</b>				
Assets:				
Cash and investments	\$ <u>21,268</u>	\$ <u>375</u>	\$ <u>-</u>	\$ <u>21,643</u>
Liabilities:				
Amounts held for others	\$ <u>21,268</u>	\$ <u>375</u>	\$ <u>-</u>	\$ <u>21,643</u>

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2020 (Continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Firearms Range Operating Fund:</b>				
Assets:				
Cash and investments	\$ 348,930	\$ 330,961	\$ 162,912	\$ 516,979
Accounts receivable	4,200	-	4,200	-
Total assets	<u>\$ 353,130</u>	<u>\$ 330,961</u>	<u>\$ 167,112</u>	<u>\$ 516,979</u>
Liabilities:				
Accounts payable	<u>\$ 353,130</u>	<u>\$ 330,961</u>	<u>\$ 167,112</u>	<u>\$ 516,979</u>
<b>CATEC Fund:</b>				
Assets:				
Cash and investments	\$ (557,824)	\$ 2,531,195	\$ 2,384,438	\$ (411,067)
Accounts receivable	720,899	589,360	720,899	589,360
Total assets	<u>\$ 163,075</u>	<u>\$ 3,120,555</u>	<u>\$ 3,105,337</u>	<u>\$ 178,293</u>
Liabilities:				
Accounts payable	<u>\$ 163,075</u>	<u>\$ 3,120,555</u>	<u>\$ 3,105,337</u>	<u>\$ 178,293</u>
<b>Appeal Bond Fund:</b>				
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>
<b>Sheriff Reserve Fund:</b>				
Assets:				
Cash and investments	<u>\$ 1,541</u>	<u>\$ 324</u>	<u>\$ -</u>	<u>\$ 1,865</u>
Liabilities:				
Amounts held for others	<u>\$ 1,541</u>	<u>\$ 324</u>	<u>\$ -</u>	<u>\$ 1,865</u>
<b>Performance Bond Fund:</b>				
Assets:				
Cash and investments	<u>\$ 6,982,419</u>	<u>\$ 2,886,048</u>	<u>\$ 3,015,611</u>	<u>\$ 6,852,856</u>
Liabilities:				
Amounts held for others	<u>\$ 6,982,419</u>	<u>\$ 2,886,048</u>	<u>\$ 3,015,611</u>	<u>\$ 6,852,856</u>
<b>Natural Heritage Fund:</b>				
Assets:				
Cash and investments	<u>\$ 1,133</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 1,153</u>
Liabilities:				
Amounts held for others	<u>\$ 1,133</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 1,153</u>
<b>Economic Development Authority Fund:</b>				
Assets:				
Cash and investments	\$ 683,320	\$ 527,348	\$ 522,583	\$ 688,085
Accounts receivable	144,489	125,625	144,489	125,625
Total assets	<u>\$ 827,809</u>	<u>\$ 652,973</u>	<u>\$ 667,072</u>	<u>\$ 813,710</u>
Liabilities:				
Amounts held for others	<u>\$ 827,809</u>	<u>\$ 652,973</u>	<u>\$ 667,072</u>	<u>\$ 813,710</u>

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2020 (Continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Commonwealth Attorney Commission Fund:</b>				
Assets:				
Cash and investments	\$ 171,348	\$ 43,867	\$ 108,459	\$ 106,756
Total assets	\$ 171,348	\$ 43,867	\$ 108,459	\$ 106,756
Liabilities:				
Amounts held for others	\$ 171,348	\$ 43,867	\$ 108,459	\$ 106,756
<b>Public Recreation Facility Authority:</b>				
Assets:				
Cash and investments	\$ 252,594	\$ 62,324	\$ 3,673	\$ 311,245
Liabilities:				
Amounts held for others	\$ 252,594	\$ 62,324	\$ 3,673	\$ 311,245
<b>Courts Escrow Fund:</b>				
Assets:				
Cash and investments	\$ 7,807	\$ -	\$ -	\$ 7,807
Liabilities:				
Amounts held for others	\$ 7,807	\$ -	\$ -	\$ 7,807
<b>Albemarle Broadband Authority:</b>				
Assets:				
Cash and investments	\$ 1,007,057	\$ 324,144	\$ -	\$ 1,331,201
Total assets	\$ 1,007,057	\$ 324,144	\$ -	\$ 1,331,201
Liabilities:				
Amounts held for others	\$ 1,007,057	\$ 324,144	\$ -	\$ 1,331,201
<b>Totals--All Agency Funds:</b>				
Assets:				
Cash and investments	\$ 10,100,634	\$ 7,996,827	\$ 7,182,583	\$ 10,914,878
Accounts receivable	875,560	719,572	875,560	719,572
Total assets	\$ 10,976,194	\$ 8,716,399	\$ 8,058,143	\$ 11,634,450
Liabilities:				
Accounts payable	\$ 1,358,500	\$ 4,318,717	\$ 4,114,744	\$ 1,562,473
Amounts held for others	9,617,694	4,397,682	3,943,399	10,071,977
Total liabilities	\$ 10,976,194	\$ 8,716,399	\$ 8,058,143	\$ 11,634,450

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds - Budget and Actual  
Year Ended June 30, 2020

	Special Revenue Funds			
	Courthouse Maintenance Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-
Charges for services	30,173	30,173	23,053	(7,120)
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal Government	-	-	-	-
Total revenues	\$ 30,173	\$ 30,173	\$ 23,053	\$ (7,120)
<b>Expenditures</b>				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	\$ -	\$ -	\$ -	\$ -
Total public safety	\$ -	\$ -	\$ -	\$ -
Public Works				
Energy efficiency	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Day care program	\$ -	\$ -	\$ -	\$ -
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ -	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 30,173	\$ 30,173	\$ 23,053	\$ (7,120)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers (out)	(30,173)	(30,173)	(30,173)	-
Total other financing sources (uses)	\$ (30,173)	\$ (30,173)	\$ (30,173)	\$ -
Net changes in fund balances	\$ -	\$ -	\$ (7,120)	\$ (7,120)
Fund balances at beginning of year	-	-	17,473	17,473
Fund balances at end of year	\$ -	\$ -	\$ 10,353	\$ 10,353

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)
\$ -	\$ -	\$ -	\$ -	\$ 1,798,830	\$ 1,798,830	\$ 1,212,563	\$ (586,267)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 1,798,830	\$ 1,798,830	\$ 1,212,563	\$ (586,267)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 500,000	\$ 5,577,907	\$ 239,691	\$ 5,338,216	\$ -	\$ -	\$ -	\$ -
\$ 500,000	\$ 5,577,907	\$ 239,691	\$ 5,338,216	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 500,000	\$ 5,577,907	\$ 239,691	\$ 5,338,216	\$ -	\$ -	\$ -	\$ -
\$ (500,000)	\$ (5,577,907)	\$ (239,691)	\$ 5,338,216	\$ 1,798,830	\$ 1,798,830	\$ 1,212,563	\$ (586,267)
\$ 500,000	\$ 5,577,907	\$ 250,000	\$ (5,327,907)	\$ -	\$ 250,000	\$ -	\$ (250,000)
-	-	-	-	(1,798,830)	(2,048,830)	(1,212,563)	836,267
\$ 500,000	\$ 5,577,907	\$ 250,000	\$ (5,327,907)	\$ (1,798,830)	\$ (1,798,830)	\$ (1,212,563)	\$ 586,267
\$ -	\$ -	\$ 10,309	\$ 10,309	\$ -	\$ -	\$ -	\$ -
-	-	5,327,907	5,327,907	-	-	269,997	269,997
\$ -	\$ -	\$ 5,338,216	\$ 5,338,216	\$ -	\$ -	\$ 269,997	\$ 269,997

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds - Budget and Actual  
Year Ended June 30, 2020 (Continued)

	Debt Service Funds			
	General Debt Service Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	-	-
Charges for services	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal Government	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Current:				
Judicial Administration				
Sheriff's office	\$ -	\$ -	\$ -	\$ -
Public Safety				
Police department	\$ -	\$ -	\$ -	\$ -
Fire-Rescue	\$ -	\$ -	\$ -	\$ -
Total public safety	\$ -	\$ -	\$ -	\$ -
Public Works				
Energy efficiency	\$ -	\$ -	\$ -	\$ -
Health and Welfare				
Day care program	\$ -	\$ -	\$ -	\$ -
Comprehensive Services Act programs	\$ -	\$ -	\$ -	\$ -
At-risk 4 year olds	-	-	-	-
Other	-	-	-	-
Total health and welfare	\$ -	\$ -	\$ -	\$ -
Community Development				
Planning and community development	\$ -	\$ -	\$ -	\$ -
Total community development	\$ -	\$ -	\$ -	\$ -
Debt service:				
Principal payments	\$ 6,409,090	\$ 6,409,090	\$ 6,409,090	\$ -
Interest and fiscal charges	3,651,640	2,794,472	2,794,472	-
Capital projects	-	-	-	-
Total expenditures	\$ 10,060,730	\$ 9,203,562	\$ 9,203,562	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (10,060,730)	\$ (9,203,562)	\$ (9,203,562)	\$ -
Other financing sources (uses):				
Transfers in	\$ 10,060,730	\$ 9,203,562	\$ 9,170,213	\$ (33,349)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	\$ 10,060,730	\$ 9,203,562	\$ 9,170,213	\$ (33,349)
Net changes in fund balances	\$ -	\$ -	\$ (33,349)	\$ (33,349)
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ (33,349)	\$ (33,349)

School Debt Service Fund				Capital Projects Fund			
School Debt Service 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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	88,594	88,594
-	-	-	-	-	-	750	750
-	-	-	-	-	87,500	87,500	-
267,214	267,214	335,583	68,369	-	453,613	-	(453,613)
78,880	78,880	80,298	1,418	-	113,578	119,772	6,194
\$ 346,094	\$ 346,094	\$ 415,881	\$ 69,787	\$ -	\$ 654,691	\$ 296,616	\$ (358,075)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,622,444	\$ 9,622,444	\$ 9,622,444	\$ -	\$ -	\$ -	\$ -	\$ -
6,859,680	4,601,125	4,601,125	-	-	-	-	-
-	-	-	-	186,575	3,945,253	1,866,024	2,079,229
\$ 16,482,124	\$ 14,223,569	\$ 14,223,569	\$ -	\$ 186,575	\$ 3,945,253	\$ 1,866,024	\$ 2,079,229
\$ (16,136,030)	\$ (13,877,475)	\$ (13,807,688)	\$ 69,787	\$ (186,575)	\$ (3,290,562)	\$ (1,569,408)	\$ 1,721,154
\$ 16,136,030	\$ 13,877,475	\$ 13,807,688	\$ (69,787)	\$ 186,575	\$ 3,290,562	\$ 1,968,079	\$ (1,322,483)
-	-	-	-	-	-	-	-
\$ 16,136,030	\$ 13,877,475	\$ 13,807,688	\$ (69,787)	\$ 186,575	\$ 3,290,562	\$ 1,968,079	\$ (1,322,483)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,671	\$ 398,671
-	-	-	-	-	-	3,212,165	3,212,165
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,610,836	\$ 3,610,836

Component Unit School Board  
Combining Balance Sheet  
At June 30, 2020

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 26,146,766	\$ 1,660,231	\$ 1,131,458	\$ 28,938,455
Investments - restricted	-	-	3,176,376	3,176,376
Accounts receivable	1,380,372	842	-	1,381,214
Due from other governments	6,511,546	126,190	-	6,637,736
Prepaid items	15,480	-	-	15,480
Inventories	190,224	195,394	-	385,618
<b>Total assets</b>	<b>\$ 34,244,388</b>	<b>\$ 1,982,657</b>	<b>\$ 4,307,834</b>	<b>\$ 40,534,879</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 19,127,127	\$ 324,045	\$ 4,240,087	\$ 23,691,259
Unearned revenue - Note 9	0	-	-	-
<b>Total liabilities</b>	<b>\$ 19,127,127</b>	<b>\$ 324,045</b>	<b>\$ 4,240,087</b>	<b>\$ 23,691,259</b>
<b>Fund Balance</b>				
Nonspendable:				
Inventories and prepaid items	\$ 205,704	\$ 195,394	\$ -	\$ 401,098
Committed:				
Education				
Special revenue	14,911,557	1,463,218	-	16,374,775
Assigned:				
Capital projects	-	-	67,747	67,747
<b>Total fund balance</b>	<b>\$ 15,117,261</b>	<b>\$ 1,658,612</b>	<b>\$ 67,747</b>	<b>\$ 16,843,620</b>
<b>Total liabilities and fund balance</b>	<b>\$ 34,244,388</b>	<b>\$ 1,982,657</b>	<b>\$ 4,307,834</b>	<b>\$ 40,534,879</b>

## Component Unit School Board

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2020

Total fund balances for governmental funds	\$	16,843,620
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		8,915,703
Buildings and improvements, net of depreciation		137,636,176
Furniture, equipment and vehicles, net of depreciation		5,440,003
School Board capital assets in primary government, net of depreciation		<u>(87,168,310)</u>
Total capital assets		70,997,714
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		(13,623,072)
Deferred inflows related to OPEB		(4,725,949)
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		35,505,383
Deferred outflows related to OPEB		3,906,158
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		(5,207,232)
School energy improvement lease		(7,019,029)
Net pension asset		275,602
Net pension liability		(152,492,821)
Net OPEB liabilities		<u>(49,789,716)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u>(105,329,342)</u>

## Component Unit School Board

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

Year Ended June 30, 2020

	School Operating Fund	School Food Services Fund	School Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Use of money and property	\$ 584,827	\$ 34,548	\$ 60,994	\$ 680,369
Charges for services	2,785,201	2,005,554	-	4,790,755
Miscellaneous	3,202,780	150,830	162,132	3,515,742
Recovered costs	591,594	-	-	591,594
Intergovernmental:				
Appropriation from primary government	138,200,512	-	14,997,247	153,197,759
Commonwealth	53,098,812	95,903	960,000	54,154,715
Federal Government	5,909,232	2,735,700	-	8,644,932
Total revenues	\$ 204,372,958	\$ 5,022,535	\$ 16,180,373	\$ 225,575,866
<b>Expenditures</b>				
Current:				
Education:				
Instruction	\$ 141,164,537	\$ -	\$ -	\$ 141,164,537
Administration, attendance and health	9,471,059	-	-	9,471,059
Transportation	11,321,786	-	-	11,321,786
Special Programs	11,775,346	-	-	11,775,346
Facilities operations and maintenance	16,639,498	-	-	16,639,498
School food services	-	5,180,033	-	5,180,033
Technology	6,221,056	-	-	6,221,056
Contribution to primary government	2,569,869	-	-	2,569,869
Capital projects	-	-	16,112,626	16,112,626
Debt service:				
Principal	562,689	-	-	562,689
Interest	256,243	-	-	256,243
Total expenditures	\$ 199,982,083	\$ 5,180,033	\$ 16,112,626	\$ 221,274,742
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 4,390,875	\$ (157,498)	\$ 67,747	\$ 4,301,124
<b>Other financing sources (uses)</b>				
Issuance of school energy improvements lease	\$ -	\$ -	\$ -	\$ -
Transfers in	112,500	36,782	-	149,282
Transfers (out)	(36,782)	(112,500)	-	(149,282)
Total other financing sources (uses)	\$ 75,718	\$ (75,718)	\$ -	\$ -
Net change in fund balance	\$ 4,466,593	\$ (233,216)	\$ 67,747	\$ 4,301,124
<b>Fund balance, beginning of year</b>	10,650,668	1,891,828	-	12,542,496
<b>Fund balance, end of year</b>	\$ 15,117,261	\$ 1,658,612	\$ 67,747	\$ 16,843,620

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, 2020

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Net change in fund balances - total governmental funds \$ 4,301,124

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	\$ 6,916,638	
Construction in progress deletions	(20,765,875)	
Buildings and improvements additions	19,131,828	
Other improvement additions	3,619,033	
Furniture, equipment and vehicle additions	<u>1,124,397</u>	10,026,021
Depreciation expense		(10,083,507)

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.

School buildings and improvements additions	9,622,444	
Transfer of depreciation	<u>(5,702,520)</u>	3,919,924

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	1,420,290
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	(2,362,580)

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:

Principal retirement of energy lease	562,689
Increase (decrease) in deferred outflows related to the measurement of the net pension liability	16,040,288
Increase (decrease) in deferred outflows related to the measurement of the net OPEB liabilities	147,509
Net OPEB liabilities	(122,211)
Net pension asset	(803,956)
Net pension liability	(19,414,821)
Compensated absences	<u>(1,565,337)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 2,065,433</u>

COUNTY OF ALBEMARLE, VIRGINIA

Component Unit School Board  
 School Funds  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2020

	School Operating Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Use of money and property	\$ 1,090,335	\$ 1,090,335	\$ 584,827	\$ (505,508)
Charges for services	4,170,933	4,170,933	2,785,201	(1,385,732)
Miscellaneous	4,114,761	4,364,761	3,202,780	(1,161,981)
Recovered costs	778,438	963,939	591,594	(372,345)
Intergovernmental:				
Appropriation from primary government	138,200,512	138,200,512	138,200,512	-
Commonwealth	52,057,068	52,136,273	53,098,812	962,539
Federal Government	6,133,690	6,159,290	5,909,232	(250,058)
Total revenues	\$ 206,545,737	\$ 207,086,043	\$ 204,372,958	\$ (2,713,085)
<b>Expenditures</b>				
Current:				
Education:				
Instruction	\$ 145,890,420	\$ 145,822,740	\$ 141,164,537	\$ 4,658,203
Administration, attendance and health	9,499,571	9,716,051	9,471,059	244,992
Transportation	11,554,398	11,553,175	11,321,786	231,389
Special Programs	14,015,876	18,013,918	11,775,346	6,238,572
Facilities operations and maintenance	17,041,058	17,042,281	16,639,498	402,783
Food service operations	-	-	-	-
Technology	6,392,146	6,393,346	6,221,056	172,290
Contribution to primary government	2,629,959	2,629,959	2,569,869	60,090
Capital projects	-	-	-	-
Debt service:				
Principal	562,689	562,689	562,689	-
Interest	256,243	256,243	256,243	-
Total expenditures	\$ 207,842,360	\$ 211,990,402	\$ 199,982,083	\$ 12,008,319
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (1,296,623)	\$ (4,904,359)	\$ 4,390,875	\$ 9,295,234
<b>Other financing sources (uses)</b>				
Issuance of school energy improvements lease	\$ -	\$ -	\$ -	\$ -
Transfers in	-	4,954,359	112,500	(4,841,859)
Transfers (out)	(50,000)	(50,000)	(36,782)	13,218
Total other financing sources (uses)	\$ (50,000)	\$ 4,904,359	\$ 75,718	\$ (4,828,641)
Net change in fund balance	\$ (1,346,623)	\$ -	\$ 4,466,593	\$ 4,466,593
<b>Fund balance, beginning of year</b>	1,346,623	-	10,650,668	10,650,668
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ 15,117,261	\$ 15,117,261

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 From Final Budget Positive (Negative)
\$ 17,000	\$ 17,000	\$ 34,548	\$ 17,548	\$ -	\$ -	\$ 60,994	\$ 60,994
2,613,858	2,613,858	2,005,554	(608,304)	-	-	-	-
121,000	121,000	150,830	29,830	103,468	197,853	162,132	(35,721)
-	-	-	-	-	-	-	-
-	-	-	-	41,415,532	70,561,071	14,997,247	(55,563,824)
91,243	91,243	95,903	4,660	960,000	960,000	960,000	-
3,021,458	3,021,458	2,735,700	(285,758)	-	-	-	-
<u>\$ 5,864,559</u>	<u>\$ 5,864,559</u>	<u>\$ 5,022,535</u>	<u>\$ (842,024)</u>	<u>\$ 42,479,000</u>	<u>\$ 71,718,924</u>	<u>\$ 16,180,373</u>	<u>\$ (55,538,551)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,902,059	5,902,059	5,180,033	722,026	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	42,479,000	71,718,924	16,112,626	55,606,298
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,902,059</u>	<u>\$ 5,902,059</u>	<u>\$ 5,180,033</u>	<u>\$ 722,026</u>	<u>\$ 42,479,000</u>	<u>\$ 71,718,924</u>	<u>\$ 16,112,626</u>	<u>\$ 55,606,298</u>
\$ (37,500)	\$ (37,500)	\$ (157,498)	\$ (119,998)	\$ -	\$ -	\$ 67,747	\$ 67,747
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
150,000	150,000	36,782	(113,218)	-	-	-	-
(112,500)	(112,500)	(112,500)	-	-	-	-	-
<u>\$ 37,500</u>	<u>\$ 37,500</u>	<u>\$ (75,718)</u>	<u>\$ (113,218)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ (233,216)	\$ (233,216)	\$ -	\$ -	\$ 67,747	\$ 67,747
-	-	1,891,828	1,891,828	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,658,612</u>	<u>\$ 1,658,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,747</u>	<u>\$ 67,747</u>

## 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.

COUNTY OF ALBEMARLE, VIRGINIA

Table 1

Net Position by Component

Last Ten Fiscal Years

(full accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 17,753,323	\$ 21,444,649	\$ 21,021,622	\$ 15,838,056	\$ 19,617,917	\$ 19,119,107	\$ 13,365,493	\$ 14,365,980	\$ 18,886,437	\$ 37,769,441
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	3,147,427	5,064,435
Debt service	-	502,484	284,252	-	-	-	-	-	-	-
Unrestricted	74,837,691	46,693,066	69,379,158	47,949,971	23,907,935	28,705,894	17,812,570	43,055,795	54,142,737	31,464,403
Total governmental activities net position	\$ 92,591,014	\$ 93,603,696	\$ 92,068,463	\$ 76,728,027	\$ 44,575,615	\$ 49,791,149	\$ 35,005,479	\$ 59,679,267	\$ 76,176,601	\$ 74,298,279
Component Unit - School Board										
Net investment in capital assets	\$ 71,500,382	\$ 73,683,791	\$ 73,714,848	\$ 71,271,030	\$ 68,284,362	\$ 65,392,519	\$ 59,845,625	\$ 64,536,183	\$ 67,135,276	\$ 70,997,714
Unrestricted	8,379,278	2,846,397	(1,113,021)	397,150	(144,572,714)	(138,243,494)	(106,394,992)	(169,446,808)	(174,530,051)	(176,327,056)
Total component unit activities net position	\$ 79,879,660	\$ 76,530,188	\$ 72,601,827	\$ 71,668,180	\$ (76,288,352)	\$ (72,850,975)	\$ (46,549,367)	\$ (104,910,625)	\$ (107,394,775)	\$ (105,329,342)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

Changes in Net Position  
Last Ten Fiscal Years

(full accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 10,817,203	\$ 13,495,692	\$ 9,765,599	\$ 13,650,293	\$ 13,857,864	\$ 14,184,519	\$ 14,159,853	\$ 13,180,551	\$ 16,033,434	\$ 20,152,213
Judicial administration	4,904,469	5,004,115	5,489,228	5,975,851	6,047,874	5,909,977	5,955,611	6,115,421	6,423,724	6,914,556
Public safety	32,684,377	33,923,255	36,742,658	42,371,942	41,294,799	44,153,582	45,574,488	45,989,178	47,607,466	52,253,314
Public works	8,792,358	7,008,396	6,035,240	9,476,129	7,842,960	7,783,781	7,661,298	12,610,005	8,557,091	10,056,684
Health and welfare	23,085,655	23,234,055	25,652,233	27,307,322	27,157,789	27,448,264	26,701,233	27,868,798	31,364,841	30,827,079
Education	103,576,934	104,558,364	106,384,475	117,107,823	117,177,041	122,557,855	156,222,909	114,359,371	136,979,246	160,479,578
Parks, recreation and cultural	7,191,757	6,739,115	10,350,757	7,905,484	7,852,218	11,098,308	8,804,004	9,333,628	8,910,639	10,425,952
Community development	28,360,299	28,023,779	27,518,813	26,498,797	27,900,025	27,080,262	26,614,114	28,358,277	31,930,547	30,569,280
Interest on long-term debt	5,843,655	5,330,390	5,057,480	5,973,196	5,416,853	6,105,200	6,695,703	7,370,089	6,386,159	5,896,836
Total governmental activities expenses	\$ 225,256,707	\$ 227,317,161	\$ 232,996,483	\$ 256,266,837	\$ 254,547,423	\$ 266,321,748	\$ 298,389,213	\$ 265,185,318	\$ 294,193,147	\$ 327,575,492
Component unit activities:										
Albemarle County Public Schools	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782	\$ 181,612,613	\$ 183,267,944	\$ 188,700,452	\$ 207,155,126	\$ 202,743,987	\$ 206,281,210	\$ 224,268,894
Total component unit activities expenses	\$ 166,692,794	\$ 169,495,198	\$ 173,100,782	\$ 181,612,613	\$ 183,267,944	\$ 188,700,452	\$ 207,155,126	\$ 202,743,987	\$ 206,281,210	\$ 224,268,894
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 37,049	\$ 427,114	\$ 383,601	\$ 385,209	\$ 379,547	\$ 397,260	\$ 382,375	\$ 407,226	\$ 402,374	\$ 533,458
Judicial administration	493,144	342,246	554,336	544,286	503,083	500,335	495,670	545,992	482,515	473,122
Public safety	1,997,033	2,928,839	2,124,556	2,775,672	2,803,272	3,161,337	3,117,781	3,293,635	3,393,997	3,220,032
Public works	621,781	40,095	60,712	74,861	95,345	102,082	92,316	63,340	96,292	59,844
Education	-	-	-	-	-	-	25,000	23,821	25,000	25,000
Parks, recreation and cultural	320,996	327,731	300,290	331,375	335,885	336,689	314,000	312,151	333,205	155,050
Community development	1,662,268	1,733,253	1,748,806	1,824,367	1,839,909	2,477,563	2,500,395	2,814,120	2,365,686	2,474,691
Operating grants and contributions	21,963,602	20,193,795	20,604,402	23,180,407	23,351,090	24,223,061	24,523,951	24,733,655	27,736,396	30,743,216
Capital grants and contributions	282,118	631,468	141,548	244,658	2,100,329	3,356,618	1,440,477	1,541,603	947,025	763,951
Total governmental activities program revenues	\$ 27,377,991	\$ 26,624,541	\$ 25,918,251	\$ 29,360,835	\$ 31,408,460	\$ 34,554,945	\$ 32,891,965	\$ 33,735,543	\$ 35,782,490	\$ 38,448,364
Component unit activities:										
Albemarle County Public Schools:										
Charges for services	\$ 6,172,823	\$ 6,227,087	\$ 6,103,355	\$ 6,500,393	\$ 5,906,669	\$ 6,583,247	\$ 6,104,492	\$ 5,721,410	\$ 6,196,353	\$ 4,790,755
Operating grants and contributions	52,870,276	50,950,750	52,162,077	51,535,786	53,440,814	55,447,030	58,701,661	59,187,971	58,530,559	61,839,647
Capital grants and contributions	700,000	752,000	752,000	1,804,000	300,000	1,026,000	1,752,000	1,000,000	960,000	960,000
Total component unit activities program revenues	\$ 59,743,099	\$ 57,929,837	\$ 59,017,432	\$ 59,840,179	\$ 59,647,483	\$ 63,056,277	\$ 66,558,153	\$ 65,909,381	\$ 65,686,912	\$ 67,590,402
<b>Net (expense) / revenue</b>										
Governmental activities	\$ (197,878,716)	\$ (200,692,620)	\$ (207,078,232)	\$ (226,906,002)	\$ (223,138,963)	\$ (231,766,803)	\$ (265,497,248)	\$ (231,449,775)	\$ (258,410,657)	\$ (289,127,128)
Component unit activities	\$ (106,949,695)	\$ (111,565,361)	\$ (114,083,350)	\$ (121,772,434)	\$ (123,620,461)	\$ (125,644,175)	\$ (140,596,973)	\$ (136,834,606)	\$ (140,594,298)	\$ (156,678,492)

COUNTY OF ALBEMARLE, VIRGINIA

Table 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
General property taxes, real and personal	\$ 136,848,200	\$ 139,954,858	\$ 140,017,949	\$ 145,022,794	\$ 152,302,505	\$ 165,115,649	\$ 174,980,809	\$ 184,916,636	\$ 195,223,133	\$ 206,274,520
Local sales and use taxes	12,716,193	12,227,842	13,117,767	13,573,237	14,405,992	15,093,147	16,229,409	16,858,642	16,996,773	18,492,964
Business license tax	9,383,798	10,068,058	10,397,250	10,370,971	10,883,364	11,952,487	12,849,303	13,231,145	13,480,638	13,834,555
Consumer utility taxes	9,171,347	4,143,933	4,266,095	4,346,059	4,439,504	4,404,363	4,462,769	4,607,616	4,493,304	4,493,304
Meals tax	5,737,476	5,965,206	6,168,335	6,361,972	6,950,994	7,415,331	7,971,041	8,580,284	8,849,721	7,909,209
Motor vehicle licenses taxes	3,538,789	3,720,119	3,773,475	3,672,607	3,566,011	3,732,953	3,910,692	3,925,015	4,224,340	3,945,530
Other local taxes	4,802,722	4,707,925	5,264,614	5,763,656	5,709,797	6,137,652	7,258,368	6,593,424	6,626,738	6,006,504
Unrestricted grants and contributions	15,691,032	20,844,755	21,045,744	21,255,810	21,120,038	21,017,419	21,113,223	20,816,629	20,389,874	20,497,314
Unrestricted revenues from use of money and property	805,955	608,377	842,474	692,400	985,769	1,631,677	1,653,038	2,515,915	3,504,029	2,691,171
Miscellaneous	203,873	319,380	649,297	506,060	1,362,906	481,659	282,926	1,774,308	1,042,099	3,103,735
<b>Total governmental activities</b>	<b>\$ 198,899,385</b>	<b>\$ 202,560,453</b>	<b>\$ 205,543,000</b>	<b>\$ 211,565,566</b>	<b>\$ 221,726,880</b>	<b>\$ 236,982,337</b>	<b>\$ 250,711,578</b>	<b>\$ 263,819,614</b>	<b>\$ 274,907,991</b>	<b>\$ 287,248,806</b>
Component Unit - School Board activities:										
Payment from COA: Education	\$ 103,554,633	\$ 104,535,840	\$ 106,361,775	\$ 117,082,861	\$ 117,153,017	\$ 122,891,483	\$ 162,121,149	\$ 110,978,380	\$ 133,748,641	\$ 154,547,814
Unrestricted revenues from use of money and property	811,439	885,422	765,199	914,242	926,260	1,206,650	1,123,464	1,294,270	1,418,504	680,369
Miscellaneous	2,862,527	2,794,627	3,028,065	2,841,684	3,186,514	3,244,419	3,653,968	3,130,408	2,943,003	3,515,742
<b>Total component unit activities</b>	<b>\$ 107,228,599</b>	<b>\$ 108,215,889</b>	<b>\$ 110,154,989</b>	<b>\$ 120,838,787</b>	<b>\$ 121,265,791</b>	<b>\$ 127,342,552</b>	<b>\$ 166,898,581</b>	<b>\$ 115,403,058</b>	<b>\$ 138,110,148</b>	<b>\$ 158,743,925</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,020,668	\$ 1,867,832	\$ (1,535,233)	\$ (15,340,436)	\$ (1,412,083)	\$ 5,215,534	\$ (14,785,670)	\$ 32,369,839	\$ 16,497,334	\$ (1,878,322)
Component Unit activities	278,904	(3,349,472)	(3,928,361)	(933,647)	(2,354,670)	1,698,377	26,301,608	(21,431,548)	(2,484,150)	2,065,433
<b>Total reporting entity</b>	<b>\$ 1,299,572</b>	<b>\$ (1,481,640)</b>	<b>\$ (5,463,594)</b>	<b>\$ (16,274,083)</b>	<b>\$ (3,766,753)</b>	<b>\$ 6,913,911</b>	<b>\$ 11,515,938</b>	<b>\$ 10,938,291</b>	<b>\$ 14,013,184</b>	<b>\$ 187,111</b>

COUNTY OF ALBEMARLE, VIRGINIA

Table 3

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(full accrual basis of accounting)

(amounts expressed in Thousands)

Fiscal Year	General Property Tax	Local sales and use Tax	Meals Tax	Consumer Utility Tax	Motor Vehicle License Tax	Bank Franchise Tax	Recordation and Wills Tax	Business License Tax	Utility Company Tax	Seller's Tax	Other	Total
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
2019	195,223	16,997	8,850	4,571	4,224	1,321	1,944	13,481	-	623	2,738	249,972
2020	206,275	18,493	7,909	4,493	3,945	1,043	2,063	13,835	-	603	2,298	260,957

COUNTY OF ALBEMARLE, VIRGINIA

Table 4

Fund Balances of Governmental Funds (1)  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ 114,626	\$ 104,517	\$ 193,590	\$ 88,554	\$ 118,063	\$ 110,587	\$ 105,800	\$ 157,766	\$ 362,776	\$ 194,447
Committed	715,565	905,080	5,138,214	2,497,481	3,150,271	728,372	1,065,746	1,049,115	2,994,658	2,086,681
Education - School Reserve	-	-	-	-	-	1,397,998	1,975,506	3,177,769	3,348,919	3,348,919
Unassigned	31,151,374	38,784,996	33,519,691	34,034,836	36,587,173	45,696,114	53,158,067	49,108,973	49,071,604	48,890,972
Total general fund	\$ 31,981,565	\$ 39,794,593	\$ 38,851,495	\$ 36,620,871	\$ 39,855,507	\$ 47,933,070	\$ 56,305,118	\$ 53,493,622	\$ 55,777,957	\$ 54,521,019
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	3,147,427	5,064,435
Debt service funds	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	24,892,624	13,330,475
Storm water projects	-	-	-	-	-	-	-	3,906,158	3,212,165	3,610,836
Special revenue	380,375	412,061	488,767	456,314	1,183,677	2,535,230	3,084,375	6,067,502	7,416,208	5,902,368
Unassigned	-	-	-	-	-	-	-	-	-	(33,349)
Total all other governmental funds	\$ 24,379,294	\$ 31,957,758	\$ 21,177,171	\$ 33,510,048	\$ 19,385,143	\$ 38,510,219	\$ 44,377,291	\$ 48,893,218	\$ 38,668,424	\$ 27,874,765

COUNTY OF ALBEMARLE, VIRGINIA

Table 5

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
General property taxes	\$ 136,906,535	\$ 140,607,418	\$ 141,211,698	\$ 144,087,055	\$ 154,708,440	\$ 166,478,084	\$ 174,497,297	\$ 183,727,785	\$ 195,682,664	\$ 204,574,224
Other local taxes	45,350,325	40,833,083	42,987,536	44,088,502	45,955,663	48,735,933	52,681,579	53,796,125	54,748,856	54,682,066
Permits, privilege fees and regulatory licenses	1,729,419	1,919,380	1,904,552	1,977,406	1,991,189	2,790,331	2,770,923	3,123,406	2,624,646	2,778,338
Fines and forfeitures	622,358	990,216	735,224	668,593	609,085	472,385	440,281	487,221	515,342	410,333
Revenue from use of money and property	787,407	605,097	834,373	685,900	964,609	1,607,884	1,600,779	2,324,936	3,033,072	2,342,399
Charges for services	2,780,494	2,889,682	2,532,525	3,289,771	3,356,766	3,712,549	3,716,333	3,849,659	3,959,081	3,752,526
Miscellaneous	147,857	319,380	649,297	542,680	1,362,906	481,659	282,926	1,774,308	1,042,099	3,103,735
Recovered costs	1,017,954	668,751	904,990	539,548	1,983,051	421,454	386,582	1,020,571	536,259	805,841
Intergovernmental:										
Contribution from School Board	2,662,976	1,184,346	5,481,172	3,269,415	2,761,462	3,303,104	2,654,940	3,486,080	2,453,243	2,569,868
Contribution from Crozet Crossings Trust	44,559	-	-	-	-	-	-	-	-	-
Contribution from other entities	11,457	-	-	-	-	-	-	-	-	-
Commonwealth	29,045,534	32,930,068	33,009,455	34,581,788	35,248,698	36,374,530	36,176,577	36,128,492	37,889,849	36,319,422
Federal	8,891,218	8,779,144	8,863,542	10,177,967	11,401,555	12,301,788	10,980,211	10,963,395	11,183,446	13,115,191
Total revenues	\$ 229,998,093	\$ 231,726,565	\$ 239,114,364	\$ 243,908,625	\$ 260,343,424	\$ 276,679,701	\$ 286,188,428	\$ 300,681,978	\$ 313,668,557	\$ 324,453,943
<b>Expenditures</b>										
General government administration	\$ 9,913,420	\$ 10,228,576	\$ 11,032,446	\$ 11,840,369	\$ 12,111,158	\$ 12,362,302	\$ 12,904,062	\$ 14,168,560	\$ 14,784,312	\$ 16,702,735
Judicial administration	4,510,539	4,599,709	5,041,859	5,254,482	5,514,630	5,654,153	5,736,153	5,878,164	6,397,668	6,768,196
Public safety	29,455,224	30,733,340	33,052,196	37,341,188	38,481,310	39,752,946	40,684,363	42,667,290	44,490,384	48,044,334
Public works	4,220,210	4,176,188	3,633,473	3,712,675	3,925,228	4,392,018	4,545,067	4,938,047	5,834,937	6,230,396
Health and welfare	22,754,657	22,898,867	24,819,930	25,606,744	26,479,644	27,773,579	27,482,404	28,156,350	31,177,577	29,911,276
Education - local community college	22,301	22,524	22,750	24,962	24,024	23,510	23,981	164,934	164,255	164,008
Education - public school system	105,286,652	104,964,240	104,622,967	108,788,973	121,104,651	129,982,080	165,748,099	124,103,485	144,618,369	153,197,759
Education - trust funds	150,000	-	-	-	-	-	-	-	-	-
Parks, recreation and cultural	6,173,877	6,242,770	6,269,155	6,608,734	7,085,748	7,370,670	7,662,290	8,083,543	8,562,105	9,029,681
Community development	27,724,882	27,678,176	27,440,538	26,145,565	26,536,309	26,392,792	26,553,188	28,309,648	29,729,320	28,419,242
Contingencies	594,970	892,611	682,933	726,253	605,241	632,799	621,493	605,666	548,509	523,728
Capital outlay	8,579,656	7,311,142	18,574,052	16,440,284	20,247,892	18,537,609	14,557,174	17,661,822	11,299,957	14,086,054
Debt service										
Principal	10,705,633	16,863,207	9,926,100	11,610,667	12,174,372	12,463,533	14,273,729	14,934,960	15,845,231	16,031,534
Interest and other fiscal charges	6,070,159	6,835,239	6,053,924	6,995,720	6,573,486	7,417,869	7,991,378	9,355,077	8,156,393	7,395,597
Total expenditures	\$ 236,162,180	\$ 243,446,589	\$ 251,172,323	\$ 261,096,616	\$ 280,863,693	\$ 292,755,794	\$ 328,783,381	\$ 299,027,546	\$ 321,609,017	\$ 336,504,540
Excess (deficit) of revenues over (under) expenditures	\$ (6,164,087)	\$ (11,720,024)	\$ (12,057,959)	\$ (17,187,991)	\$ (20,520,269)	\$ (16,076,093)	\$ (42,594,953)	\$ 1,654,432	\$ (7,940,460)	\$ (12,050,597)
Other financing sources (uses)										
Transfers in	\$ 20,905,307	\$ 22,689,836	\$ 28,561,430	\$ 25,312,112	\$ 24,641,685	\$ 44,275,579	\$ 47,256,574	\$ 63,175,156	\$ 41,695,980	\$ 40,657,495
Proceeds from VRA Debt Issued	-	-	362,637	-	-	-	-	-	-	-
Transfers out	(20,905,307)	(22,831,336)	(28,589,793)	(25,526,460)	(24,641,685)	(44,275,579)	(47,663,276)	(63,125,156)	(41,695,980)	(40,657,495)
Bonds issued	7,670,000	36,315,000	-	25,550,000	9,630,000	38,880,000	52,675,000	-	-	-
Premium on bonds issued	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)	\$ 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	\$ 1,744,630	\$ 15,391,492	\$ (11,723,685)	\$ 10,102,253	\$ (10,890,269)	\$ 27,202,639	\$ 14,239,120	\$ 1,704,432	\$ (7,940,460)	\$ (12,050,597)
Debt service as a percentage of noncapital expenditures	7.20%	9.92%	6.79%	7.43%	7.03%	7.01%	6.93%	8.37%	7.58%	7.13%

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 Assessed Value	Total Direct Tax Rate (4)
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
2019	18,459,194	1,098,864	437,903	19,995,961	0.975
2020	18,459,194	1,098,864	437,903	19,995,961	#DIV/0!

(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	
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
2019	.839/.854	4.28/4.28	.839/.854	4.28/4.28	0.975
2020	.839/.854	4.28/4.28	.839/.854	4.28/4.28	#DIV/0!

(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

## Table 8

## Principal Property Taxpayers

## Current Year and the Period Nine Years Prior (3)

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	2020 Assessed Valuation (1)	Rank	% of Total Assessed Valuation	2011 Assessed Valuation (2)	Rank	% of Total Assessed Valuation
University Real Estate Foundation (4)	\$ 194,326	1	0.97%	\$ 280,262	1	1.71%
Westminster - Canterbury	138,901	2	0.69%	108,796	4	0.67%
5th Street Station Ventures, LLC	130,920	3	0.65%			
Oct Stonefield Property Owner, LLC	108,693	4	0.54%			
Reserve at Belvedere, LLC	61,699	5	0.31%			
JDM II SF National LLC	56,876	6	0.28%			
MAALP Stonefield Commons, LLC	54,623	7	0.27%			
Aventure Apartments, LP	53,560	8	0.27%			
Shopping Center Associates	50,591	9	0.25%	75,780	7	0.46%
Stone Creek Apartments, LP	47,952	10	0.24%			
Wendell W Wood	-		-	125,035	3	0.76%
Charles Rotgin Jr	-		-	79,076	6	0.48%
Martha Jefferson Hospital	-		-	132,680	2	0.81%
Charles W Hurt	-		-	94,969	5	0.58%
March Mountain Properties, LLC	-		-	67,465	8	0.41%
Robert M Hauser	-		-	61,646	9	0.38%
University Real Estate Foundation	-		-	48,528	10	0.30%
	\$ 898,141		4.49%	1,025,709		6.57%

(1) Based on January 1, 2020 real estate tax assessment records

(2) Based on January 1, 2011 real estate tax assessment records

(3) Amounts expressed in thousands

(4) University Real Estate Foundation Combined beginning FY 2015

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
2011	\$ 149,277,570	\$ 140,932,395	94.41%	\$ 8,262,868	\$ 149,195,263	99.94%
2012	150,892,028	144,024,192	95.45%	6,780,120	150,804,312	99.94%
2013	152,881,289	146,813,431	96.03%	5,961,162	152,774,593	99.93%
2014	158,501,037	152,862,649	96.44%	5,377,415	158,240,064	99.84%
2015	167,821,725	162,541,808	96.85%	4,939,277	167,481,085	99.80%
2016	177,465,143	171,967,912	96.90%	5,009,970	176,977,882	99.73%
2017	186,788,335	181,098,238	96.95%	4,811,652	185,909,890	99.53%
2018	193,611,195	189,968,058	98.12%	1,504,242	191,472,300	98.90%
2019	205,017,770	199,964,487	97.54%	-	199,964,487	97.54%
2020	205,017,770	199,964,487	97.54%	-	199,964,487	97.54%

(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 Obligation Bonds	School Pub. Facility Bonds	County Pub. Facility Bonds	Unamortized		Literary		Capital Leases	Virginia Resource Authority	Lease Revenue Bonds				
				Bond Premium	Fund Loans									
2011	\$ 104,335,000	\$ -	\$ 12,585,000	\$ 2,518,559	\$ -	\$ 1,968,620	\$ -	\$ 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	
2019	71,930,000	40,296,516	63,950,483	9,260,373	-	-	113,971	-	-	-	185,551,343	1.59%	1,708	
2020	64,670,000	37,934,072	57,586,927	7,884,707	-	-	68,437	-	-	-	168,144,143	#DIV/0!	#DIV/0!	

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)
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	17,543,064,000	79,450,000	0.45%	738
2019	18,459,193,250	71,930,000	0.39%	662
2020	18,459,194,000	64,670,000	0.35%	#DIV/0!

(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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 1,845,919,325	\$ 1,845,919,325
Total net debt applicable to limit	106,853,559	99,608,160	91,106,736	82,696,120	84,021,531	66,133,135	91,218,535	79,450,000	71,930,000	64,670,000
Legal debt margin	\$ 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	\$ 1,773,989,325	\$ 1,781,249,325
Total net debt applicable to the limit as a percentage of debt limit	7.08%	6.70%	6.18%	5.54%	5.43%	4.12%	5.46%	4.53%	3.90%	3.50%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 18,459,193,250
Debt limit (10% of total assessed value)	\$ 1,845,919,325
Net debt applicable to limit	64,670,000
Legal debt margin	\$ 1,781,249,325

COUNTY OF ALBEMARLE, VIRGINIA

Table 13

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita			Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
		Personal Income (2)(5)	Personal Income (2)(5)	Income (2)(5)			
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%
2019	108,639		11,702,008,000	74,613	38.6	13,994	2.7%
2020	108,639		11,702,008,000	74,613	38.6	13,994	2.7%

(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

	Fiscal Year 2020		Fiscal Year 2011	
	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 +		
U.S. Department of Defense	4	500 to 999	6	500 to 999
State Farm Mutual Automobile Insurance	5	500 to 999	4	1,000 +
Atlantic Coast Athletic Club	6	500 to 999		
Northrup Grumman Corporation	7	500 to 999	5	500 to 999
Piedmont VA Community College	8	500 to 999	8	250 to 499
Crutchfield Corporation	9	250 to 499	10	205 to 499
Wal Mart	10	250 to 499	7	250 to 499
UVA Health Services Foundation			3	1,000 +

Source: Virginia Employment Commission

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>											
Administration											
Board of Supervisors	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.8	3.0
County Executive (1)	11.5	7.0	7.0	8.0	8.0	8.0	9.5	9.5	9.5	14.0	20.8
Human Resources	3.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.5	2.5	1.0
County Attorney	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	3.0
Finance (1)	53.5	49.8	49.8	52.8	53.3	54.8	55.8	55.8	58.8	60.8	9.0
Management & Budget (2)	0.0	3.5	3.5	3.5	4.0	4.3	4.8	5.3	5.8	5.8	62.8
Information Technology	23.0	21.0	21.0	20.0	21.0	21.0	22.0	22.0	21.5	23.0	27.0
Board of Elections (Registrar)	5.6	5.6	5.5	4.5	4.5	4.8	4.8	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	2.0
Clerk of the Circuit Court	10.0	10.0	10.0	10.5	11.0	11.0	11.0	11.5	11.5	11.5	15.5
Commonwealth's Attorney	9.0	9.0	9.0	9.5	9.5	11.5	11.5	11.5	12.5	12.5	26.0
Sheriff	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	25.0	13.5
Public safety											
Police	152.0	147.5	147.5	147.5	151.5	156.5	163.5	163.5	166.5	169.5	173.0
Victim Witness	2.0	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	1.0	1.0	1.0	0.0	0.0	0.0
Problem Oriented Policing	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	0.0
Fire/Rescue	80.0	80.0	80.0	93.5	96.0	98.6	109.0	109.0	113.0	119.5	121.5
FEMA Grant (4)	0.0	0.0	0.0	0.0	9.0	8.4	0.0	0.0	0.0	0.0	0.0
Public Works (5)											
Facilities & Environmental Services	30.7	21.6	22.4	22.1	22.0	23.0	26.3	26.3	27.3	28.3	28.3
Facilities - Project Mgmt	10.0	10.0	9.0	9.0	9.0	9.0	8.5	8.5	9.0	9.0	11.5
Human Development											
Social Services	104.2	103.2	103.2	103.7	107.3	110.1	115.2	117.2	126.7	135.3	137.8
Bright Stars	18.5	18.5	18.3	18.3	18.7	18.7	21.1	21.1	21.1	23.5	23.5
Parks, Recreation, and Culture											
Parks and Recreation	19.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.8	19.8	21.8
Towe Park	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Community Development											
Community Development	83.0	59.0	59.0	58.0	58.0	63.5	66.5	68.5	72.5	76.5	75.5
Economic Development (3)	0.0	0.0	0.0	0.0	0.0	2.5	2.5	2.5	3.0	3.0	3.0
Housing	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	0.0	0.0	0.0
Soil and Water Conservation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Totals	660.0	611.7	611.2	624.9	646.8	670.6	698.4	703.4	726.1	763.9	790.2

(1) Management &amp; Budget relocated from County Executive to Finance FY 09/10

(2) Management &amp; 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 &amp; Facilities Development Combined &amp; Restructured FY 15/16

COUNTY OF ALBEMARLE, VIRGINIA

Table 16

Operating Indicators by Function  
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police department:										
Physical arrests	2,495	3,480	3,064	3,035	3,268	3,157	2,753	2,278	3,120	2,094
Traffic violations	13,779	13,573	8,223	9,991	10,251	6,939	9,243	9,083	9,368	6,048
Fire and rescue:										
Number of calls answered	13,127	11,467	12,666	12,385	13,053	13,507	13,263	14,336	15,152	15,302
Zoning & Current development										
New residential construction (unit #)	357	411	345	468	474	449	592	664	661	909
New commercial construction (unit #)	53	56	57	36	29	42	48	53	46	26
Health and welfare										
Department of Social Services:										
Caseload	18,188	18,640	19,442	17,519	17,336	16,612	N/A	13,647	21,229	15,682
Culture and recreation										
Parks and recreation:										
Middle school sports program participants	1,160	1,100	1,093	1,074	1,114	1,106	1,036	1,076	1,002	951
Fee based classes/camps	1,698	1,888	1,747	1,583	1,899	1,767	1,850	2,758	3,095	766
Summer playground program	411	393	389	382	347	298	293	365	418	-
Men's Basketball	320	320	350	300	340	340	350	320	320	320
Component Unit - School Board										
Education:										
School enrollment	12,800	13,104	13,263	13,420	13,680	13,737	13,790	13,927	14,013	14,435
Number of central office instructors (1)	35	37	43	42	51	63	66	84	74	88
Number of elementary instructors	545	541	563	571	571	562	568	580	590	608
Number of secondary instructors	578	593	603	615	610	608	616	626	629	647

Source: Individual county departments

COUNTY OF ALBEMARLE, VIRGINIA

Table 17

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration vehicles	9	8	6	7	7	7	9	9	10	10
Judicial										
Sherriff's department patrol units	33	37	36	43	40	39	44	44	49	49
Public safety										
Police department patrol units	180	189	195	190	227	220	223	223	243	243
Fire/Rescue department vehicles	36	34	39	51	54	52	63	63	64	64
Community Development										
Economic Development (3)	-	-	-	-	-	-	1	1	8	8
Building codes:										
Administration (2)	-	-	3	3	6	3	4	4	4	4
Inspections vehicles	12	12	11	11	10	13	14	14	14	14
Planning (2)	1	1	-	-	-	-	-	-	-	-
Zoning vehicles (2)	3	3	-	-	-	-	-	-	-	-
Public works										
General Services:										
General maintenance vehicles	12	8	7	7	8	8	11	11	11	11
Facilities Development	5	3	3	3	3	3	3	3	3	3
Pool vehicles	10	11	11	11	12	12	11	11	11	11
Health and welfare										
Social Services vehicles	18	18	14	14	16	16	13	13	13	13
Parks and recreation										
Community centers	3	3	3	3	3	3	3	4	4	4
Vehicles	27	29	29	29	29	29	29	29	29	29
Parks (1)	36	37	37	38	38	38	38	39	39	39
Parks acreage (1) (4)	4,034	4,634	4,634	5,044	5,044	5,044	5,044	6,234	6,234	6,234
Tennis courts	36	36	36	36	36	36	36	36	36	36
Community development										
Housing vehicles	2	2	1	1	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.



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, 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, 2020, 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 Draft, 2020.

**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) as a basis for designing 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 financial statements. 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.

Charlottesville, Virginia  
Draft, 2020

DRAFT



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Albemarle, Virginia's compliance with the types of compliance requirements described 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, 2020. 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, 2020.

## ***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.

Charlottesville, Virginia  
Draft, 2020

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>Primary Government:</b>				
<b>Department of Agriculture:</b>				
Pass Through Payments:				
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	10115, 10116 40115, 40116	\$ 1,710,852	
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	Unknown	0	
Total Department of Agriculture			\$ 1,710,852	
<b>Department of Health and Human Services:</b>				
Direct Payments:				
Provider Relief Fund	93.498	N/A	\$ 105,113	
Pass Through Payments:				
Department of Social Services:				
Temporary Assistance for Needy Families (TANF Cluster)	93.558	400115, 400116	\$ 336,035	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115, 760116	64,447	
Foster Care - Title IV-E	93.658	1100115, 1100116	1,279,829	
Adoption Assistance	93.659	1120115, 1120116	961,234	
Promoting Safe and Stable Families	93.556	500115, 500116	43,522	
Refugee and Entrant Assistance - State Administered Programs	93.566	500115, 500116	15,762	
Low-Income Home Energy Assistance	93.568	600415, 600416	52,347	
Chafee Education and Training Vouchers Program	93.599	9160115, 9160116	7,843	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115, 900116	565	
Social Services Block Grant	93.667	1000115, 1000116	479,490	
Chafee Foster Care Independence Program	93.674	9150115, 9150116	10,160	
Children's Health Insurance Program	93.767	540115, 540116	57,406	
Medical Assistance Program (Medicaid Cluster)	93.778	1200115, 1200116	2,224,604	
Total Department of Health and Human Services			\$ 5,638,357	
<b>Department of Housing and Urban Development:</b>				
Direct Payments:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 3,026,088	
COVID-19 - Section 8 Housing Choice Vouchers - CARES ACT	14.871	N/A	6,618	
COVID-19- Mainstream Vouchers - CARES ACT	14.879	N/A	1,436	
Mainstream Vouchers	14.879	N/A	594,399	3,628,541
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	105,282	
Total Department of Housing and Urban Development			\$ 3,733,823	
<b>Department of Justice:</b>				
Direct Payments:				
Drug Court Discretionary Grant Program	16.585	N/A	\$ 21,842	
Pass Through Payments:				
Crime Victim Assistance	16.575	N/A	95,453	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000	73,571	
Total Department of Justice			\$ 190,866	

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>Primary Government: (Continued)</b>				
<b>Environmental Protection Agency:</b>				
Direct Payments:				
Chesapeake Bay Program	66.466	N/A	\$ 119,772	
Total Environmental Protection Agency			\$ 119,772	
<b>Department of Transportation:</b>				
Pass Through Payments:				
Department of Transportation:				
Highway Planning and Construction	20.205	Unknown	108,587	
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	Unknown	\$ 6,197	\$
National Priority Safety Programs (Highway Safety Cluster)	20.616	Unknown	2,057	8,254
Alcohol Open Container Requirements	20.607	154AL-11-51263	14,833	
Total Department of Transportation			\$ 131,674	
<b>Department of Treasury:</b>				
Virginia Department of Treasury:				
Pass Through Payments:				
COVID-19- Coronavirus Relief Fund	21.019	Unknown	\$ 1,420,465	
<b>Department of Homeland Security:</b>				
Department of Emergency Services:				
Pass Through Payments:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	\$ 47,410	
Total Department of Homeland Security			\$ 47,410	
Total Federal Expenditures - Primary Government			\$ 12,993,219	
<b>Component Unit - School Board:</b>				
<b>Department of Agriculture:</b>				
Direct Payments:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	N/A	\$ 532,945	\$
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	17901-40591,40253	\$ 458,098	
COVID-19-School Breakfast Program - CARES ACT	10.553	17901-40591,40253		
COVID-19- National School Lunch Program - CARES ACT	10.555	17901-40623,40254		
National School Lunch Program	10.555	17901-40623,40254	\$ 1,449,136	
Department of Agriculture:				
Food Distribution	10.555	Unknown	295,522	
			\$ 1,744,658	2,735,701
Total Department of Agriculture			\$ 2,735,701	

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit  
 Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>Component Unit - School Board: (Continued)</b>				
<b>Department of Education:</b>				
Pass Through Payments:				
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 1,790,236	
Title I Grants - State Agency Program for Neglected and Delinquent Children and Youth	84.013		2,675	
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	17901-43071	\$ 3,052,756	
Special Education - Preschool Grants	84.173	17901-62521	68,400	3,121,156
Adult Education - Basic Grants to States	84.002	17901-42801		77,750
		17901-61380		
Migrant Education-State Grant Program	84.011	17901-42910		146,542
Career and Technical Education - Basic Grants to States	84.048	17901-61095		166,386
Migrant Education Coordination Program	84.144	17901-61399		12,371
Education for Homeless Children and Youth	84.196	17901-42940		72,315
English Language Acquisition State Grants	84.365	17901-60512		153,465
Student Support and Academic Enrichment Program	84.424	Unknown		74,727
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	17901-61480		291,608
Total Department of Education			\$ 5,909,231	
Total Federal Expenditures - Component Unit- School Board			\$ 8,644,932	
Total Expenditures of Federal Awards			\$ 21,638,151	

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, 2020

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### **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, 2020. 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	\$ 7,218,272
Federal/State Grants Fund	4,054,630
CARES ACT Fund	1,533,632
General Capital Improvements	108,587
Other Governmental Funds	200,070
Total primary government	<u>\$ 13,115,191</u>
Component Unit School Board:	
School Operating Fund	\$ 5,909,232
School Food Services Fund	2,735,700
Total Component Unit School Board	<u>\$ 8,644,932</u>
Total federal expenditures per basic financial statements	\$ 21,760,123
Amounts required to reconcile federal revenues to expenditures:	
Less: Payment in lieu of taxes	(41,674)
Less: QCSB federal credit in debt service fund	<u>(80,298)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 21,638,151</u>

COUNTY OF ALBEMARLE, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.871/14.879	Housing Choice Cluster
84.411	Investing in Innovation
93.667	Social Services Block Grant
93.658	Foster Care - Title IV-E

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 compilation of the Comprehensive Annual Financial Report (CAFR) is a Finance & Budget Department team effort. This acknowledgement identifies those key individuals who shared in the development of this report; many others who assisted are not individually identified.

Chandler Arrington, Tax Revenue Analyst  
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Lindsay Huff, Chief Accountant-Accounting  
Tisha Jaudon, Deputy Chief of Treasury  
Tanya Johnson, Accounts Payable/Receivable Manager  
Jian Lin, Chief of Revenue Administration  
Vicki Malamphy, Accountant III  
Allison McNally, Chief of Procurement  
Jill Preddy, Purchasing Card Program Administrator  
Kristy Shifflett, Deputy CFO (interim)  
Michele Shifflett, Accountant I  
Valoree Smith, Accountant III  
Laura Vinzant, Senior Budget Analyst  
Robinson, Farmer, Cox Associates-Auditing Firm