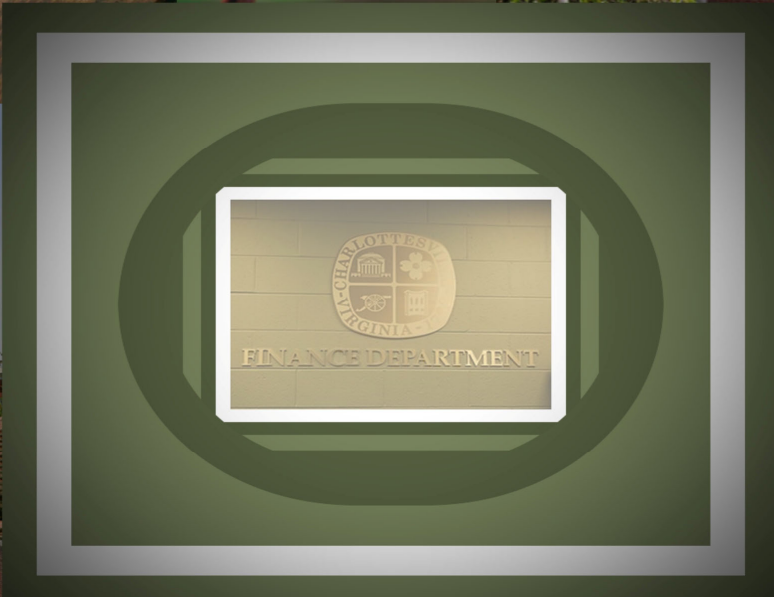
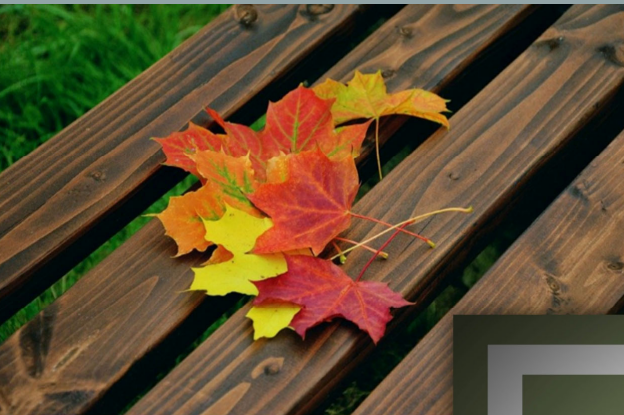




City of Charlottesville

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022



CITY OF CHARLOTTESVILLE, VIRGINIA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

**Prepared by
Department of Finance**

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CITY OF CHARLOTTESVILLE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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CITY OF CHARLOTTESVILLE, VIRGINIA
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CITY OF CHARLOTTESVILLE, VIRGINIA
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INTRODUCTORY SECTION

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

Office of the Director of Finance

P.O. Box 911 • Charlottesville, Virginia 22902
Telephone 434-970-3200 • Fax 434-970-3232



November 30, 2022

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

Dear Council Members:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Charlottesville (the City) for the fiscal year ended June 30, 2022. This report was previously called the Comprehensive Annual Financial report or "CAFR". The name change reflects the Government Accounting Standards Board's (GASB) Statement No. 98 and the request from the Government Finance Officers Association (GFOA) to no longer use the common four-letter acronym most often associated with the Comprehensive Annual Financial Report. This change is the result of a new and evolving industry understanding that the acronym, when spoken aloud, mimics the pronunciation of a deeply derogatory term often used in other parts of the world but readily recognized among certain populations of the United States as well.

The ACFR was prepared in accordance with Section 11-96 of the Charlottesville City Code. The City's Finance Department prepared the report and it was audited by the City's independent auditors, Robinson, Farmer, Cox Associates (RFCA). RFCA's opinions are included in this report. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

FINANCIAL CONDITION AND OUTLOOK

For Fiscal Year 2022 (completed June 30, 2022): The financial foundation for fiscal year 2022 was laid in late 2020/early 2021, less than one year after the beginning of the COVID 19 pandemic. At the time, COVID vaccines were just beginning to be administered to essential workers and first responders. COVID restrictions and closures were in place with no clear timeframe as to when they would be lifted. It was against this uncertain backdrop that the City adopted a conservative, status quo budget for fiscal year 2022 with modest growth of 0.5%.

But as the fiscal year began in July 2021, vaccines became widely available and restrictions and closures were lifted. The economy reopened and rebounded with several of the City's economically sensitive revenues performed significantly better than expected, namely Sales and Use Taxes, Lodging Taxes, Meals Taxes, Personal Property Taxes, and Business Licenses (note: many of these taxes had performed under budget in the previous fiscal year). Real Estate Taxes also performed much better than expected as a result of continued rising reassessments.

City operations and facilities were limited during fiscal year 2022. Twice during the fiscal year, the City attempted to reopen but did not due to surges in COVID cases from the Delta and Omicron variants. This resulted in a number of departments spending less than budgeted primarily in salaries and benefits from vacant positions. Delays in reopening facilities resulted in reduced operating costs. Some departments also experienced delays in purchases due to supply chain shortages.

The Combined General Fund finished fiscal year 2022 with a positive result as revenues exceeded expenditures by \$12.9 million. The total combines fund balance increased from \$53.4 million at the end of fiscal year 2021 to \$66.3 million. When restricted uses of fund balance are netted out (including the City's 17% fund balance policy), the General Fund finished with \$22.9 million of unrestricted funds in fund balance.

The City has been focused on the long-term financial sustainability of the City's retirement plan and Other Post-Employment Benefits (OPEB). The funded status of the City's pension plan steadily increased from 53.7% in fiscal year 2017 to 70.5% fiscal year 2021. However, poor investment performance in fiscal year 2022 resulted in the funded status decreasing to 58.7%. Similarly, the funded status of the City's OPEB plan has increased from 43.0% in fiscal year 2017 to 82.1% in fiscal year 2021. Poor investment performance in fiscal year 2022 resulted in the funded status declining to 71.0%. As part of its AAA-rated financial management, the City has traditionally funded 100% of its required Actuarially Determined

Contribution (ADC) for pension costs and OPEB and plans to continue do so in the future. In addition, the City has benefited from long-term market performance in excess of our 7.5% assumed rate of return.

For Fiscal Year 2023 (beginning July 1, 2022): The Adopted Budget for the General Fund for fiscal year 2023 totals \$212.9 million (a 10.8% increase over the fiscal year 2022 budget). The City continues to make investments in several of its Strategic Plan Priority Areas, including:

Affordable Housing: The budget includes \$7.5M in the current fiscal year, and over \$33.9M in the five-year capital program including redevelopment of public housing sites, housing rehabilitation, and supplemental rental assistance. Additional funding totaling \$1.25M is budgeted for tax and rental relief programs bringing the total to \$3.1M. Funds were added to upgrade and increase the capacity of the Housing Coordinator position and enhance the administration of affordable housing initiatives.

Race and Equity: Provides funding to increase focus of equity within the City organization and the greater community by reorganizing and providing additional funds for the City's ADA Coordinator. Additional funds were also provided to the office of the Deputy City Manager for Equity and Inclusion.

Workforce Development and Economic Development: The budget continues to invest in the Downtown Job Center, Growing Opportunities (GO) workforce development programs, and the Office of Economic Development's efforts to encourage entrepreneurship, maintain healthy businesses and assist with pandemic recovery.

Safety and Security: The CIP includes an additional \$1.5M to fully fund the replacement of the Bypass Fire Station (originally constructed in 1961). Funding continues for the Police Civilian Oversight Board to provide objective and independent civilian-led oversight of the Charlottesville Police Department.

Compensation and Benefits: A 3% COLA is included for City employees. The budget maintains the City's commitment to a living wage, which remains at \$15/hour. The Health Care Fund continues to perform well and no changes or premium increases to employee health care are included.

Education: \$62.9M in operational funding and \$7.1M in funding for capital improvements are provided to City schools. In addition, the 5-year CIP includes \$68.8M to fund renovations to Buford Middle School.

ECONOMIC CONDITION AND OUTLOOK

The City's economy continued to rebound in fiscal year 2022 following the impacts of the COVID-19 pandemic in the previous two years.

The City's unemployment rate spiked in April 2020 to a high of 10.7% but as of September 2022, has returned to 2.2%. This largely mirrors the state rate which rose to a high of 11.2% and has returned to a 2.6% level as of September 2022.

For tax year (calendar) 2022, residential real estate assessments increased in value by 11.69%. Commercial real property values increased for the ninth straight year in 2021, this time by 2.79%. Combined existing residential and commercial property increased in value by 7.94%. The total value of real property in the City, including new construction, increased by 10.8% in tax year 2022.

Capital investment in the City continued unabated by the pandemic. In calendar year 2021, 464 commercial construction permits were issued with an investment value of \$83,000,000. Also in 2021, four major Class A office buildings in the downtown area, totaling 500,000 square feet, were completed. While workplace environments continue to adjust, the new Charlottesville office space is fully leased indicating that interest in urban development for office use remains high in the City.

OTHER INFORMATION

Independent Audit: State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial records of the City has been performed by the accounting firm of Robinson, Farmer, Cox Associates, for the year ended June 30, 2022. The audit was also designed to meet the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The independent auditor's report on the government-wide financial statements and the fund financial statements and required supplementary information is included in the financial section of this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. This was the forty second (42) consecutive such award received by the City. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the

Honorable Mayor and Members
of the City Council
November 30, 2022

Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the dedicated service of each member of the Finance Department. No matter the difficulties or uncertainties caused by COVID and working in a new, hybrid environment, the Finance Department staff have risen to and overcome these challenges to ensure the integrity and efficiency of the City's financial operations. I thank them for their dedication and professionalism.

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

Respectfully submitted,



Christopher V. Cullinan
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Charlottesville
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF CHARLOTTESVILLE, VIRGINIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2022

ELECTED OFFICIALS

Council Members:

Lloyd Snook	Mayor
Juandiego Wade	Vice-Mayor
Michael Payne	Council Member
Brian Pinkston	Council Member
Sena Magill	Council Member

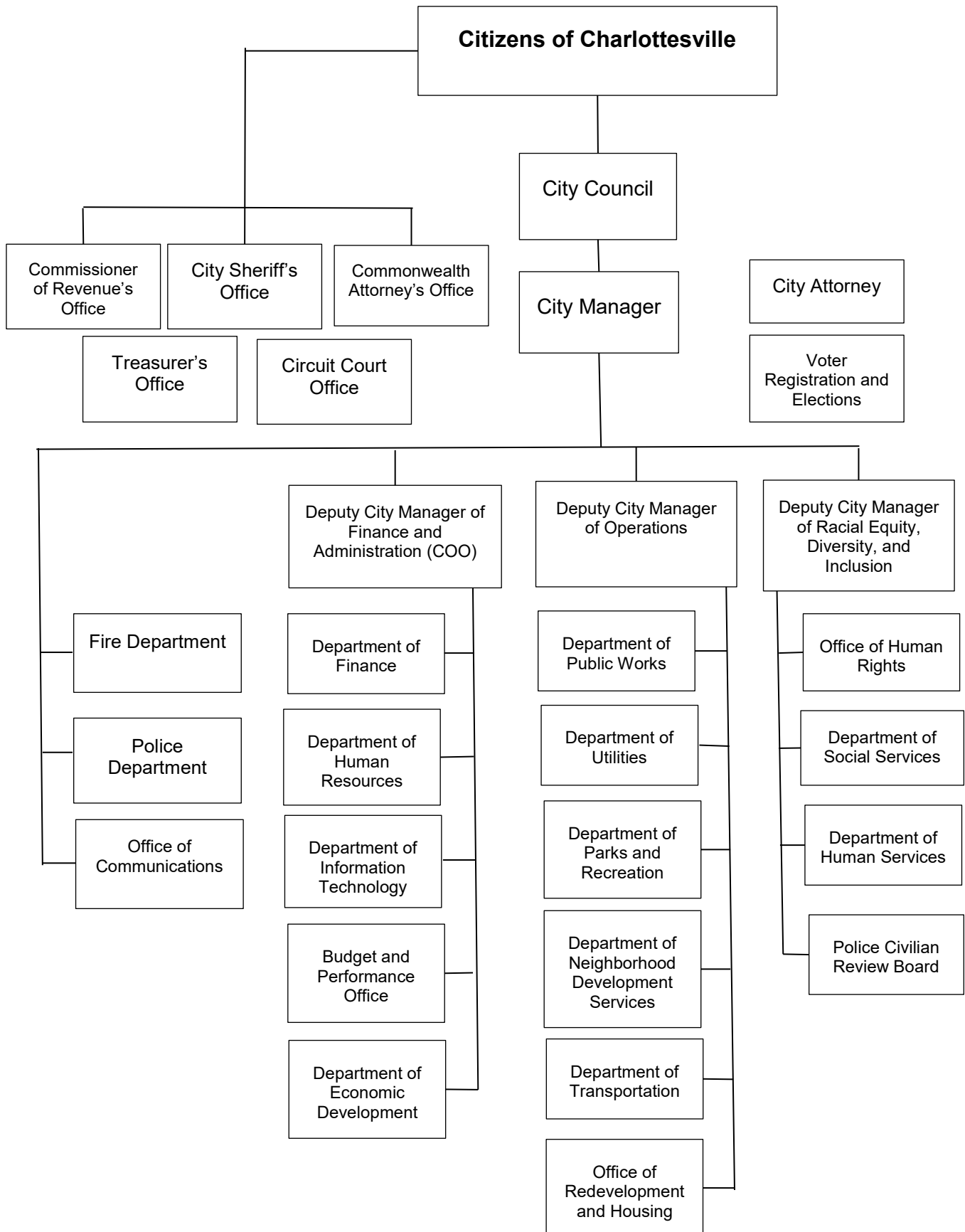
Constitutional Officers:

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

APPOINTED OFFICIALS

Michael C. Rogers	Interim City Manager
Samuel Sanders, Jr.	Deputy City Manager for Operations
Ashley Marshall	Deputy City Manager of Racial Equity, Diversity and Inclusion
Lisa Robertson	City Attorney
David Dillehunt	Acting Director of Communications
Krisy Hammill	Director of Budget and Performance Management
Chris Engel	Director of Economic Development
Christopher V. Cullinan	Director of Finance
Dr. Hezedeane Smith	Fire Chief
Steve Hawkes	Director of Information Technology
Alexander Ikefuna	Director of Office of Community Solutions
James Freas	Director of Neighborhood Development Services
Tito Durette	Acting Chief of Police
Stacy Smalls	Director of Public Works
Dana Kasler	Director of Parks and Recreation
Taylor Yowell	General Registrar
Susan Moffett	Director of Social Services
Misty Graves	Director of Human Services
Lauren Hildebrand	Director of Utilities
Garland Williams	Director of Transit
Kyna Thomas	Clerk of City Council

City Organizational Chart





FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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 the City of Charlottesville, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the 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 City of Charlottesville, Virginia, as of and for the year ended June 30, 2022, 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

We did not audit the financial statements of the School Activity Funds, which represent 3.29 percent, 4.04 percent, and 0.77 percent, respectively, of the governmental fund assets, governmental activities assets, and revenues of the discretely presented component unit - Charlottesville School Board as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Charlottesville, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 27 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement Nos. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Charlottesville, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Charlottesville, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Charlottesville, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Required Supplementary Information (Continued)

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 and other auditors 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Charlottesville, Virginia's basic financial statements. The accompanying supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, based on our audit and the report of other auditors, the supplementary section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

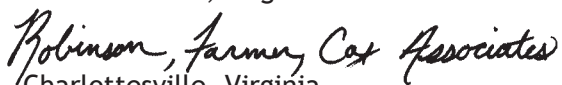
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of City of Charlottesville, 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 City of Charlottesville, 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 City of Charlottesville, Virginia's internal control over financial reporting and compliance.


Charlottesville, Virginia
December 2, 2022

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

As management of the City of Charlottesville, Virginia, we offer readers this narrative overview and analysis of the financial activities of the City of Charlottesville, Virginia for the fiscal year ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section. The intent of this discussion and analysis is to evaluate the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Government-wide

- The City's total net position, on a government-wide basis excluding component units, totaled \$238.5 million at June 30, 2022.
- The City's net position for the combined governmental and business-type activities, increased by \$30.5 million over the prior year. This increase is the sum of a \$21.8 million, as restated, for the governmental net position and a \$8.6 million increase in business-type net position. Net position also increased as the City's economy rebounded from COVID 19 and revenues performed significantly better than expected. Expenditure savings came from several vacant positions and reduced level of services as the City recovered and reopened

Government Funds

- At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$111.6 million, an increase of \$21.6 million over the prior year, primarily due to increased spending on capital improvement projects getting started. Approximately 19.2 percent, or \$21.4 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported revenues \$8.1 million over budget. Several tax revenues (real estate, personal property tax, sales tax, meals, and lodging) performed better than expected as the City's economy rebounded from COVID 19. The expenditures and other financing sources (net) finished out the year \$29.3 million under budget primarily due to vacancies, supply chain difficulties and reduced levels of service resulting from the City's gradual reopening of its services and facilities. In addition, City departments continued monitoring their budgets diligence with public funds.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$21.4 million, or 16.3 percent of total General Fund expenditures and net transfers.

Long-term Liabilities

- The City's total long-term liabilities, consisting of general obligation bonds, compensated absences, pension, leases, and OPEB obligations decreased by \$16.6 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

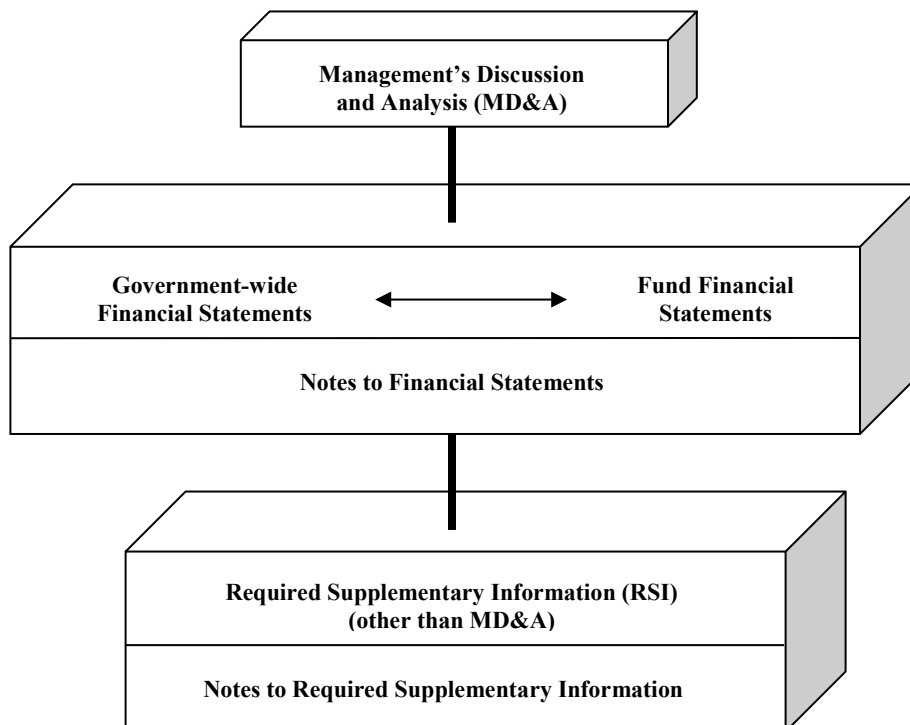
CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

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

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

Figure A
Required Components of City's Financial Statements



The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

(government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

Financial Statements for the Charlottesville School Board – Component unit are presented in Exhibits M-1, M-2, M-3, M-4, M-5, M-6 and M-7. Progress in funding School Board obligation to provide pension and other postemployment benefits (OPEB) plans to its employees is provided as Exhibits H-5, H-6, H-7, H-8, H-9, H-10, and H-11.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

City of Charlottesville, Virginia Condensed Statement of Net Position June 30, 2022 and 2021

Table I

	Governmental Activities		Business-type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Assets:							
Current and							
other assets	\$233,640,356	\$189,131,714	\$ 49,856,231	\$ 40,067,648	\$283,496,587	\$229,199,362	23.69%
Capital assets	247,698,208	237,625,716	102,814,537	99,312,028	350,512,745	336,937,744	4.03%
Total assets	481,338,564	426,757,430	152,670,768	139,379,676	634,009,332	566,137,106	11.99%
Deferred Outflow							
of resources	22,785,150	25,213,290	2,614,864	3,179,007	25,400,014	28,392,297	-10.54%
Liabilities:							
Long-term liabilities	182,288,158	210,291,150	70,590,734	76,411,545	252,878,892	286,702,695	-11.80%
Other liabilities	63,493,813	33,345,934	13,730,157	66,661,843	77,223,970	100,007,777	-22.78%
Total liabilities	245,781,971	243,637,084	84,320,891	143,073,388	330,102,862	386,710,472	-14.64%
Deferred Inflow							
of resources	86,839,183	58,662,843	4,447,261	1,627,496	91,286,444	60,290,339	51.41%
Net Position:							
Net investment in							
capital assets	146,771,789	148,423,736	44,909,801	45,218,630	191,681,590	193,642,366	-1.01%
Restricted							
General government	191,551	204,894			191,551	204,894	-6.51%
Public safety	645,099	542,461			645,099	542,461	18.92%
Health and Welfare	281,456	88,682			281,456	88,682	217.38%
Parks and recreation	99,597	74,525			99,597	74,525	33.64%
Conservation and							
development	10,000	10,000			10,000	10,000	0.00%
Nonspendable,							
permanent fund	171,962	171,962			171,962	171,962	0.00%
Unrestricted	23,331,106	154,523	21,607,679	12,639,169	44,938,785	12,793,692	251.26%
Total net position	\$171,502,560	\$149,670,783	\$ 66,517,480	\$ 57,857,799	\$238,020,040	\$207,528,582	14.69%

Net position (the difference between assets and liabilities plus deferred outflows of resources less deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, the net position was \$238.0 million at the close of fiscal year 2022. The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less accumulated depreciation, less any related outstanding debt and adding unspent proceeds from debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources

Governmental Activities

The net position of the City's governmental activities increased from \$149.7 million to \$171.5 million.

Business-type Activities

The City's business-type activities net position increased by \$8.6 million due to an increase in net position for Water, Wastewater, Gas, Stormwater and Meadowcreek Golf Course. Business-type activity resources are not to

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

be used to make up for a net position deficit in the governmental activities. In general, the City can only use the unrestricted net position of business-type activities to finance the continued operations of its enterprise operations, which include the Water, Sewer, Stormwater, Gas and Meadowcreek Golf Course funds.

Statement of Activities

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

City of Charlottesville, Virginia Changes in Net Position For the Years Ended June 30, 2022 and 2021

Table II

	Governmental		Business-type		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program revenues							
Charges for services	\$ 20,012,594	\$ 10,499,945	\$ 67,246,196	\$ 55,865,893	\$ 87,258,790	\$ 66,365,838	31.48%
Operating grants and contributions	32,728,882	33,515,514	50,915	27,107	32,779,797	33,542,621	-2.27%
Capital grants and contributions	3,112,320	2,006,944	-	-	3,112,320	2,006,944	55.08%
General revenues							
Property taxes	97,568,094	89,152,047	-	-	97,568,094	89,152,047	9.44%
Other taxes	49,604,138	52,172,815	-	-	49,604,138	52,172,815	-4.92%
Grants/contributions	45,108,421	37,787,440	-	-	45,108,421	37,787,440	19.37%
Miscellaneous	1,678,536	817,801	1,752,473	898,131	3,431,009	1,715,932	99.95%
Use of money/property	539,105	1,220,855	84,494	67,156	623,599	1,288,011	-51.58%
Total revenues	250,352,090	227,173,361	69,134,078	56,858,287	319,486,168	284,031,648	12.48%
Expenses:							
General government	40,219,990	32,639,091	-	-	40,219,990	32,639,091	23.23%
Public safety	37,098,350	38,168,385	-	-	37,098,350	38,168,385	-2.80%
Community services	21,951,554	24,058,257	-	-	21,951,554	24,058,257	-8.76%
Health and welfare	35,027,830	36,271,499	-	-	35,027,830	36,271,499	-3.43%
Parks, recreation and culture	15,212,695	12,079,902	-	-	15,212,695	12,079,902	25.93%
Education	66,009,065	59,179,414	-	-	66,009,065	59,179,414	11.54%
Conservation and development	17,443,746	16,759,036	-	-	17,443,746	16,759,036	4.09%
Interest on long-term debt	1,694,940	1,892,395	-	-	1,694,940	1,892,395	-10.43%
Water	-	-	11,441,564	10,560,049	11,441,564	10,560,049	8.35%
Sewer	-	-	12,305,110	12,914,698	12,305,110	12,914,698	-4.72%
Gas	-	-	28,114,095	21,447,761	28,114,095	21,447,761	31.08%
Stormwater	-	-	1,429,656	1,402,970	1,429,656	1,402,970	1.90%
Golf	-	-	1,046,115	1,039,968	1,046,115	1,039,968	0.59%
Total expenses	234,658,170	221,047,979	54,336,540	47,365,446	288,994,710	268,413,425	7.67%
Change in net position before transfers	15,693,920	349,178	14,797,538	9,492,836	30,491,458	15,618,223	95.23%
Transfers	6,137,857	5,776,201	(6,137,857)	(5,776,201)	-	-	-
Change in net position	21,831,777	6,125,379	8,659,681	3,716,635	30,491,458	15,618,223	
Net position - beginning	149,670,783	143,545,404	57,857,799	54,141,164	207,528,582	197,686,568	4.98%
Net position - end of year	\$ 171,502,560	\$ 149,670,783	\$ 66,517,480	\$ 57,857,799	\$ 238,020,040	\$ 213,304,791	4.98%

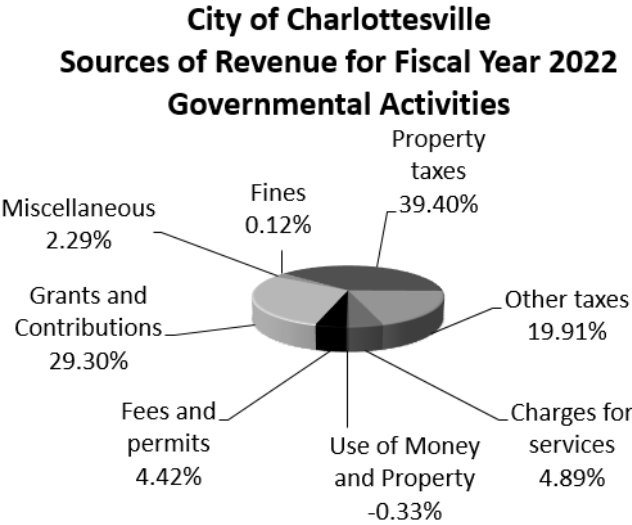
Governmental Activities

The City's total revenues from governmental activities were \$247.7 million for the fiscal year ended June 30, 2022. Approximately 59.31% of the City's revenue from governmental activities comes from property and other taxes (59.79% in 2021).

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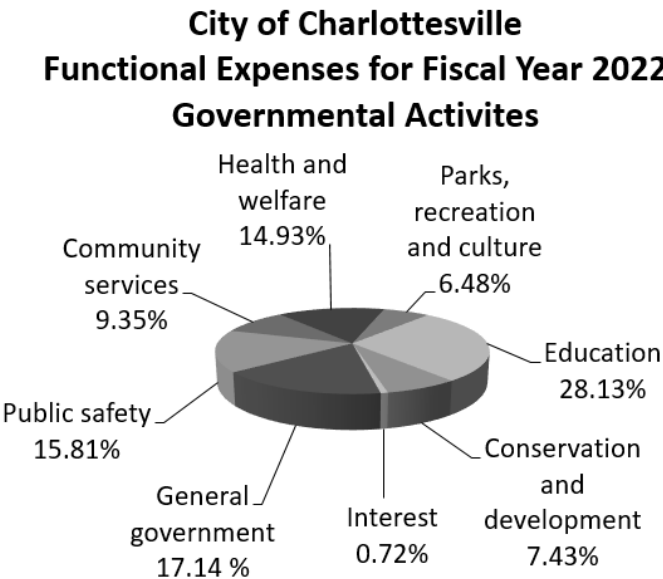
Management’s Discussion and Analysis
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Revenues by Source – Governmental Activities



The City's governmental activity expenses increased by \$13.7 million in 2022. Expenses for fiscal year 2022 cover a wide range of services, with 14.93% or \$35.0 million related to health and welfare, 28.13% or \$66.0 million for education (primarily payments to the City's Public Schools, a component unit), and 15.81% or \$37.1 million related to public safety.

Expenses by Function – Governmental Activities

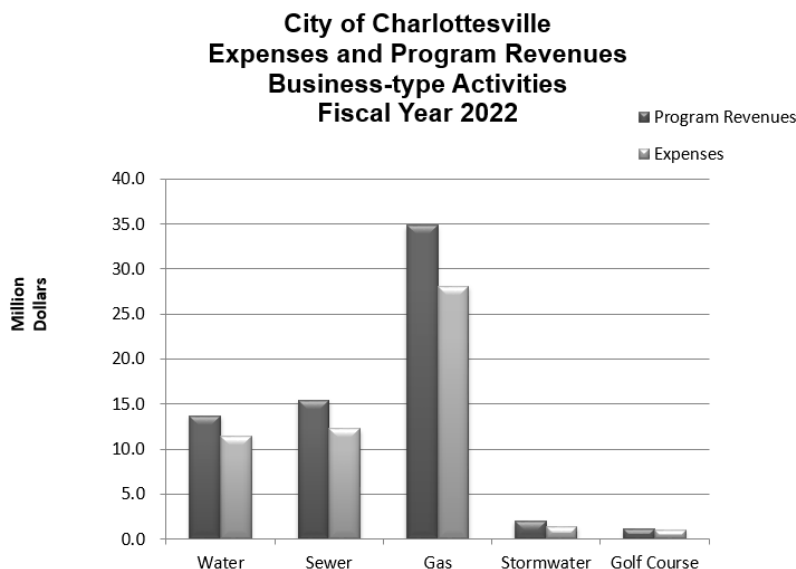


CITY OF CHARLOTTESVILLE, VIRGINIA

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Business-Type Activities

Net position for the City's business-type increased by \$8.7 million.



Proprietary Funds

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

The Water Fund had an increase in net position of \$1,426,258. The Sewer Fund had an increase in net position of \$2,226,682. The Gas Fund had an increase in net position of \$4,193,623. The Stormwater Fund had an increase in net position of \$666,118. The Golf Fund had an increase in net position of \$173,765.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of Charlottesville's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, restricted, committed, assigned, and unassigned fund balances may serve as a useful measure of a city's net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2022, the governmental funds reported combined ending fund balances of \$111.6 million, an increase of \$21.6 million, in comparison with the prior year. Included in this are the following major transactions:

- \$35.3 million spent in the Capital Projects Fund for fund road and sidewalk construction and other projects, including improvements to government and school facilities.
- \$61.2 million net, contributed by the City to finance the Public Schools' operations.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

Approximately \$88.5 million of the combined total fund balances constitutes committed and assigned fund balance, which generally is available for spending at the government's discretion. This balance includes \$13.0 million committed for debt service.

Nonspendable fund balance is \$162.5 thousand from the Permanent Fund and \$9.6 thousand for prepaid items. This amount represents assets that are not readily available to the City for current expenditures. The City also has \$1.2 million in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received grant funds that must be used for a specific purpose but have not yet been spent.

The remaining fund balance at June 30, 2022, indicated as unassigned, is \$21.4 million in the General Fund. This amount represents 16.3% of General Fund expenditures and transfers (net) and is a measure of the General Fund's liquidity. Total fund balance of the General Fund increased by \$12.9 million in fiscal year 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund For the Year Ended June 30, 2022

Table III

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Real Estate taxes	\$ 80,277,422	\$ 80,277,422	\$ 85,287,083	\$ 5,009,661
Other taxes	50,991,990	50,991,990	61,590,583	10,598,593
Licenses/permits	9,672,000	9,672,000	10,935,166	1,263,166
Intergovernmental	37,872,226	38,314,390	29,095,280	(9,219,110)
Charges for services	9,562,299	9,564,799	7,587,670	(1,977,129)
Other revenues	1,947,582	1,978,530	4,426,512	2,447,982
Total	190,323,519	190,799,131	198,922,294	8,123,163
Expenditures and net transfers				
Expenditures	180,157,079	178,057,703	158,780,966	19,276,737
transfers (net)	21,909,800	29,228,799	27,281,179	1,947,620
Total	202,066,879	207,286,502	186,062,145	21,224,357
Change in Fund Balance	\$ (11,743,360)	\$ (16,487,371)	\$ 12,860,149	\$ 29,347,520

Factors to explain economic performance for FY2022:

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$1,780,001 for encumbrances re-appropriated from June 30, 2022, as well as continuing appropriations from the prior year totaling \$1,474,718 for equipment and facilities as well as \$2,394,639 for the Landfill Remediation Reserve. Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled \$5,219,623. This difference is primarily due to supplemental appropriations during the year.

Actual total revenues were higher than the amended budget by \$8,123,160. Significant positive variances between budgeted and actual revenue were in real estate tax, personal property tax, sales tax, meals tax, lodging tax and business licenses. Some revenues underperformed their budgeted amounts, namely parking garage, and recreation charges. Expenditures and transfers were below budget by \$21,224,357 resulting from a number of vacant positions and lower expenses as the City gradually recovered and reopened from COVID 19 during the fiscal year.

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Management's Discussion and Analysis Year Ended June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Charlottesville's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$125.5 million (net of depreciation). This investment includes land, municipal and school buildings and improvements, water, sewer and gas distribution systems, machinery and equipment, roads, and bridges.

City of Charlottesville's Capital Assets (Net of accumulated depreciation)

June 30, 2022 and 2021

Table IV

	Governmental		Business-type		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Land	\$ 22,057,286	\$ 22,057,286	\$ 2,064,048	\$ 2,064,048	\$ 24,121,334	\$ 24,121,334	0.00%
Assets under construction	21,546,737	22,793,789	-	-	21,546,737	22,793,789	0.00%
Buildings and Improvements	94,368,706	96,448,756	351,104	377,614	94,719,810	96,826,370	-2.18%
Vehicles	8,340,128	9,599,681	1,782,255	2,173,635	10,122,383	11,773,316	-14.02%
Equipment	4,494,432	4,031,134	296,981	385,343	4,791,413	4,416,477	8.49%
Streets	49,486,453	54,644,823	-	-	49,486,453	54,644,823	-9.44%
Bridges	13,185,171	5,643,135	-	-	13,185,171	5,643,135	133.65%
Infrastructure	24,390,264	25,407,112	98,199,329	94,311,387	122,589,593	119,718,499	2.40%
Leases	9,829,031	-	120,820	-	9,949,851	-	100.00%
Total	\$ 247,698,208	\$ 240,625,716	\$ 102,814,537	\$ 99,312,027	\$ 350,512,745	\$ 339,937,743	3.11%

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

- Utility Infrastructure Improvements (Water, Sewer, and Stormwater)
- Belmont Bridge Replacement Project
- Circuit Court Renovations
- 7th Street Deck Project
- School Priority Projects

The City's fiscal year 2022 capital improvement funds provided approximately \$35.4 million for various capital projects. Some of the major categories include \$2.6 million in school related projects, \$15.3 million for street, sidewalk and bridge projects, 1.0 million for parks and recreation improvements, \$0.5 million for public safety, \$4.7 million for housing, and 6.8 million for court building improvements. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan.

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

Long-term Liabilities

At the end of the current fiscal year, the City of Charlottesville had total bonded debt (including unamortized premiums and notes payable) outstanding of \$176.8 million. This entire amount is backed by the full faith and credit of the City and \$65.7 million is being repaid by the City's utilities.

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

City of Charlottesville's Outstanding Debt General Obligation Bonds June 30, 2022 and 2021

Table V

	Governmental		Business-type		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
General obligation bonds	\$ 104,330,720	\$ 93,862,907	\$ 61,269,414	\$ 58,438,152	\$ 165,600,134	\$ 152,301,059	8.73%
Total	\$ 104,330,720	\$ 93,862,907	\$ 61,269,414	\$ 58,438,152	\$ 165,600,134	\$ 152,301,059	

Charlottesville's total debt increased by \$13.3 million during the fiscal year. On its most recent bond issue in June 2022, the City's bond rating was reaffirmed by S & P Global Ratings and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$931.3 million. This is significantly more than the City's current total outstanding debt.

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

ECONOMIC FACTORS EFFECTING NEXT YEAR'S BUDGET AND RATES

The City's economy continues to rebound from the effects of COVID 19. As noted above, many of the City's locally derived taxes performed better than expected. In addition, several of the City's economic indicators show positive improvement:

- The City's unemployment rate decreased from 3.8% in July 2021 to 2.8% in July 2022. This is lower than the national unemployment rate of 3.8%, and the state's rate of 2.9%.
- City labor force decreased 2.4% from 24,780 in July 2021 to 24,196 in July 2022 based on current Virginia Employment Commission statistics.
- The City has an estimated population of 51,079 according to the Weldon Cooper Center for Public Service.

The budget for 2023 was developed building upon the strong performance of the City economy and the City's operations and facilities being fully open. Amounts available for appropriation in the General Fund budget for 2023 are \$212.9 million, an increase of 10.8% over the 2022 budget of \$192.2.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash, cash equivalents and investments (note 3)	\$ 126,177,238	\$ 27,813,628	\$ 153,990,866	\$ 2,425,146	\$ 14,451,029
Interest receivable	177,686	-	177,686	-	-
Accounts receivable, net	5,641,682	7,031,235	12,672,917	-	209,866
Taxes receivable, net	53,149,441	-	53,149,441	-	-
Leases receivable	771,676	-	771,676	6,631,867	-
Loans receivable (note 5)	3,746,315	-	3,746,315	918,092	-
Due from other governments (note 6)	16,193,591	-	16,193,591	-	7,423,154
Inventories	332,226	851,962	1,184,188	-	5,059
Net Pension Asset	-	-	-	-	2,773,011
Prepaid expenses	120,396	3,157,599	3,277,995	15	-
Restricted cash and investments (note 3)	20,491,797	11,001,807	31,493,604	-	-
Capital assets (note 8):					
Capital assets not being depreciated	43,604,023	2,064,048	45,668,071	-	-
Capital assets being depreciated	204,094,185	100,750,489	304,844,674	-	19,835,667
Total assets	<u>474,500,256</u>	<u>152,670,768</u>	<u>627,171,024</u>	<u>9,975,120</u>	<u>44,697,786</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding resulting in loss transactions	65,382	51,060	116,442	-	-
Deferred charges - pension (notes 11 and 15)	17,861,511	2,073,124	19,934,635	-	13,842,213
Deferred charges - OPEB (notes 13 and 16)	4,858,257	490,680	5,348,937	-	1,958,402
Total deferred outflows of resources	<u>22,785,150</u>	<u>2,614,864</u>	<u>25,400,014</u>	<u>-</u>	<u>15,800,615</u>
Total Assets And Deferred Outflows of Resources	<u>\$ 497,285,406</u>	<u>\$ 155,285,632</u>	<u>\$ 652,571,038</u>	<u>\$ 9,975,120</u>	<u>\$ 60,498,401</u>

Continued

STATEMENT OF NET POSITION

JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
LIABILITIES					
Accounts payable	4,970,881	1,047,808	6,018,689	-	715,297
Accrued liabilities	20,113,988	6,280,570	26,394,558	67,387	5,775,001
Customer deposits	15,291	1,047,711	1,063,002	-	-
Due to other governments	1,498,819	-	1,498,819	-	1,042,415
Unearned revenue	16,574,159	-	16,574,159	-	23,328
Accrued interest payable	1,020,852	647,796	1,668,648	99,021	-
Long-term liabilities (note 9):					
Due within one year	13,436,710	4,761,531	18,198,241	130,000	325,144
Due in more than one year	115,442,960	62,408,345	177,851,305	-	2,384,389
Net pension liability (notes 9,11 and 15)	54,907,111	6,531,084	61,438,195	-	36,027,758
Net OPEB liability (notes 9, 13 and 15)	10,962,892	1,596,046	12,558,938	-	11,657,872
Total liabilities	238,943,663	84,320,891	323,264,554	296,408	57,951,204
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	51,316,399	-	51,316,399	-	-
Deferred charges on refunding resulting in gain transactions	47,594	494,879	542,473	-	-
Deferred charges - pension (notes 11 and 15)	18,571,112	2,175,095	20,746,207	-	29,874,271
Deferred charges - OPEB (notes 13 and 16)	16,134,560	1,777,287	17,911,847	-	2,370,551
Deferred inflows-leases	769,518	-	769,518	6,160,761	-
Total deferred inflows of resources	86,839,183	4,447,261	91,286,444	6,160,761	32,244,822
NET POSITION					
Net Investment in capital assets	146,771,789	44,909,801	191,681,590	-	19,835,667
Restricted for:					
General government	191,551	-	191,551	-	-
Public safety	645,099	-	645,099	-	-
Health and welfare	281,456	-	281,456	-	-
Parks, recreation and culture	99,597	-	99,597	-	-
Education	-	-	-	-	8,571,162
Education-net pension asset	-	-	-	-	2,773,011
Conservation and development	10,000	-	10,000	-	-
Permanent fund, nonexpendable	171,962	-	171,962	-	-
Unrestricted	23,331,106	21,607,679	44,938,785	3,517,951	(60,877,465)
Total net position	171,502,560	66,517,480	238,020,040	3,517,951	(29,697,625)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 497,285,406	\$ 155,285,632	\$ 652,571,038	\$ 9,975,120	\$ 60,498,401

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

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 40,219,990	\$ 10,936,503	\$ 3,641,175	\$ 568,595
Public safety	37,098,350	163,913	5,257,546	592,409
Community services	21,951,554	654,851	10,033,919	-
Health and welfare	35,027,830	4,440,760	7,540,124	-
Parks, recreation and culture	15,212,695	850,046	382,125	518,523
Education	62,979,103	53,133	163,144	946,047
Conservation and development	17,443,746	2,913,388	2,680,887	486,746
Interest on long term debt	1,694,940	-	-	-
Total governmental activities	231,628,208	20,012,594	29,698,920	3,112,320
Business-type activities:				
Water	11,441,564	13,674,925	2,234	-
Sewer	12,305,110	15,423,099	431	-
Gas	28,114,095	34,881,091	30,906	-
Stormwater	1,429,656	2,068,696	1,319	-
Golf	1,046,115	1,198,385	16,025	-
Total business-type activities	54,336,540	67,246,196	50,915	-
Total Primary Government	\$ 285,964,748	\$ 87,258,790	\$ 29,749,835	\$ 3,112,320
COMPONENT UNITS				
Economic Development Authority	\$ 664,194	\$ 314,473	\$ -	\$ -
School Board	75,146,290	1,765,851	10,661,679	-
Total Component Units	\$ 75,810,484	\$ 2,080,324	\$ 10,661,679	\$ -

Continued

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B - Concluded

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units	
				Economic Development Authority	School Board
PRIMARY GOVERNMENT					
Governmental activities:					
General government	\$ (25,073,717)	\$ -	\$ (25,073,717)		
Public safety	(31,084,482)	-	(31,084,482)		
Community services	(11,262,784)	-	(11,262,784)		
Health and welfare	(23,046,946)	-	(23,046,946)		
Parks, recreation and culture	(13,462,001)	-	(13,462,001)		
Education	(61,816,779)	-	(61,816,779)		
Conservation and development	(11,362,725)	-	(11,362,725)		
Interest on long term debt	(1,694,940)	-	(1,694,940)		
Total governmental activities	<u>(178,804,374)</u>	<u>-</u>	<u>(178,804,374)</u>		
Business-type activities:					
Water	-	2,235,595	2,235,595		
Sewer	-	3,118,420	3,118,420		
Gas	-	6,797,902	6,797,902		
Stormwater	-	640,359	640,359		
Golf	-	168,295	168,295		
Total business-type activities	<u>-</u>	<u>12,960,571</u>	<u>12,960,571</u>		
Total Primary Government	<u>(178,804,374)</u>	<u>12,960,571</u>	<u>(165,843,803)</u>		
COMPONENT UNITS					
Economic Development Authority				\$ (349,721)	\$ -
School Board				-	(62,718,760)
Total Component Units				<u>(349,721)</u>	<u>(62,718,760)</u>
GENERAL REVENUES					
General property taxes	97,568,094	-	97,568,094	-	-
Sales tax	14,526,660	-	14,526,660	-	-
Utility tax	4,611,301	-	4,611,301	-	-
Communications tax	2,288,233	-	2,288,233	-	-
Meals tax	15,925,582	-	15,925,582	-	-
Lodging tax	7,222,710	-	7,222,710	-	-
Public service corporation tax	1,587,537	-	1,587,537	-	-
Wills and deeds tax	1,058,718	-	1,058,718	-	-
Rolling stock tax	15,006	-	15,006	-	-
Short-term rental tax	63,548	-	63,548	-	-
Cigarette tax	355,991	-	355,991	-	-
State recordation tax	742	-	742	-	-
Bank stock tax	1,225,370	-	1,225,370	-	-
Business license tax	722,740	-	722,740	-	-
Grants & contributions not restricted to specific programs	45,108,421	-	45,108,421	-	-
State aid-formula grants	-	-	-	-	22,556,700
Payment from City	-	-	-	-	51,636,477
Unrestricted revenue from use of money and property	1,153,333	6,052	1,159,385	711,107	-
Interest on investment earnings	(823,391)	78,442	(744,949)	44,533	-
Leases	209,163	-	209,163	-	-
Miscellaneous	1,678,536	1,752,473	3,431,009	-	-
Transfers, net	6,137,857	(6,137,857)	-	-	-
Total general revenues and transfers	<u>200,636,151</u>	<u>(4,300,890)</u>	<u>196,335,261</u>	<u>755,640</u>	<u>74,193,177</u>
Change in net position	21,831,777	8,659,681	30,491,458	405,919	11,474,417
Net Position - July 1, 2021	<u>149,670,783</u>	<u>57,857,799</u>	<u>207,528,582</u>	<u>3,112,032</u>	<u>(41,172,046)</u>
Net Position - June 30, 2022	<u>\$ 171,502,560</u>	<u>\$ 66,517,480</u>	<u>\$ 238,020,040</u>	<u>\$ 3,517,951</u>	<u>\$ (29,697,629)</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	American Relief Program Act Fund	Social Services Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
ASSETS							
Cash, cash equivalents and investments	\$ 55,670,504	\$ 16,546,412	\$ 77,707	\$ 39,376,143	\$ 13,108,860	\$ 528,032	\$ 125,307,658
Interest receivable	177,685	-	-	-	-	-	177,685
Accounts receivable, net	615,766	-	8,347	3,997	-	825,785	1,453,895
Taxes receivable, net	53,149,441	-	-	-	-	-	53,149,441
Leases receivable	771,676	-	-	-	-	-	771,676
Due from other governments (note 6)	3,633,063	-	766,891	4,048,292	-	7,745,347	16,193,593
Due from other funds (note 7)	11,026,095	-	-	-	-	-	11,026,095
Loans receivable (note 5)	-	-	-	2,530,000	-	1,216,315	3,746,315
Prepaid items	9,460	-	-	-	-	-	9,460
Total assets	<u>\$ 125,053,690</u>	<u>\$ 16,546,412</u>	<u>\$ 852,945</u>	<u>\$ 45,958,432</u>	<u>\$ 13,108,860</u>	<u>\$ 10,315,479</u>	<u>\$ 211,835,818</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 1,423,217	\$ 40,661	\$ 13,966	\$ 2,453,321	\$ 67,823	\$ 605,948	\$ 4,604,936
Accrued liabilities	4,901,005	24,707	508,521	10,566,579	53,927	2,006,345	18,061,084
Deposits	-	-	-	1,650,973	-	-	1,650,973
Due to other governments	-	-	-	-	-	1,498,819	1,498,819
Due to other funds (note 7)	-	-	210,760	-	-	5,218,294	5,429,054
Unearned revenue-other	62,364	16,481,044	-	-	-	30,750	16,574,158
Total liabilities	<u>6,386,586</u>	<u>16,546,412</u>	<u>733,247</u>	<u>14,670,873</u>	<u>121,750</u>	<u>9,360,156</u>	<u>47,819,024</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable tax revenue	51,623,332	-	-	-	-	-	51,623,332
Unavailable lease revenue	769,518	-	-	-	-	-	769,518
Total deferred inflows of resources	<u>52,392,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,392,850</u>
FUND BALANCES (Note 2b):							
Nonspendable	9,460	-	-	2,530,000	-	162,502	2,701,962
Restricted	602,542	-	-	-	-	625,161	1,227,703
Committed	6,133,402	-	-	-	12,987,110	-	19,120,512
Assigned	36,191,590	-	119,698	28,757,559	-	167,660	65,236,507
Unassigned	23,337,260	-	-	-	-	-	23,337,260
Total fund balances	<u>66,274,254</u>	<u>-</u>	<u>119,698</u>	<u>31,287,559</u>	<u>12,987,110</u>	<u>955,323</u>	<u>111,623,944</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 125,053,690</u>	<u>\$ 16,546,412</u>	<u>\$ 852,945</u>	<u>\$ 45,958,432</u>	<u>\$ 13,108,860</u>	<u>\$ 10,315,479</u>	<u>\$ 211,835,818</u>

Continued

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total fund balances per the Balance Sheet for Governmental Funds	\$ 111,623,944
Amounts reported in the Statement of Net Position (Exhibit A) are different because:	
Capital assets are not financial resources and therefore are not reported in the funds statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation:	247,698,206
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the governmental funds and are not included in fund balance:	
Deferred inflows-pensions	(18,571,112)
Deferred inflows-OPEB	(16,134,560)
Deferred outflows-pensions	17,861,511
Deferred outflows-OPEB	4,858,257
Internal service funds area used by management to charge the cost of certain activities such as insurances and telecommunication to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Position:	
Internal service funds net position, less amounts reflected in capital assets, deferred inflows/outflows, and net pension liabilities	16,917,874
Some of the city's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are unavailable in the funds:	
Deferred taxes	306,933
Some liabilities, including general bonds payable, are not due as payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position:	
Bonds payable	(104,330,721)
Accrued interest payable	(1,020,852)
Unamortized premiums on bonds	(8,944,161)
Net deferred amount on refunding	17,787
Net pension liability	(54,907,111)
Net OPEB liability	(10,962,892)
Compensated absences	(3,030,829)
Lease liability	(9,879,714)
Net position per the Statement of Net Position (Exhibit A)	<u>\$ 171,502,560</u>

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

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT D

	General Fund	American Relief Program Act Fund	Social Service Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Taxes	\$ 146,877,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,877,665
Fees and permits	10,935,166	-	-	8,860	-	-	10,944,026
Intergovernmental	29,095,279	3,516,277	10,345,279	9,542,370	35,573	20,037,312	72,572,090
Charges for services	7,587,669	-	-	793	-	4,530,310	12,118,772
Fines	302,224	-	-	-	-	-	302,224
Leases	209,163	-	-	-	-	-	209,163
Investment earnings	(879,587)	-	-	-	53,944	2,252	(823,391)
Miscellaneous	1,764,753	-	5,558	535,328	-	120,561	2,426,200
Total revenues	<u>195,892,332</u>	<u>3,516,277</u>	<u>10,350,837</u>	<u>10,087,351</u>	<u>89,517</u>	<u>24,690,435</u>	<u>244,626,749</u>
Current:							
General government	23,732,192	646,872	-	14,153,892	185,645	589,795	39,308,396
Public safety	38,980,970	66,370	-	289,194	-	1,379,655	40,716,189
Community services	8,277,218	-	-	937,359	-	10,794,545	20,009,122
Health and welfare	5,687,840	1,149,281	13,903,172	-	-	15,473,080	36,213,373
Parks, recreation and culture	12,794,706	-	-	858,207	-	107,858	13,760,771
Education	58,131,816	-	-	2,983,901	-	-	61,115,717
Conservation and development	6,868,743	1,653,754	-	4,630,234	-	736,036	13,888,767
Debt service:							
Retirement of principal	-	-	-	-	8,370,931	-	8,370,931
Interest	-	-	-	-	2,958,534	-	2,958,534
Capital outlay	1,277,519	-	-	11,448,831	-	666,644	13,392,994
Total expenditures	<u>155,751,004</u>	<u>3,516,277</u>	<u>13,903,172</u>	<u>35,301,618</u>	<u>11,515,110</u>	<u>29,747,613</u>	<u>249,734,794</u>
Revenues over (under) expenditures	<u>40,141,328</u>	<u>-</u>	<u>(3,552,335)</u>	<u>(25,214,267)</u>	<u>(11,425,593)</u>	<u>(5,057,178)</u>	<u>(5,108,045)</u>
Transfers in (note 7)	6,137,857	-	3,552,335	13,823,812	11,215,052	4,922,065	39,651,121
Transfers out (note 7)	(33,419,036)	-	-	(82,106)	-	(12,122)	(33,513,264)
Issuance of debt (note 9)	-	-	-	18,350,000	-	-	18,350,000
Issuance of refunding debt (note 9)	-	-	-	-	4,226,647	-	4,226,647
Premium on issuance of debt (note 9)	-	-	-	2,248,607	-	-	2,248,607
Payment to refunding bond escrow agent (note 9)	-	-	-	-	(4,254,472)	-	(4,254,472)
Total other financial sources (uses)	<u>(27,281,179)</u>	<u>-</u>	<u>3,552,335</u>	<u>34,340,313</u>	<u>11,187,227</u>	<u>4,909,943</u>	<u>26,708,639</u>
Net change in fund balance	12,860,149	-	-	9,126,046	(238,366)	(147,235)	21,600,594
Fund Balance July 1, 2021	<u>53,414,105</u>	<u>-</u>	<u>119,698</u>	<u>22,161,513</u>	<u>13,225,476</u>	<u>1,102,558</u>	<u>90,023,350</u>
Fund Balance June 30, 2022	<u>\$ 66,274,254</u>	<u>\$ -</u>	<u>\$ 119,698</u>	<u>\$ 31,287,559</u>	<u>\$ 12,987,110</u>	<u>\$ 955,323</u>	<u>\$ 111,623,944</u>

Continued

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT D - Concluded

Net change in fund balances - total governmental funds (Exhibit D) \$ 21,600,594

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

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

Capital outlay	13,392,993
Depreciation expense	(12,704,665)

The net effect of various miscellaneous transactions involving capital assets is to decrease net position

Net gain (loss) on disposal of assets	(1,454,276)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:

Change in deferred property taxes	(416,942)
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Debt proceeds provide current financing resources to governmental funds but debt issues increase long-term liabilities in the Statement of Net Position. Principal and refunding payments are expenditures in governmental funds but reduce long-term liabilities in the Statement of Net Position:

New debt issued	(22,576,647)
Principal payments	8,370,931
Payments to bond refunding agent	4,254,472

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

Change in accrued interest	(37,320)
Change in amortization of bond premium	(955,214)
Interest earned on bond refunding	(54,314)

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

Change in compensated absences	(12,403)
Change in net pension liability	24,088,770
Net change in deferred outflows and deferred inflows of resources related to net pension liability	(17,854,075)
Change in net OPEB liability	12,406,707
Net change in deferred outflows and deferred inflows of resources related to net OPEB liability	(5,803,187)
Change in lease liability	958,726

The change in net position of internal service funds, less amounts reflected in long term assets and liabilities, and deferred outflows of resources, and deferred inflows of resources, is combined with governmental activities on the Statement of Activities.	(1,372,373)
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Change in net position per the Statement of Activities (Exhibit B)	\$ 21,831,777
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The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

EXHIBIT E-1

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,623,457	\$ 4,718,776	\$ 12,517,553	\$ 7,624,155	\$ 329,687	\$ 27,813,628	\$ 21,361,377
Accounts receivable, net	820,348	685,384	736,689	115,606	5,204	2,363,231	19,185
Unbilled accounts receivable	1,251,411	1,373,851	2,023,558	-	-	4,648,820	-
Inventories	-	-	-	-	14,016	14,016	1,170,172
Prepaid expenses	-	-	3,157,599	-	-	3,157,599	110,936
Restricted cash and investments	5,525,514	3,460,531	-	2,015,762	-	11,001,807	-
Total current assets	10,220,730	10,238,542	18,435,399	9,755,523	348,907	48,999,101	22,661,670
Noncurrent assets:							
Land	-	-	584,291	-	1,337,432	1,921,723	-
Easements	12,625	95,600	34,100	-	-	142,325	-
Buildings and improvements	18,919	39,014	-	-	1,819,260	1,877,193	48,364
Vehicles	586,977	1,140,805	2,135,892	541,608	13,732	4,419,014	25,200
Transmission lines and mains	56,285,925	50,250,194	44,156,495	1,016,826	-	151,709,440	-
Storm drainage	-	-	-	9,944,387	-	9,944,387	-
Equipment	552,415	420,505	1,839,347	19,374	241,498	3,073,139	10,216,762
Lease assets-equipment	1,011	1,011	2,320	-	116,480	120,822	-
Accumulated depreciation	(18,627,538)	(13,832,569)	(34,837,021)	(1,352,364)	(1,744,014)	(70,393,506)	(9,779,210)
Total noncurrent assets	38,830,334	38,114,560	13,915,424	10,169,831	1,784,388	102,814,537	511,116
Total assets	49,051,064	48,353,102	32,350,823	19,925,354	2,133,295	151,813,638	23,172,786
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on refunding losses	9,758	41,302	-	-	-	51,060	-
Deferred charges-pension	329,874	256,212	1,244,359	137,657	75,432	2,043,534	576,905
Deferred charges-OPEB	82,754	67,829	284,606	37,700	10,165	483,054	83,299
Total deferred outflows of resources	422,386	365,343	1,528,965	175,357	85,597	2,577,648	660,204
LIABILITIES							
Current liabilities:							
Accounts payable	402,249	250,855	123,495	209,866	15,808	1,002,273	454,911
Accrued liabilities	1,200,273	1,273,758	3,434,015	97,627	51,971	6,057,644	3,132,539
Accrued interest payable	277,645	282,180	-	87,971	-	647,796	-
Customer deposits	290,006	-	757,705	-	-	1,047,711	-
Due to other funds	-	-	-	-	-	-	1,567,676
Liabilities due in less than one year	1,944,529	2,140,356	28,503	542,480	55,131	4,710,999	9,883
Total current liabilities	4,114,702	3,947,149	4,343,718	937,944	122,910	13,466,423	5,165,009
Noncurrent liabilities:							
Liabilites due in more than one year	28,887,435	23,871,463	203,489	9,368,361	73,701	62,404,449	72,478
Net pension liability	1,077,794	859,307	4,137,451	(60,690)	410,946	6,424,808	2,437,002
Net OPEB liability	268,316	180,910	1,020,741	(33,781)	142,179	1,578,365	1,096,751
Total noncurrent liabilities	30,233,545	24,911,680	5,361,681	9,273,890	626,826	70,407,622	3,606,231
Total liabilities	34,348,247	28,858,829	9,705,399	10,211,834	749,736	83,874,045	8,771,240
DEFERRED INFLOWS OF RESOURCES							
Deferred charges on refunding gains	181,536	313,343	-	-	-	494,879	-
Deferred charges-pension	308,352	342,146	1,320,822	128,570	40,386	2,140,276	425,211
Deferred charges-OPEB	275,795	291,398	1,061,529	87,091	26,981	1,742,794	324,472
Total deferred inflows of resources	765,683	946,887	2,382,351	215,661	67,367	4,377,949	749,683
NET POSITION							
Net investment in capital assets	16,023,122	15,697,597	13,323,059	3,275,457	1,695,812	50,015,047	511,116
Unrestricted	(1,713,603)	3,215,131	8,468,979	6,397,760	(294,024)	16,074,243	13,800,950
Total net position	\$ 14,309,519	\$ 18,912,728	\$ 21,792,038	\$ 9,673,217	\$ 1,401,788	\$ 66,089,290	\$ 14,312,066
Total net position						\$ 66,089,290	
Allocated internal services:							
Warehouse assets						857,132	
Warehouse deferred outflows						37,216	
Warehouse liabilities						(396,846)	
Warehouse deferred inflows						(69,312)	
Total allocation of warehouse net position						428,190	
Net position of business-type activities						\$ 66,517,480	

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING REVENUES							
Utility charges	\$ 13,359,619	\$ 16,696,781	\$ 34,746,669	\$ 1,959,398	\$ -	\$ 66,762,467	\$ -
Charges for services	170,243	75,615	1,610,888	110,618	1,216,600	3,183,964	24,062,166
Total operating revenues	<u>13,529,862</u>	<u>16,772,396</u>	<u>36,357,557</u>	<u>2,070,016</u>	<u>1,216,600</u>	<u>69,946,431</u>	<u>24,062,166</u>
OPERATING EXPENSES							
Purchases for resale	6,875,306	8,578,416	18,443,784	-	31,806	33,929,312	1,943,159
Personnel costs	1,128,577	968,096	4,877,557	636,957	297,851	7,909,038	1,595,395
Materials and supplies	375,138	85,486	725,023	28,183	37,107	1,250,937	213,947
Contractual services and charges	1,028,408	2,463,762	2,715,826	186,556	595,392	6,989,944	2,239,743
Depreciation	1,528,567	1,267,398	1,281,795	380,634	80,679	4,539,073	207,386
Claims incurred	-	-	-	-	-	-	16,028,745
Insurance premiums	-	-	-	-	-	-	3,263,140
Total operating expenses	<u>10,935,996</u>	<u>13,363,158</u>	<u>28,043,985</u>	<u>1,232,330</u>	<u>1,042,835</u>	<u>54,618,304</u>	<u>25,491,515</u>
Operating income (loss)	<u>2,593,866</u>	<u>3,409,238</u>	<u>8,313,572</u>	<u>837,686</u>	<u>173,765</u>	<u>15,328,127</u>	<u>(1,429,349)</u>
NONOPERATING REVENUES (EXPENSES)							
Gain/Loss on capital asset disposition	31,900	49,500	41,942	-	-	123,342	-
Interest expense	(433,861)	(531,497)	(15,054)	(180,612)	-	(1,161,024)	-
Interest income	10,170	17,450	27,525	23,297	-	78,442	14,624
Bond issuance expense	(56,085)	(36,237)	-	(14,253)	-	(106,575)	-
Capacity fees	206,724	350,675	-	-	-	557,399	-
Insurance recovery	4,592	-	-	-	-	4,592	3,750
Total nonoperating revenues (expenses), net	<u>(236,560)</u>	<u>(150,109)</u>	<u>54,413</u>	<u>(171,568)</u>	<u>-</u>	<u>(503,824)</u>	<u>18,374</u>
Income (loss) before contributions and transfers	<u>2,357,306</u>	<u>3,259,129</u>	<u>8,367,985</u>	<u>666,118</u>	<u>173,765</u>	<u>14,824,303</u>	<u>(1,410,975)</u>
Transfers out	(931,048)	(1,032,447)	(4,174,362)	-	-	(6,137,857)	-
Total transfers, net	<u>(931,048)</u>	<u>(1,032,447)</u>	<u>(4,174,362)</u>	<u>-</u>	<u>-</u>	<u>(6,137,857)</u>	<u>-</u>
Change in net position	<u>1,426,258</u>	<u>2,226,682</u>	<u>4,193,623</u>	<u>666,118</u>	<u>173,765</u>	<u>8,686,446</u>	<u>(1,410,975)</u>
Total net position - July 1, 2021	<u>12,883,261</u>	<u>16,686,046</u>	<u>17,598,415</u>	<u>9,007,099</u>	<u>1,228,023</u>	<u>57,402,844</u>	<u>15,723,041</u>
Total net position - June 30, 2022	<u>\$ 14,309,519</u>	<u>\$ 18,912,728</u>	<u>\$ 21,792,038</u>	<u>\$ 9,673,217</u>	<u>\$ 1,401,788</u>	<u>\$ 66,089,290</u>	<u>\$ 14,312,066</u>
Total business-type change in net position						\$ 8,686,446	
Warehouse sales operating revenues						786,592	
Expenses associated with warehouse sales						(813,357)	
Net internal service fund allocation						<u>(26,765)</u>	
Change in net position of business-type activities						<u>\$ 8,659,681</u>	

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2022**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING ACTIVITIES							
Receipts from customers	\$ 13,623,843	\$ 15,419,952	\$ 35,641,587	\$ 2,029,732	\$ 1,212,796	\$ 67,927,910	\$ 24,150,890
Payments to suppliers	(8,267,158)	(9,332,438)	(22,508,514)	(344,660)	(534,835)	(40,987,605)	(23,554,037)
Payments to employees	(1,322,051)	(1,137,168)	(5,553,197)	(699,098)	(328,478)	(9,039,992)	(1,708,912)
Net cash provided by (used for) operating activities	4,034,634	4,950,346	7,579,876	985,974	349,483	17,900,313	(1,112,059)
NONCAPITAL FINANCING ACTIVITIES							
Insurance recovery	4,592	-	-	-	-	4,592	3,750
Transfers out	(931,048)	(1,032,447)	(4,174,362)	-	-	(6,137,857)	-
Net cash provided by (used for) noncapital financing activities	(926,456)	(1,032,447)	(4,174,362)	-	-	(6,133,265)	3,750
CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets	(4,220,579)	(1,628,765)	(704,252)	(1,360,671)	-	(7,914,267)	-
Capacity fees	206,725	350,675	-	-	-	557,400	-
Bond proceeds	4,500,000	1,800,000	-	1,350,000	-	7,650,000	-
Bond principal paid	(1,850,074)	(2,138,499)	-	(465,000)	-	(4,453,573)	-
Interest paid	(756,338)	(834,959)	(15,053)	(267,252)	-	(1,873,602)	-
Bond issuance expenses	(56,085)	(36,237)	-	(14,253)	-	(106,575)	-
Premium on bonds issued	551,228	220,491	-	166,192	-	937,911	-
Net cash provided by (used for) capital and related financing	(1,625,123)	(2,267,294)	(719,305)	(590,984)	-	(5,202,706)	-
INVESTING ACTIVITIES							
Interest on investments	10,171	17,450	27,525	23,298	-	78,444	14,624
Net cash provided by investment activities	10,171	17,450	27,525	23,298	-	78,444	14,624
Net increase (decrease) in cash and cash equivalents	1,493,226	1,668,055	2,713,734	418,288	349,483	6,642,786	(1,093,685)
Balances - July 1, 2021	6,593,282	6,460,406	9,751,692	9,221,629	149,948	32,176,957	22,455,062
Balances - June 30, 2022	\$ 8,148,971	\$ 8,179,307	\$ 12,517,553	\$ 9,639,917	\$ 329,687	\$ 38,815,435	\$ 21,361,377
Reconciliation of operating income (loss) to net cash used in operating activities							
Operating Income (Loss)	\$ 2,593,866	\$ 3,409,238	\$ 8,313,573	\$ 837,685	\$ 173,765	\$ 15,328,127	\$ (1,429,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	1,528,567	1,267,398	1,281,795	380,634	80,679	4,539,073	207,386
(Increase) decrease in accounts receivable	(2,577)	276,073	(815,945)	(40,284)	(5,204)	(587,937)	88,724
(Increase) decrease in inventories	-	-	-	-	2,115	2,115	(338,576)
(Increase) decrease in prepaid expenses	-	-	(2,430,299)	-	-	(2,430,299)	-
Increase (decrease) in accounts payable	22,667	166,709	1,846,431	(97,921)	128,755	2,066,641	939,371
Increase (decrease) in accrued liabilities	10,426	(12,588)	15,411	10,405	4,053	27,707	(9,450)
Increase (decrease) in customer deposits	85,585	-	59,962	-	-	145,547	-
Increase (decrease) in compensated absences	12,677	(733)	7,171	660	(2,301)	17,474	1,477
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	(361,144)
Net pension liability change for measurement year	(109,316)	(50,280)	(282,786)	(49,035)	(20,415)	(511,832)	(101,451)
Net OPEB liability change for measurement year	(107,261)	(105,471)	(415,437)	(56,170)	(11,964)	(696,303)	(109,048)
Net cash provided by (used for) operating activities	\$ 4,034,634	\$ 4,950,346	\$ 7,579,876	\$ 985,974	\$ 349,483	\$ 17,900,313	\$ (1,112,059)

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

Pension Trust Funds

ASSETS

Cash and cash equivalents (note 3b)	\$	-
Interest receivable		321,024
Investments (note 3b):		
Common stocks		39,773,335
Corporate fixed income securities		13,391,729
Government and agency fixed income securities		19,860,876
Mutual Funds:		
Domestic		56,951,777
International		22,117,398
Alternative Investments:		
Agriculture		11,185,313
Real Estate		25,565,201
Total investments		<u>188,845,629</u>
Total assets		<u>189,166,653</u>

LIABILITIES

Accounts payable		4,108,194
Total liabilities		<u>4,108,194</u>

NET POSITION

Net position - restricted	\$	<u>185,058,459</u>
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The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 15,164,787
Plan members	2,272,262
Total contributions	<u>17,437,049</u>
Investment earnings:	
Net increase in fair value of investments	(25,916,605)
Interest	1,230,816
Dividends	1,613,638
Total investment earnings	<u>(23,072,151)</u>
Less investment expenses	929,756
Net investment earnings	<u>(24,001,907)</u>
Total additions	<u>(6,564,858)</u>
DEDUCTIONS	
Pension benefits	14,372,958
Refund of plan member contributions	315,226
Other post-retirement benefits	5,354,883
Administrative expenses	344,269
Total deductions	<u>20,387,336</u>
Increase in net position	(26,952,194)
Net Position - July 1, 2021	212,010,653
Net position - June 30, 2022	<u>\$ 185,058,459</u>

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

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of government-wide financial statements

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

(b) Reporting entity

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

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

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

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

(d) Basis of presentation – fund financial statements

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

The City reports the following major governmental funds:

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

The *American Relief Program Act Fund* (ARPA) is used to account for and report all of the financial resources that are restricted to eligible expenditures under this federal COVID relief program.

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

Additionally, the City reports the following fund types:

Special Revenue Funds are nonmajor governmental funds used to account and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The City has established special revenue funds to account for the Community Development Block Grant, Grants (consolidated Grants from federal, state and local funding sources), Human Services Programs, Children's Services Act, and Charlottesville Area Transit. Cemetery perpetual care is included, which is a permanent fund.

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

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

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

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FOR THE YEAR ENDED JUNE 30, 2022

(e) Measurement focus and basis of accounting

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

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

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

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

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

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA
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(f) Cash, cash equivalents and investments

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

(g) Allowance for uncollectible accounts

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2022, the allowances approximated \$1,561,262 in the General Fund, \$1,113,714 in the Proprietary Funds (\$293,866, \$365,700, \$755,876, and \$27,272) for the Water, Sewer, Gas, and Stormwater Funds, respectively, and \$3,099,396 in the Capital Projects Fund.

(h) Inventory of supplies and prepaid items

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

(i) Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, storm pipes and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City and Component Units as assets with an initial, individual cost of \$5,000 or more and an estimated useful life greater than of two years. The same estimated minimum useful life is used for infrastructure assets, but only those projects that cost \$50,000 or more are reported as capital assets.

As the City and Component Units constructs or acquires capital assets each period they are capitalized and reported at historic cost. The reported value excludes normal maintenance and repairs which do not increase the asset's capacity or efficiency or its estimated useful life. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service, on the date donated.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government and component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

(j) Deferred outflows/inflow of resources

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

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

Included as both an outflow and inflow are *deferred charges on refunding* reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of

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refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

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

Pension plan changes for measurement date June 30, 2021 are presented on the Statement of Net Position. Actuarially determined *deferred outflows of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion on beginning net pension liability, changes in proportions and difference between employer contribution and proportionate share of contributions, changes in assumptions, and employer contributions subsequent to the measurement date. *Deferred inflows of resources* consists of the current year's amortization, actuarially determined changes in proportion on beginning net pension liability, difference between expected and actual investment earnings, and changes in proportion between employer contribution and proportionate share of contributions.

(k) Compensated absences

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

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

Sick leave earned but not taken by City and School Board employees at June 30, 2022, approximated \$13,594,730 and \$13,815,459 respectively. Upon retirement, no cash payments are made for sick leave. Therefore, an accrued balance is not recorded in the financial statements.

(l) Risk management

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

(m) Encumbrances

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

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

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about the fiduciary net position of the City of Charlottesville Supplemental Retirement or Pension Plan and Virginia Retirement System (VRS) and additions to/deductions from those fiduciary net positions have been determined

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on the same basis as they are reported by the City Pension Plan and VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(o) Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

- **The Lessee** recognizes lease liabilities and intangible right-to-use lease assets with an initial aggregate value of \$11,014,514 in the government-wide financial statements. As the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term, less any lease incentives. The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payment made to the lessor at or before commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying assets.
- **The Lessor** recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term less any lease incentives.
- **Key Estimated and Judgements** for determining the rate used to discount the expected lease payments to present value, lease term, and lease payments are included in lease accounting:
 - The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
 - The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
 - Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

2. GOVERNMENT-WIDE AND FUND EQUITY

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

- **Net investment in capital assets** consists of capital assets less accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or permanent improvement of those assets. Unspent debt proceeds are excluded.
- **Restricted net position** reflects net position whose use is not subject solely to the government's own discretion.

CITY OF CHARLOTTESVILLE, VIRGINIA
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- **Unrestricted net position** consists of net position that does not meet the definition of the two preceding categories. Unrestricted net assets are often designated to indicate that management does not consider them available for general operations. Unrestricted net assets often have constraints on resources that are imposed by management but can be modified or removed.
- **Deferred outflows of resources** consists of consumption of net position by the City that is applicable to future periods.
- **Deferred inflows of resources** consists of acquisition of net position by the City that is applicable to future periods.

(a) Fund Balances:

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

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

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Fund balances are composed of the following at June 30, 2022:

	<u>General</u>	<u>Social Services</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Govt</u>	<u>Total</u>
<u>Nonspendable for:</u>						
General fund prepaid expenses	\$ 9,460	\$ -	\$ -	\$ -	\$ -	\$ 9,460
Loans receivable	-	-	2,530,000	-	-	2,530,000
Cemetery perpetual care	-	-	-	-	162,502	162,502
Total nonspendable	9,460	-	2,530,000	-	162,502	2,701,962
<u>Restricted for:</u>						
Loans receivable	-	-	-	-	10,000	10,000
Fire Programs	36,918	-	-	-	276,242	313,160
Law Enforcement	202,296	-	-	-	45,807	248,103
Four for Life	83,836	-	-	-	-	83,836
Court House Maintenance and Con	154,107	-	-	-	-	154,107
Commonwealth Attorney	37,444	-	-	-	-	37,444
Children's Services Act	-	-	-	-	249,140	249,140
Health and Welfare	-	-	-	-	32,316	32,316
Youth Programs	50,988	-	-	-	11,656	62,644
Parks and Tree Conservation	36,953	-	-	-	-	36,953
Total restricted	602,542	-	-	-	625,161	1,227,703
<u>Committed for:</u>						
Nonrecurring vehicle and equipmer	1,159,772	-	-	-	-	1,159,772
Repairs and Improvements to Gove	467,441	-	-	-	-	467,441
Parking enterprise fund	994,531	-	-	-	-	994,531
Parks and Recreation Programs	12,139	-	-	-	-	12,139
Fire Programs	10,997	-	-	-	-	10,997
City Council initiatives	3,000	-	-	-	-	3,000
Council Reserve	373,820	-	-	-	-	373,820
Citywide Reserve	500,000	-	-	-	-	500,000
Historic Resources	44,839	-	-	-	-	44,839
Law Enforcement	14,507	-	-	-	-	14,507
Sheriff Programs	115,340	-	-	-	-	115,340
Workforce Development	2,637	-	-	-	-	2,637
Corporate Training	39,740	-	-	-	-	39,740
Reserve for landfill remediation	2,394,639	-	-	-	-	2,394,639
Future debt service	-	-	-	12,987,110	-	12,987,110
Total committed	6,133,402	-	-	12,987,110	-	19,120,512
<u>Assigned for:</u>						
Purchases on Order	Total committe	-	28,757,559	-	-	28,757,559
Health and Welfare	-	119,697	-	-	167,660	287,357
Subsequent year's budget	36,191,590	-	-	-	-	36,191,590
Total assigned	36,191,590	119,697	28,757,559	-	167,660	65,236,506
<u>Unassigned</u>						
Unassigned	23,337,260	-	-	-	-	23,337,260
Total fund balance	66,274,254	119,697	31,287,559	12,987,110	955,323	111,623,943

(b) Encumbrances

As discussed in the required supplementary information, unexpended general fund appropriations lapse at the end of the fiscal year unless carried over by Council action. Budgets for some special revenue funds and debt service funds are adopted on an annual basis. The capital projects fund and grant fund budgets are adopted on a project life basis.

CITY OF CHARLOTTESVILLE, VIRGINIA
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At year end the amount of encumbrances, net accrued encumbrances, expected to be honored upon performance by the vendor in the next year were as follows:

	General Fund	American Rescue Plan Act	Social Services	Capital Projects Fund	Other Governmental Funds	Total
Vehicle and Equipment purchases	\$ 202,146	\$ -	\$ -	\$ -	\$ -	\$ 202,146
Government Building improvements	103,271	-	-	-	-	103,271
Parking enterprise fund	867	-	-	-	-	867
General Programs	159,253	13,967	-	8,622,452	-	8,795,672
Public Safety	342,699	595	-	600,412	74,196	1,017,902
Community Service	37,709	-	-	94,834	1,796,254	1,928,797
Street Construction and Maintenance	94,753	-	-	26,183,746	-	26,278,499
Health and Welfare	-	3,960	339	-	560,488	564,787
Park and Recreation	776,093	-	-	608,512	-	1,384,605
Education	57,560	-	-	2,500,298	-	2,557,858
Conservation and Development	5,650	196,439	-	-	128,912	331,001
	<u>\$ 1,780,001</u>	<u>\$ 214,961</u>	<u>\$ 339</u>	<u>\$ 38,610,254</u>	<u>\$ 2,559,850</u>	<u>\$ 43,165,405</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Primary Government

At June 30, 2022, the carrying value of the City's deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 89,133,159	Various
Cash on hand	6,540	Various
Commonwealth LGIP	1,564,323	AAAm
Money Market Mutual Funds	1,540,031	AAAm
Commonwealth Non-Arbitrage Program (SNAP)	44,705,092	AAAm
Virginia Investment Pool	17,041,721	AAAm
Total deposits and investments	<u>\$ 153,990,866</u>	

Investments at Fair Value:

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

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs, known as the market value approach; which uses prices and other relevant information generated by market transactions involving identical or comparable assets.
- Level 3 inputs are significant unobservable inputs.

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At June 30, 2022, there was no change in valuation techniques that had a significant impact on the values. The fair value hierarchy of Primary Government Investments was as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Credit Rating
Corporate certificate of deposit	\$ -	\$ 4,209,597	\$ -	\$ 4,209,597	Aa2 to Aa3
Corporate notes	-	2,078,313	-	2,078,313	Aaa to A3
U. S. Treasury notes	24,112,310	-	-	24,112,310	Aaa
Federal agency notes	-	3,671,858	-	3,671,858	Aaa
Total fair value investments	<u>\$ 24,112,310</u>	<u>\$ 9,959,768</u>	<u>\$ -</u>	<u>\$ 34,072,078</u>	

Credit Risk:

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

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

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

The Virginia Investment Pool (VIP) was established in 2013 by local Treasurers and Investment Officers through sponsorship of the Virginia Association of Counties and the Virginia Municipal League. The impetus behind the creation of VIP was to develop an investment vehicle which local governments could jointly invest to prudently achieve higher earnings on operating and reserve funds. VIP enables local governments to take advantage of the full range of investments authorized in the Code of Virginia with the guidance of a professional fund manager. The stable NAV Liquidity Pool, rated AAAM by S&P, offers stable net asset value, daily liquidity, and a competitive yield.

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

The Commonwealth of Virginia State Non-Arbitrage Program (SNAP) was established pursuant to the Local Government Non-Arbitrage Investment Act to make available to Virginia counties, cities and towns assistance with the investment of and accounting for bond proceeds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The program is managed by PFM Asset Management LLC, an investment advisor registered with the Securities and Exchange Commission. SNAP provides local governments with a convenient method of pooling proceeds of bonds and notes for temporary investment pending their capital project expenditures. The SNAP program is sponsored by the Virginia Treasury Board and it is a GASB Statement 79 compliant local government investment pool.

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA
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Concentration of Credit Risk:

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

<u>Permitted Investment</u>	<u>Sector Limit</u>	<u>Issue Limit</u>
U. S. Treasury Obligations	100 %	100 %
Federal Agency Obligations	100	100
Municipal Obligations	10	3
Commercial Paper	20	3
Bankers' Acceptances	10	3
Corporate Notes	20	3
Negotiable Certificates of Deposit and Bank Deposit Notes	20	3
Money Market Mutual Funds	100	50
LGIP	50	50
Repurchase Agreements	35	35

At June 30, 2022, the sector and issue limits have not been exceeded.

Interest Rate Risk:

As a means of limiting exposure to fair value arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities. At June 30, 2022, all investments in the City's portfolio had a maturity of five years or less.

Restricted Cash and Investments:

The City had unspent bond proceeds of \$22,765,884. Of this amount, \$13,094,340 was for governmental activities, and \$9,671,544 was business-type activities.

(b) City of Charlottesville Pension and OPEB Trust Fund

At June 30, 2022, the fair value hierarchy of Primary Government Investments, and the deposits and investments of the Pension Trust Fund, with the respective credit ratings, was as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Credit Rating</u>
Common Stock	\$ 39,773,335	\$ -	\$ -	\$ 39,773,335	Various
Corp Fixes Income Securities	13,391,730	-	-	13,391,730	Aaa-B3
Government and agency fixes income securities				-	
Explicitly guaranteed by U.S. government	-	12,741,632	-	12,741,632	Various
Implicitly guaranteed by U.S. government	-	5,210,286	-	5,210,286	Aaa-Aa1
Municipal	-	1,908,958	-	1,908,958	Aaa-Aa1
Mutual Funds - domestic	-	56,951,777	-	56,951,777	Various
Mutual Funds - international	-	22,117,399	-	22,117,399	Various
Total investments at fair value	\$ 53,165,065	\$ 98,930,052	\$ -	\$ 152,095,117	
Demand deposits	\$ -	\$ -	\$ -	\$ -	
Total demand deposits and investments at fair value	\$ 53,165,065	\$ 98,930,052	\$ -	\$ 152,095,117	

CITY OF CHARLOTTESVILLE, VIRGINIA
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FOR THE YEAR ENDED JUNE 30, 2022

Alternative Investments:

A provision of GASB Statement 72, *Fair Value Measurement and Application*, is to disclose detail pertaining to City's Alternative Investments. The fair value of these investment types has been determined using the Net Asset Value per Share of the City's ownership interest in partners' capital. The City is invested in four unique alternative investments that make up 12.8% of the Pension Trust Fund total investments. There are no unfunded commitments, nor do any of the funds have a set end date. The valuation method is presented on the following table:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Redemptions Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Alternative investments - UBS AgriVest	\$ 5,408,335	Quarterly	60 days
Alternative investments - Ceres Farms	5,776,976	Annually	150 days
Alternative investments - RE PRISA	12,920,275	Quarterly	90 days
Alternative investments - RE PRISA II	12,644,927	Quarterly	90 days
Total alternative investments at fair value	<u>\$ 36,750,513</u>		

Credit Risk:

Investments in the Pension Trust Fund are managed in accordance with policies adopted by the Retirement Commission. These policies set target allocations of 50% for domestic equities, 20% for fixed income, 10% for international equities, 5% for Emerging Markets, 5% for Farmland, and 10% for real assets and authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. Fixed income investments rated below BBB shall constitute no more than 10% of the total market value of all assets in the account. Credit ratings in the table below are ratings from Moody's Investor's Service. If the investment was rated only by Standard & Poor's Rating Services, the table below has the Moody's equivalent rating. The following table summarizes the Pension Trusts' credit risk for corporate, implicitly guaranteed by U.S. government and municipal fixed income securities at June 30, 2021:

<u>Investment Type</u>	<u>Rating</u>	<u>% of Total Portfolio</u>
Corporate Bonds	No rating	5.1 %
Corporate Bonds	Aaa	7.2
Corporate Bonds	Aa1-Aa3	3.9
Corporate Bonds	A1-A3	12.2
Corporate Bonds	Baa1-B3	12.0
Federal Home Loan Mortgage Corporation	Aaa-Aa1	5.1
Federal National Mortgage Association	Aaa-Aa1	6.8
Implicitly Guaranteed Bonds	Aaa-Aa1	3.7
Municipal Bonds	Aaa-Aa1	5.7

Concentration of Credit Risk:

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

Company is not to exceed 5% of the total fund

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

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Interest Rate Risk:

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

At June 30, 2022, the Trust had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturity</u>		
		<u>0 - 5 years</u>	<u>6 - 10 years</u>	<u>11 - 40 years</u>
Corporate fixed income	\$ 13,391,729	\$ 4,263,607	\$ 2,730,068	\$ 6,398,054
Government fixed income	19,860,877	1,099,556	2,698,006	16,063,315
	<u>\$ 33,252,606</u>	<u>\$ 5,363,163</u>	<u>\$ 5,428,074</u>	<u>\$ 22,461,369</u>

Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -10.99% at June 30, 2022 and 28.42% at June 30, 2021. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

(c) School Board Component Unit

At June 30, 2022, the carrying value of the School Board component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 12,740,117	N/A
Commonwealth LGIP	1,710,912	AAA-m
Total deposits and investments	<u>\$ 14,451,029</u>	

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2021, excluding the demand deposits and Commonwealth LGIP, there were no investments. Accordingly, there is no credit risk, concentration of credit risk, or interest rate risk.

(d) Charlottesville Economic Development Authority (CEDA)

At June 30, 2022, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 2,425,146	N/A
Total deposits and investments	<u>\$ 2,425,146</u>	

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. At June 30, 2022, excluding the demand deposits, there were no investments. Accordingly, based on this minimal risk, the CEDA does not have the need for a formal investment policy that addresses credit risk, concentration of credit risk or interest rate risk.

CITY OF CHARLOTTESVILLE, VIRGINIA
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4. GENERAL PROPERTY TAXES

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

(a) Real Estate

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

Real estate taxes are collected in equal semiannual payments that are due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2021, assessment which is due December 5, 2021. The first half of the January 1, 2022 assessment normally due June 5, 2022, less an allowance for uncollectable and less taxes not considered available for current expenditures plus collections on previously delinquent taxes. The tax rate for 2021 was \$0.95 and \$0.96 for 2022, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2022, and due December 5, 2022, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, real estate taxes that are not due as of June 30, 2022, are included in deferred revenue, since they are not due for the current fiscal year.

(b) Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are assessed as of January 1 and prorated for motor vehicles acquired or sold during the year, with payment in equal semiannual installments due June 5 and December 5. During fiscal year 2021, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2021 assessment due December 5, 2021, and the first half of the January 1, 2022 assessment normally due June 5, 2022, less an allowance for uncollectable and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2021 and 2022 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2022 and due December 5, 2022, are reflected in the accompanying fund financial statements as a receivable and are offset by deferred revenue, which is consistent with the City's budget ordinance. In the government-wide financial statements, personal property taxes that are not due as of June 30, 2022, are included in deferred revenue, since they are not due for the current fiscal year.

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

5. LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Special Revenue Fund has \$11,389 in outstanding installment loans and \$520,786 in deferred payment loans, which are secured by property liens. Both installment and deferred payment loans have terms from 5 to 30 years, bear an interest rate of three percent, and are payable upon sale, transfer or disposal of the property. These loans represent monies advanced to low-income qualified property owners under federally-funded housing renovation and rehabilitation projects and are fully offset on the balance sheet by an amount due to the federal government.

The Grants Special Revenue Fund has \$684,140 in deferred payment loans, which are secured by property liens. All loans represent federally-funded monies advanced to low-income qualified property owners under the HOME

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Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- \$850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.
- \$130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.
- \$1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4th Street, NW Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculates at 4.3% per annum. The entire principal balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.
- \$3,099,396 in deferred payment loans advanced to low-income property owners with terms similar to those of the CDBG and HOME grants described above but funded by the City rather than federal funds. The loans are secured by property liens on the participating homeowners. Depending on the terms of each loan, a ratable portion of the loan balance is forgiven each month in which the participant owns the home. If the participant sells the home before the entire loan is forgiven, they are responsible for repayment of the remaining loan balance. Because this rarely happens, and therefore most loans are forgiven, an allowance for the full amount is recorded to offset the receivable.

The Charlottesville Economic Development Authority (CEDA) entered into a 20 year promissory note with the Charlottesville Pavilion in the amount of \$2.4 million for construction cost of the Amphitheater in 2004, with periodic payments of principal and interest, at 3.70%, of \$85,442. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, an accounts receivable. In 2018, a modification of the promissory note was executed to re-advance \$500,000 for the replacement of the roof of the Amphitheater and extend the maturity date of the note to 2026. The balance of the note receivable was \$918,091 at June 30, 2022. In 2013, CEDA also executed a \$130,000 promissory note with the Lewis & Clark Exploratory Center for the construction of their learning center at Darden Towe Park. A reimbursement payable to the City is currently recorded and will be forgiven as described above.

6. DUE FROM AND TO OTHER GOVERNMENTS

(a) Amounts due from other governments on June 30, 2022, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
City Governmental Activities:				
Major funds:				
General fund	\$ 3,351,345	\$ 281,718	\$ 3,633,063	
Capital Funds	3,377,972	670,320	4,048,292	
Social Services	762,337	4,554	766,891	
Total major funds	-	7,491,654	956,592	8,448,246
Non-major funds:	5,196,972	2,314,405	233,970	7,745,347
Total Primary Government	\$ 5,196,972	\$ 9,806,059	\$ 1,190,562	\$ 16,193,593
Component Unit - Schools	\$ -	\$ 7,423,154	\$ -	\$ 7,423,154

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(b) Amounts due to other governments on June 30, 2022, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
City Governmental Activities:				
Non-major funds:				
CDBG	\$ 532,175	\$ -	\$ -	\$ 532,175
Consolidated Grants	684,140	282,504	-	966,644
Total Primary Government	<u>\$ 1,216,315</u>	<u>\$ 282,504</u>	<u>\$ -</u>	<u>\$ 1,498,819</u>

7. DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

(a) Individual fund deficits in consolidated pooled cash are considered short-term receivables of the General Fund. Individual fund interfund receivable and payable balances of the City at June 30, 2022, are presented below:

	Due From Other Funds	Due To Other Funds
Major funds:		
General Fund	\$ 11,026,095	\$ -
Social Services Fund	-	210,760
Warehouse	-	158,422
Fleet Fund	-	1,409,254
Retirement Fund	-	2,885,328
OPEB Fund	-	1,144,037
	<u>11,026,095</u>	<u>5,807,801</u>
Nonmajor funds:		
Special Revenue Funds:		
Community Development Block Grant	-	94,444
Grants Fund	-	1,098,051
Human Services Fund	-	461,261
Children's Services Act fund	-	2,040
Tansit Fund	-	3,562,498
Total special revenue funds		<u>5,218,294</u>
Total due to/from other funds	<u>\$ 11,026,095</u>	<u>\$ 11,026,095</u>

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

Interfund transfers for the year ended June 30, 2022, consisted of the following:

		Transfers in:				
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Social Services</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:						
General Fund	\$ -	\$ 13,823,812	\$ 11,215,052	\$ 3,552,335	\$ 4,827,838	\$ 33,419,037
Capital Projects Fund	-	-	-	-	82,106	82,106
Nonmajor government	-	-	-	-	12,122	12,122
Water Fund	931,048	-	-	-	-	931,048
Sewer Fund	1,032,447	-	-	-	-	1,032,447
Gas Fund	4,174,362	-	-	-	-	4,174,362
Total	<u>\$ 6,137,857</u>	<u>\$ 13,823,812</u>	<u>\$ 11,215,052</u>	<u>\$ 3,552,335</u>	<u>\$ 4,922,066</u>	<u>\$ 39,651,122</u>
Reconciliation to Exhibits:						
			<u>Transfers in:</u>	<u>Transfers out:</u>	<u>Net Transfers</u>	
Governmental Funds	Exhibit D		\$ 39,651,122	\$ 33,513,265	\$ 6,137,857	
Proprietary Funds	Exhibit E-3		-	6,137,857	(6,137,857)	
Total			<u>\$ 39,651,122</u>	<u>\$ 39,651,122</u>	<u>\$ -</u>	

CITY OF CHARLOTTESVILLE, VIRGINIA
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8. CAPITAL ASSETS

(a) Primary Government

	Balance July 1, 2021	Adjustments	July 1, 2021 Adjusted	Increases	Decreases	Balance June 30, 2022
Governmental activities:						
Capital assets not being depreciated						
Land and improvements	\$ 18,802,787	\$ -	\$ 18,802,787	\$ -	\$ -	\$ 18,802,787
Infrastructure right of way	3,254,499	-	3,254,499	-	-	3,254,499
Assets under construction	22,793,789	-	22,793,789	3,318,849	4,565,901	21,546,737
Total capital assets not being depreciated	44,851,075	-	44,851,075	3,318,849	4,565,901	43,604,023
Other capital assets						
Buildings and improvements	171,882,646	-	171,882,646	2,445,548	-	174,328,194
Vehicles	42,064,837	-	42,064,837	1,360,600	493,622	42,931,815
Furniture and equipment	27,712,494	-	27,712,494	1,539,200	-	29,251,694
Streets	107,007,557	-	107,007,557	277,800	-	107,285,357
Bridges	8,361,250	-	8,361,250	7,760,233	-	16,121,483
Infrastructure	56,446,371	-	56,446,371	-	-	56,446,371
Leases - equipment	-	125,493	125,493	21,878	-	147,371
Leases - building space	-	10,691,069	10,691,069	-	-	10,691,069
Total other capital assets at historical costs	413,475,155	10,816,562	424,291,717	13,405,259	493,622	437,203,354
Less accumulated depreciation:						
Buildings and improvements	75,433,890	-	75,433,890	4,525,598	-	79,959,488
Vehicles	32,465,155	-	32,465,155	2,619,458	492,926	34,591,687
Furniture and equipment	23,681,360	-	23,681,360	1,075,902	-	24,757,262
Streets	55,362,734	-	55,362,734	2,436,170	-	57,798,904
Bridges	2,718,115	-	2,718,115	218,197	-	2,936,312
Infrastructure	31,039,260	-	31,039,260	1,016,847	-	32,056,107
Leases - equipment	-	48,314	48,314	-	-	48,314
Leases - building space	-	961,095	961,095	-	-	961,095
	220,700,514	1,009,409	221,709,923	11,892,172	492,926	233,109,169
Other capital assets, net	192,774,641	9,807,153	202,581,794	1,513,087	696	204,094,185
Governmental activities capital assets, net	\$ 237,625,716	\$ 9,807,153	\$ 247,432,869	\$ 4,831,936	\$ 4,566,597	\$ 247,698,208
Business-type activities:						
Capital assets not being depreciated						
Land and improvements	\$ 1,921,723	\$ -	\$ 1,921,723	\$ -	\$ -	\$ 1,921,723
Easements	142,325	-	142,325	-	-	142,325
Total capital assets not being depreciated	2,064,048	-	2,064,048	-	-	2,064,048
Other capital assets						
Buildings and improvements	1,858,275	-	1,858,275	-	-	1,858,275
Vehicles	4,631,805	-	4,631,805	158,715	371,506	4,419,014
Equipment	3,125,895	-	3,125,895	-	32,689	3,093,206
Infrastructure	153,931,619	-	153,931,619	7,741,126	-	161,672,745
Leases - equipment	-	176,074	176,074	-	-	176,074
Total other capital assets at historical costs	163,547,594	176,074	163,723,668	7,899,841	404,195	171,219,314
Less accumulated depreciation:						
Buildings and improvements	1,480,661	-	1,480,661	26,510	-	1,507,171
Vehicles	2,458,169	-	2,458,169	550,096	371,506	2,636,759
Equipment	2,740,552	-	2,740,552	88,362	32,689	2,796,225
Infrastructure	59,620,231	-	59,620,231	3,853,185	-	63,473,416
Leases - equipment	-	55,254	55,254	-	-	55,254
	66,299,613	55,254	66,354,867	4,518,153	404,195	70,468,825
Other capital assets, net	97,247,981	120,820	97,368,801	3,381,688	-	100,750,489
Business-type capital assets, net	\$ 99,312,029	\$ 120,820	\$ 99,432,849	\$ 3,381,688	\$ -	\$ 102,814,537

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(b) School Board Component Unit

	Balance July 1, 2021	Increases	Decreases	Balance July 1, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 982,889	\$ -	\$ -	\$ 982,889
Other capital assets:				
Building and improvements	59,473,244	-	-	59,473,244
Vehicles	212,331	43,825	14,929	241,227
Furniture and equipment	1,725,068	312,345	-	2,037,413
Total other capital assets at historical cost	61,410,643	356,170	14,929	61,751,884
Less accumulated depreciation:				
Building and improvements	40,229,045	1,331,472	-	41,560,517
Vehicles	176,086	21,450	14,929	182,607
Furniture and equipment	973,665	182,317	-	1,155,982
Total accumulated depreciation	41,378,796	1,535,239	14,929	42,899,106
Other capital assets, net	20,031,847	(1,179,069)	-	18,852,778
Governmental activities capital assets, net	\$ 21,014,736	\$ (1,179,069)	\$ -	\$ 19,835,667

(c) Allocation of Depreciation Expense

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

Governmental activities:	
General government	\$ 1,710,217
Public Safety	1,799,287
Community services	2,792,288
Health and welfare	91,857
Parks, recreation and culture	1,727,395
Education	1,079,007
Conservation and development	3,504,613
Total increase in accumulated depreciation - governmental	<u>\$ 12,704,664</u>
Business-Type activities:	
Water	\$ 1,528,625
Sewer	1,267,432
Gas	1,281,983
Stormwater	380,665
Golf	80,703
Total increase in accumulated depreciation - business type	<u>\$ 4,539,408</u>

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

School activities:	
Instruction and instruction related	\$ 905,790
Support services - student based	\$ 537,334
Administrative support services	\$ 92,115
Total accumulated depreciation	<u>\$ 1,535,239</u>

(d) Tenancy in Common – School Board Capital Assets

In fiscal year 2002, the Commonwealth of Virginia General Assembly passed a law to respond to GASB Statement 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City's general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid;

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therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

9. LONG-TERM LIABILITIES

(a) City

At June 30, 2022, the City's long-term liabilities consisted of the following:

Governmental Activities	Interest Rate	Original Amount of Debt	Principle Amount Outstanding
General obligation Bonds:			
General improvement refunding , Series 2012	1.25-4.00	26,870,300	\$ 7,354,500
General improvement, Series 2013	3.00-4.00	5,610,000	3,080,000
General Improvement refunding , Sries 2014	2.125-5.00	7,130,695	3,430,000
General improvement refunding, Series 2015	2.00-5.00	23,068,366	15,509,764
General improvement refunding, Series 2016	2.00-5.00	11,125,466	8,808,298
General improvement, Series 2017	5.00	11,140,000	8,340,000
General improvement, Series 2018	3.375-5.00	4,610,000	3,680,000
General improvement, Series 2019	5.00	9,520,000	8,085,000
General improvement, Serices 2020	1.00-2.20	13,455,000	12,725,000
General improvement, Series 2021	2.00-5.00	12,045,700	11,173,400
General Improvement, Series 2021B	1.08	4,285,165	3,794,758
General Improvement, Series 2022	4.00-5.00	18,350,000	18,350,000
Total			\$ 104,330,720
Insurance claims payable			2,694,246
Lease liability			9,879,714
Compensated absences			3,030,829
Net pension liability			54,907,111
Net OPEB lliability			10,962,892
Total *			\$ 185,805,512

*Amounts exclude unamortized premium amounts on bonds

Business Type Activities	Interest Rate	Original Amount of Debt	Principle Amount Outstanding
General obligation bonds:			
General obligation bonds, Series 2010 (VRA)	2.93	\$ 5,030,409	\$ 2,589,863
General improvement refunding , Series 2012	1.25-4.00	7,224,700	1,625,500
General improvement, Series 2013	3.00-4.00	8,420,000	4,620,000
General Improvement refunding , Sries 2014	2.125-5.00	8,864,305	5,300,000
General improvement refunding, Series 2015	2.00-5.00	4,424,331	4,085,236
General improvement refunding, Series 2016	2.00-5.00	1,754,534	1,636,702
General improvement, Series 2017	5.00	2,680,000	1,980,000
General improvement, Series 2018	3.375-5.00	6,125,000	4,885,000
General improvement, Series 2019	5.00	6,310,000	5,255,000
General improvement, Serices 2020	1.00-2.20	10,545,000	10,010,000
General improvement, Series 2021	2.00-5.00	8,759,300	8,191,600
General improvement, Series 2021B	1.08	8,560,000	3,440,513
General improvement, Series 2022	4.00-5.00	7,650,000	7,650,000
			\$ 61,269,414
Compensated absences			374,921
Lease liability			120,960
Net pension liability			6,531,084
Net OPEB lliability			1,596,046
Total *			\$ 69,892,425

*Amounts exclude unamortized premium amounts on bonds.

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The Water, Sewer and Stormwater Funds are responsible for \$27,998,200; \$24,381,485; and \$8,890,000 respectively, of the Business-Type Activities bonds payable.

(b) School Board Component Unit

At June 30, 2022, the School Board's long-term liabilities consisted of:

Compensated absences	\$ 2,709,533
Net pension liability	36,027,758
Net OPEB liability	11,657,872
Total	<u>\$ 50,395,163</u>

(c) Changes in Long-Term Liabilities

The following is a summary of the long-term liabilities transactions for the City and component units for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Refunding	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:						
Bonds payable:						
General obligation bonds	\$ 93,862,907	\$ 22,635,165	\$ 3,800,000	\$ 8,367,352	\$ 104,330,720	\$ 9,403,570
Unamortized premium	7,988,948	2,248,607	-	1,293,394	8,944,161	-
Total bonds payable	101,851,855	24,883,772	3,800,000	9,660,746	113,274,881	9,403,570
Insurance claims payable	3,055,390	261,000	-	622,144	2,694,246	2,694,246
Leases liabilities	-	9,879,714	-	-	9,879,714	975,195
Compensated absences	3,018,426	3,030,829	-	3,018,426	3,030,829	363,699
Net pension liability	78,995,881	-	-	24,088,770	54,907,111	-
Net OPEB liability	23,369,599	-	-	12,406,707	10,962,892	-
Total governmental activities	<u>\$ 210,291,151</u>	<u>\$ 38,055,315</u>	<u>\$ 3,800,000</u>	<u>\$ 49,796,793</u>	<u>\$ 194,749,673</u>	<u>\$ 13,436,710</u>

Compensated absences are paid by General Fund, Social Services Fund and non-major governmental funds responsible for salary costs. Deferred amounts on refunding are reported as deferred outflow of resources or deferred inflow of resources in the governmental activities column on Exhibit A.

Net pension liability and net OPEB liability measurement dates are both June 30, 2022.

	Balance July 1, 2021	Additions	Refunding	Reductions	Balance June 30, 2022	Due Within One Year
Business-Type Activities:						
Bonds payable:						
General obligation bonds	\$ 58,438,152	\$ 11,534,835	\$ 4,250,000	\$ 4,453,573	\$ 61,269,414	\$ 4,742,181
Unamortized premium	5,239,498	937,910	-	772,828	5,404,581	-
Total bonds payable	63,677,650	12,472,745	4,250,000	5,226,401	66,673,995	4,742,181
Lease liability	-	120,960	-	-	120,960	55,259
Compensated absences	357,428	374,921	-	357,428	374,921	44,991
Net pension liability	9,335,850	-	-	2,804,766	6,531,084	-
Net OPEB liability	3,040,617	-	-	1,444,571	1,596,046	-
Total business-type activities	<u>\$ 76,411,545</u>	<u>\$ 12,968,626</u>	<u>\$ 4,250,000</u>	<u>\$ 9,833,166</u>	<u>\$ 75,297,006</u>	<u>\$ 4,842,431</u>

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

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

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	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within one year
School Board:					
Compensated absences	\$ 2,944,245	\$ 3,151,169	\$ 3,385,881	\$ 2,709,533	\$ 325,144
Net OPEB Liability	13,590,817	5,530	1,938,475	11,657,872	-
Net pension liability	69,811,858	-	33,784,100	36,027,758	-
Total	\$ 86,346,920	\$ 3,156,699	\$ 39,108,456	\$ 50,395,163	\$ 325,144

Net pension and OPEB liability measurement date is June 30, 2021.

(d) Debt Compliance and Repayment

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

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

The City has no overlapping debt with other jurisdictions. At June 30, 2022, the City had a debt limit of \$931,264,700 which is 10% of assessed value of real property and a legal debt margin of \$765,664,566.

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

(e) General Obligation Public Improvement Bonds

The City refunded Series 2011 GO Bonds as part of Series 2021B issuance and issued General Obligation Public Improvement Bonds in June 2022.

(f) Prior Year Defeasance of Debt

In prior years, the City defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2022, \$5,191,669 of defeased bonds remains outstanding.

(g) Debt Service Requirements to Maturity

General Obligations Bonds

Fiscal Year Ending June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 9,403,840	\$ 3,700,293	\$ 4,661,010	\$ 2,157,770
2024	9,136,007	3,360,266	4,799,301	1,981,775
2025	8,805,223	2,988,597	4,610,655	1,791,118
2026 - 2030	35,687,421	10,167,688	21,804,886	6,298,923
2031 - 2035	24,168,229	4,755,440	15,118,562	2,810,067
2036 - 2040	14,270,000	1,569,972	8,655,000	928,890
2041 - 2045	2,860,000	124,300	1,620,000	60,200
Total bonds	\$ 104,330,720	\$ 26,666,556	\$ 61,269,414	\$ 16,028,743

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

Because the City does not issue a separate financial report of the Defined Benefit Pension Plan, the City must report certain information for the plan as of, and for the year ended, June 30, 2021 which is the most recent measurement date for this plan. This information is disclosed below and in Exhibits F-1 and F-2. Investment information is disclosed in Note 3b to the financial statements.

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

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

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

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

Public Safety Pension Plan – Normal Retirement Benefit			
	Before July 1, 2012	On or after July 1, 2012	On or after July 1, 2017
Normal Retirement Age	Age 60	Age 60	Age 60
Early Retirement Age (1/2% reduction for each month the actual retirement date is less than 30 years)	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service	Age 55 with 5 years of service Age 50 with 25 years of service
Vesting	5 years of service	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	1% of base salary	3% of base salary	5% of base salary

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Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years	5 years
Social Security Supplement	1% of Average Final Compensation (AFC) x years of creditable service paid until Social Security retirement age with 20 years of service. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.	1% of Average Final Compensation (AFC) x years of creditable service with 20 years of hazardous duty service. Supplement amount is limited to estimated unreduced primary social security benefit. Payable until full retirement age, as in effect on July 1, 2005.

Membership in the City's Pension Plan consists of the following at June 30, 2022, according to the most recent actuarial valuation:

	City Members	JMRL Members	CACVB Members
Retirees and beneficiaries currently receiving benefits	712	47	5
Vested terminated employees	390	12	4
Current employees:			
Vested	448	16	-
Nonvested	194	-	-
Total	1,744	75	9

Contributions. The contribution requirements of plan members and the City are established and may be amended by City Council. Plan members hired before July 1, 2012 are required to contribute 1% of base pay, (annual covered salary) members hired on or after July 1, 2012 must contribute 3% of base pay, and members hired on or after July 1, 2017 must contribute 5% of base pay for the Pension. The City's contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2022 are based on the July 1, 2020, actuarial report. The general employee contribution rate for 2022 was 20.36% and the public safety contribution rate was 38.07%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2022 actuarial valuation using the following methods and assumptions:

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

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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established market value are reported at estimated fair value. The schedule of Defined Benefit Pension Plan investments and annual rate of return are further described in Note 3b.

Net Pension Liability. Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined is as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Pension Liability	\$ 225,724,262	\$ 215,294,510
Fiduciary Net Position	132,515,912	151,825,839
Net Pension Liability	<u>\$ 93,208,350</u>	<u>\$ 63,468,671</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	58.7%	70.5%

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

	<u>1.00% Lower 6.5%</u>	<u>Current Discount Rate: 7.5%</u>	<u>1.00% Higher 8.5%</u>
Net Pension Liability	\$118,566,626	\$93,208,350	\$71,960,548

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2022 was -11.4%. The investment return on the smoothed value of assets (actuarial value of assets) was 7.50%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity:		
Large Cap	30.0%	7.4%
Mid Cap	12.5%	8.7%
Small Cap	7.5%	7.4%
International equity	10.0%	4.6%
Emerging equity	5.0%	8.1%
Real estate	10.0%	6.8%
Farmland	5.0%	9.9%
Fixed income	20.0%	0.9%
Total	100%	9.8%

CITY OF CHARLOTTESVILLE, VIRGINIA
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Pension Trust Fund Combining Statement of Net Position and Statement of Changes in Net Position:

	Retirement Fund	Post-Retirement Benefits Fund	Total Pension Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Interest receivable	229,878	91,146	321,024
Investments			-
Common stocks	28,480,728	11,292,607	39,773,335
Corporate fixed income securities	9,589,496	3,802,234	13,391,730
Government and agency fixed income securities	14,221,895	5,638,981	19,860,876
Mutual Funds			
Domestic	40,781,798	16,169,979	56,951,777
International	15,837,737	6,279,662	22,117,399
Alternative investments			
Agriculture	8,009,532	3,175,779	11,185,311
Real estate	18,306,626	7,258,576	25,565,202
Total investments	135,227,811	53,617,818	188,845,629
Total assets	135,457,689	53,708,964	189,166,653
Liabilities			
Due to General Fund	2,885,328	1,144,037	4,029,365
Accounts payables	56,448	22,381	78,829
Net Position			
Restricted for pension benefits	132,515,913		132,515,913
Restricted for other post-employment benefits		52,542,546	52,542,546
Total net position	\$ 132,515,913	\$ 52,542,546	\$ 185,058,459

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	Retirement Fund	Post-Retirement Benefits Fund	Total Pension Trust
Additions:			
Contributions:			
Employer	\$ 11,675,186	\$ 3,489,601	\$ 15,164,787
Plan members	1,131,321	1,140,941	2,272,262
Total contributions	12,806,507	4,630,542	17,437,049
Investment earnings:			
Net increase in fair value of investmen	(18,558,539)	(7,358,066)	(25,916,605)
Interest	881,371	349,445	1,230,816
Dividends	1,155,504	458,132	1,613,636
Total investment earnings	(16,521,664)	(6,550,489)	(23,072,153)
Less investment expenses	665,786	263,970	929,756
Net investment earnings	(17,187,450)	(6,814,459)	(24,001,909)
Total additions	(4,380,943)	(2,183,917)	(6,564,860)
Deductions:			
Pension benefits	14,373,032	-	14,373,032
Refund of plan members contribution	315,154	-	315,154
Post retirement benefits	-	5,354,882	5,354,882
Administrative expenses	240,796	103,471	344,267
Total deductions	14,928,982	5,458,353	20,387,335
Change in net position	(19,309,925)	(7,642,270)	(26,952,195)
Net position - July 1, 2021	151,825,837	60,184,817	212,010,654
Net position - June 30, 2022	\$ 132,515,912	\$ 52,542,547	\$ 185,058,459

11. CITY OF CHARLOTTESVILLE - NET PENSION LIABILITY

As described in Note 10, the City offers a Defined Pension plan to certain employees. As permitted by GASB 68, the pension-related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2021 are based on a pension plan measurement date of June 30, 2020.

Membership in the City's Pension Plan consists of the following at June 30, 2021, the date of the most recent actuarial valuation:

	Members	JMRL Members	CACVB Members
Retirees and beneficiaries currently receiving benefits	717	51	5
Vested terminated employees	410	11	4
Current employees:			
Vested	509	17	0
Nonvested	190	0	0
Total	1,826	79	9

Contributions. The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2021 are based on the July 1, 2019, actuarial report. The general employee contribution rate for 2021 was 19.46% and the public safety contribution rate was 34.95%.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2019 actuarial valuation using the following methods and assumptions:

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

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

Net pension liability. The City's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The following chart is for the plan as a whole. The City's portion of the plan is 96.90%.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2020	\$ 211,072,055	\$ 119,920,421	\$ 91,151,634
Changes for the year:			
Service cost	2,263,023	-	2,263,023
Interest	15,312,412	-	15,312,412
Differences between expected and actual experience	714,457	-	714,457
Changes of assumptions	-	-	-
Contributions - employer	-	11,022,358	(11,022,358)
Contributions - employee	-	1,087,218	(1,087,218)
Net investment income	-	34,102,627	(34,102,627)
Benefit payments, including refunds of employee contributions	(14,067,437)	(14,067,437)	-
Other	-	(409)	409
Administrative expense	-	(238,939)	238,939
Net Changes	4,222,455	31,905,418	(27,682,963)
Balance at June 30, 2021	\$ 215,294,510	\$ 151,825,839	\$ 63,468,671

Changes in Net Pension Liability per participating entity:

	City Net Pension Liability	JMRL Net Pension Liability	CACVB Net Pension Liability	All Entities - Net Pension Liability
Balance at June 30, 2020	\$ 88,331,731	\$ 2,583,631	\$ 236,272	\$ 91,151,634
Employer contributions	(10,669,733)	(352,625)	-	(11,022,358)
Expense	4,526,140	452,321	(213,102)	4,765,359
Change in deferred outflows of resources	(3,170,664)	(59,838)	(31,641)	(3,262,143)
Change in deferred inflows of resources	(17,579,279)	(593,013)	8,471	(18,163,821)
Balance at June 30, 2021	\$ 61,438,195	\$ 2,030,476	\$ -	\$ 63,468,671

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

CITY OF CHARLOTTESVILLE, VIRGINIA
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	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	\$84,732,760	\$61,438,195	\$41,906,029

Information on the annual money-weighted rate of return for 2022 is found in Note 3b and Exhibit I-1.

City Changes in deferred inflows and outflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 9,502,507	\$ 493,966
Prior years changes in proportion and differences between contributions	(1,556,556)	353,879
Prior years impact of change in proportion on beginning NPL	2,685,492	890,317
Prior years difference between expected and actual investment earnings	13,415,796	14,385,087
Prior years changes in assumptions	18,248,033	-
Prior years amortization	(30,466,286)	(12,956,321)
Current year amortization	(3,680,490)	(1,927,452)
Differences between expected and actual experience	519,266	-
Impact of change in proportion on beginning NPL	-	96,201
Difference between expected and actual investment earnings	-	19,529,349
Changes in assumptions	-	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(9,440)	(118,819)
Employer contributions subsequent to the measurement date	11,276,302	-
	<u>\$ 19,934,624</u>	<u>\$ 20,746,207</u>

Deferred outflows of resources amounting to \$11,276,302 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2023	\$ 3,021,971
2024	3,021,971
2025	3,021,971
2026	3,021,972
Thereafter:	-
	<u>\$ 12,087,885</u>

12. CITY OF CHARLOTTESVILLE - DEFINED CONTRIBUTION PENSION PLAN

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

All new hires are given a one-time option to choose either the Pension Plan or the DC Plan when they are hired. Under the DC Plan, the city contribution rate is 8% of the employee's base salary to their individual ICMA-RC account. There is no employee contribution required. Employees determine how their account balance is invested from a range of available options. DC Plan contributions vest ratably over a three year period. If the employee leaves the city before they are fully vested, part of the account balance may be forfeited. Forfeitures by policy are used to pay plan related expenses. There are no forfeitures reflected in pension expenses during the reporting period and no employer liability is outstanding to ICMA-RC at June 30, 2022.

CITY OF CHARLOTTESVILLE, VIRGINIA
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At June 30, 2022, there were 337 active City employees and a total of 424 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$1,085,869 for active employees.

There is also a separate defined contribution plan for senior management to which the City contributes. For the year ended June 30, 2022, a total of \$513,218 was contributed for 17 active senior management employees. The City contribution rate is 19.5% of eligible compensation.

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

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

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

Membership in the City's OPEB Plan consists of the following at June 30, 2022, the date of the most recent actuarial valuation:

	<u>City</u>	<u>JMRL</u>	<u>CACVB</u>
Inactive plan members or beneficiaries currently receiving benefit payments	435	45	5
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	911	104	-
Total	1,346	149	5

Funding policy. The contribution requirements for current and future Pension Plan members are established and may be amended by City Council. The city contribution is determined annually by City Council. Pension Plan members hired before December 3, 2002, received 100% of the city contribution towards the cost of medical and dental insurance. For Pension Plan Members hired on or after December 3, 2002, the city contribution toward the cost of medical and dental insurance is pro-rated based on vesting requirements and years of creditable service. Pension Plan members must pay for family members at their own expense. Surviving spouses of Pension Plan members may elect to continue health care benefits at their own expense. Life insurance is provided at no direct cost to the plan members. Defined Contribution Plan senior management is eligible for the same OPEB benefits as Pension Plan members. Defined Contribution Plan members may be eligible for access to continue medical and dental benefits. The City does not pay any of the costs. The DC Plan member is not eligible for life insurance benefits. The contribution rates for 2022 are based on the July 1, 2020, actuarial report. The general employee contribution rate is 4.6% and the public safety contribution rate is 11.07%.

Actuarial assumptions. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made

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about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The mortality rates used were: Healthy Lives–RP-2000 table, fully generational, projected with scale AA; Disabled Lives–RP-2000 table, fully generational, projected with scale AA, set forward 5 years for males and females.

The annual required contribution (ARC) was determined as part of the July 1, 2021 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	20 years, closed
Asset valuation method	4 year smoothed market
Investment return including inflation	7.5%
Projected salary increases	Range 2.0% - 5.0%
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0% Dental trend 4.0%

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

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2022 and June 30, 2021 is as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total OPEB Liability	\$ 73,979,596	\$ 73,274,159
Fiduciary Net Position	52,542,550	60,184,815
Net OPEB Liability	<u>\$ 21,437,046</u>	<u>\$ 13,089,344</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	71.02%	62.80%

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$30,012,480	\$21,437,046	\$14,231,776

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

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	1.00% Lower 6.5%	Current Trend Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$15,048,065	\$21,437,046	\$29,003,455

Long-term expected rate of return. The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended June 30, 2022 was -11.40%. The investment return on the smoothed value of assets (actuarial value of assets) was 5.95%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four year period.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity:		
Large Cap	30.0%	7.4%
Mid Cap	12.5%	8.7%
Small Cap	7.5%	7.4%
International equity	10.0%	4.6%
Emerging equity	5.0%	8.1%
Real estate	10.0%	6.8%
Farmland	5.0%	9.9%
Fixed income	20.0%	0.9%
Total	100%	9.8%

14. CITY OF CHARLOTTESVILLE - NET OPEB LIABILITY

As described in Note 13, the City administers the OPEB plan. As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2022 are based on an OPEB plan measurement date of June 30, 2021.

Membership in the City's OPEB Plan consists of the following at June 30, 2021, the date of the most recent actuarial valuation:

	City	JMRL	CACVB
Inactive plan members or beneficiaries currently receiving benefit payments	479	48	5
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	1,001	101	-
Total	1,480	149	5

Contributions. The contribution requirements of plan members and the City are described in Note 13. The contribution rates for 2021 are based on the July 1, 2019, actuarial report. The general employee contribution rate for 2021 was 6.42% and the public safety contribution rate was 10.81%.

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

The annual required contribution (ARC) was determined as part of the July 1, 2021 actuarial valuation using the following methods and assumptions:

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

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

Net OPEB liability. The City's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2021. The following chart is for the plan as a whole. The City's portion of the plan is 95.94%.

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a-b)</u>
Balance at June 30, 2020	\$ 74,541,217	\$ 46,819,166	\$ 27,722,051
Changes for the year:			
Service cost	723,701	-	723,701
Interest	5,437,566	-	5,437,566
Differences between expected and actual experience	(3,028,258)	-	(3,028,258)
Changes in assumptions	1,128,007	-	1,128,007
Contributions - employer	-	4,333,409	(4,333,409)
Contributions - employee	-	1,232,985	(1,232,985)
Net investment income	-	13,429,422	(13,429,422)
Benefit payments, including refunds of employee contributions	(5,528,074)	(5,528,074)	-
Other	-	-	-
Administrative expense	-	(102,093)	102,093
Net Changes	(1,267,058)	13,365,649	(14,632,707)
Balance at June 30, 2021	<u>\$ 73,274,159</u>	<u>\$ 60,184,815</u>	<u>\$ 13,089,344</u>

Changes in Net OPEB Liability per participating entity:

	<u>City Net OPEB Liability</u>	<u>JMRL Net OPEB Liability</u>	<u>CACVB Net OPEB Liability</u>	<u>All Entities - Net OPEB Liability</u>
Balance at June 30, 2020	\$ 26,410,216	\$ 1,210,012	\$ 101,823	\$ 27,722,051
Employer contributions	(4,158,810)	(175,599)	-	(4,334,409)
Change in expense	(3,967,378)	209,065	(126,935)	(3,885,248)
Change in deferred outflows of resources	409,062	15,800	(2,269)	422,593
Change in deferred inflows of resources	(6,134,152)	(728,872)	27,381	(6,835,643)
Balance at June 30, 2021	<u>\$ 12,558,938</u>	<u>\$ 530,406</u>	<u>\$ -</u>	<u>\$ 13,089,344</u>

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

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	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$21,424,912	\$12,558,938	\$5,220,946

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the City calculated using the healthcare cost trend rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 6.5%	Current Trend Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$6,060,493	\$12,558,938	\$20,361,269

City Changes in deferred inflows and outflows:

<i>City Changes in deferred inflows and outflows:</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 136,560	\$ 12,581,184
Prior years changes in proportion and differences between contributions	(1,104,811)	403,291
Prior years impact of change in proportion on beginning NOL	1,113,767	109,409
Prior years difference between expected and actual investment earnings	1,521,428	1,680,297
Prior years amortization	(68,703)	(2,996,486)
Current year amortization	(406,254)	(3,235,217)
Differences between expected and actual experience	-	2,179,160
Impact of change in proportion on beginning NOL	188,482	-
Difference between expected and actual investment earnings	-	7,614,706
Changes in assumptions	811,723	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(184,889)	(424,497)
Employer contributions subsequent to the measurement date	3,342,634	-
	<u>\$ 5,349,937</u>	<u>\$ 17,911,847</u>

Deferred outflows of resources amounting to \$3,342,634 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2023	\$ 3,976,136
2024	3,976,136
2025	3,976,136
2026	3,976,136
Thereafter:	-
	<u>\$ 15,904,544</u>

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15. PENSION LIABILITIES – SCHOOL BOARD

School Board Component Unit – Virginia Retirement System (VRS)

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

	Teachers Cost Sharing Plan		Non-Professional Plan
Net Pension Liability	\$36,027,759	Net Pension Asset	\$(2,772,011)

School Board Teachers Cost Sharing Plan

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

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

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

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

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Contributions. Teachers and employers are required to contribute to the retirement plans as provided by Section 51.1-145 of the *Code of Virginia*, as amended. For Plans 1 and 2, teachers are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% teacher contribution may have been assumed by the employer. Beginning July 1, 2012, new teachers were required to pay the 5.0% member contribution. In addition, for existing teachers, employers were required to begin making the teacher pay the member contribution. This could be phased in over a period of five years if the employer provided a salary increase equal to the amount of the increase in the teacher-paid member contribution. The Hybrid Plan contributions are mandatory and voluntary contributions made by the member and employer to both the defined benefit and defined contribution components. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both member and the employer. Members of this plan may choose to make voluntary contributions to the defined contributions component and the employer is required to match those voluntary contributions according to a specified percentage.

The School Board's contractually required rate for the year ended June 30, 2022 was 16.62% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2019. This actuarially determined rate, when combined with teacher contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions may be impacted as a result of funding provided to school divisions by the VA General Assembly. Contributions to the pension plan from the School Board were \$6,855,433 and \$6,556,056 for the years ended June 30, 2022 and 2021, respectively. In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act and is classified a non-employer contribution.

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

At June 30, 2022, the School Board reported a liability of \$36,027,758 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating teachers. At June 30, 2021 the School Board's proportion was 0.46409% as compared to 0.47972% at June 30, 2021.

For the year ended June 30, 2022, the School Board recognized teacher pension expense of \$163,540. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to the deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of the employer contributions.

At June 30, 2022, the School Board reported deferred outflows and deferred inflows of resources related to teacher pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 22,703,729
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,043	1,826,060
Changes in assumptions	6,313,367	-
Net difference between expected and actual experience	-	3,068,627
Employer contributions subsequent to the measurement date	6,855,433	-
Total	<u>\$ 13,254,843</u>	<u>\$ 27,598,416</u>

Deferred outflows of resources amounting to \$6,855.433 related to teachers' pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to teachers' pensions will be recognized in pension expense as follows:

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Year Ending June 30:		
2023	\$	(4,973,235)
2024		(4,449,288)
2025		(4,979,827)
2026		(6,800,081)
2027		2,027
Total	\$	<u>(21,200,404)</u>

Actuarial assumptions. The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2020, 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, 2021:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 – 5.95%

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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 – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement – Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement – Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement health, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employer's Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.00%	1.70%
Fixed Income	15.0%	0.57%	0.09%
Credit Strategies	14.0%	4.49%	0.63%
Real Assets	14.0%	4.76%	0.67%
Private Equity	14.0%	9.94%	1.39%
MAPS Multi-Asset Public Strategy	6.0%	3.29%	0.20%
PIP Private Investment Partnership	3.0%	6.84%	0.21%
Total	<u>100.0%</u>		<u>4.89%</u>
Inflation			2.50%
*Expected arithmetic nominal return			<u>7.39%</u>

The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of the expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 assumes that member contributions will be per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan will be subjected to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. From July 1, 2021, on, 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.

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

The table below presents the proportionate share of the Net Pension Liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Entity's Net Pension Liability	\$69,531,623	\$36,027,758	\$8,466,355

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

School Board Non-Professional Pension Plan

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

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

Employees covered by benefit terms. The following employees were covered by the benefit terms of the Plan as of the June 30, 2020 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits:	76
Inactive employees entitled to but not yet receiving benefits:	
Vested	7
Non-vested	25
Active elsewhere in VRS	14
Total inactive	46
Active employees:	61
Total covered employees	183

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

The School Board's contractually required rate for the year ended June 30, 2022 was 2.38% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of the benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school Board were \$35,367 and \$36,170 for the years ended June 30, 2022 and 2021, respectively.

Net pension liability. The School Board's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial assumption. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net if pension plan investment expenses including inflation*
Inflation	2.5%
Projected Salary Increases	3.0%

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 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

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

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvements: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

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Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvements: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period for July 1, 2016, through June 30, 2020, except the changes in the discount rate, which was based on VRS Board action effective as July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP 2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	No change
Salary Scale	No change
Discount Rates	No change
Line of Duty Disability	No change

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

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.00%	1.70%
Fixed Income	15.0%	47.00%	0.09%
Credit Strategies	14.0%	4.49%	0.63%
Real Assets	14.0%	4.76%	0.67%
Private Equity	14.0%	9.94%	1.39%
MAPS Multi-Asset Public Strategy	6.0%	3.29%	0.20%
PIP Private Investment Partnership	3.0%	6.84%	0.21%
Total	100.0%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocations at that time, providing a median return of 7.11% including expected inflation of 2.5%.

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 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. For the fiscal year ending June 30, 2021, the rate contributed by the School Board for its retirement plan and the City Public Schools for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, the participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability:	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2020	\$ 10,748,294	\$ 10,906,950	\$ (158,656)
Changes for the year:			
Service cost	169,581	-	169,581
Interest	701,011	-	701,011
Changes in assumptions	385,484	-	385,484
Differences between expected and actual experience	(832,777)	-	(832,777)
Contributions - employer	-	35,567	(35,567)
Contributions - employee	-	96,805	(96,805)
Net investment income	-	2,912,633	(2,912,633)
Benefit payments, including refunds of employee contributions	(725,889)	(725,889)	-
Administrative expense	-	(7,622)	7,622
Other changes	-	271	(271)
Net Changes	(302,590)	2,311,765	(2,614,355)
Balances at June 30, 2021	\$ 10,445,704	\$ 13,218,715	\$ (2,773,011)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The table below presents the net pension liability for the School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Net Pension Liability	\$(1,657,537)	\$(2,773,011)	\$(3,711,740)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021 the School Board recognized pension expense of \$(660,576). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 508,554
Changes in assumptions	549,276	-
Net difference between projected and actual earnings on plan investments	-	1,767,301
Employer contributions subsequent to the measurement date	38,094	-
	<u>\$ 587,370</u>	<u>\$ 2,275,855</u>

Deferred outflows of resources amounting to \$38,094 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ (563,317)
2024	(387,531)
2025	(333,867)
2026	(439,337)
2027	-
Total	<u>\$ (1,724,052)</u>

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

School Board Component Unit – Post-Employment Medical Plan Subsidy

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

Membership in the School's Local OPEB Plan consists of the following at July 1, 2022, the date of the most recent actuarial valuation:

	<u>Local Plan</u>
Inactive plan members or beneficiaries currently receiving benefit payment:	20
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	607
Total	<u>627</u>

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

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The mortality rate used for Active Employees and Retirees was Pub-2010 Teachers Employees MP 2021.

The following assumptions were used in the most recent actuarial report dated July 1, 2021:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Actuarial Cost Method
Salary scale	2.50%
Discount rate	2.45%
Investment return	None
Healthcare cost trend rate	6.00% FYE 2022, then 5.80% for fiscal year 2023, declining to ultimate rate of 3.94% in fiscal year 2075

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

Net OPEB Liability. Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2022 and June 30, 2021 is as follows:

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	June 30, 2022	June 30, 2021
Total OPEB Liability	\$ 3,005,608	\$ 3,474,000
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 3,005,608</u>	<u>\$ 3,474,000</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%

At June 30, 2022 the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ 112,000	\$ (106,272)
Changes in assumptions	184,000	(837,083)
Employer contributions subsequent to the measurement date	138,880	-
	<u>\$ 434,880</u>	<u>\$ (943,355)</u>

Deferred outflows of resources amounting to \$138,880 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ (67,335)
2024	(67,335)
2025	(66,335)
2026	(66,335)
2027	(66,335)
Thereafter	<u>\$ (313,680)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The liability has been calculated using a 1.92% discount rate. The table below presents the net OPEB liability for the School calculated using the discount rate of 1.92%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower .92%	Current Discount Rate: 1.92%	1.00% Higher 2.92%
Net OPEB Liability	\$3,130,394	\$3,005,608	\$2,770,581

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates The table below presents the net OPEB liability for the School calculated using the healthcare cost trend rate of 3.94%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower 2.94%	Current Trend Rate: 3.94%	1.00% Higher 4.94%
Net OPEB Liability	\$2,784,727	\$3,005,608	\$3,142,612

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

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

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

Non-Professional Health Insurance Credit Program All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Contributions. Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$245,552
June 30, 2021 Contribution	\$234,461

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% of covered employee compensation.
June 30, 2022 Contribution	\$523,901
June 30, 2021 Contribution	\$515,397

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

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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<u>Method</u>	<u>Assumption</u>
Inflation	2.5%
Salary Increases – General employees	3.5 – 5.35%
Salary Increases – Teachers	3.5 – 5.95%
Investment rate of return – GLI & HIC	6.75% net of plan investment expenses, including inflation

Net OPEB Liability. The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<u>GLI</u>	<u>HIC</u>
Total OPEB Liability	\$ 7,523,152	\$ 7,257,027
Fiduciary Net Position	5,074,690	954,125
Net OPEB Liability	<u>\$ 2,448,462</u>	<u>\$ 6,302,902</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	67.45%	13.15%

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class</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	34.0%	5.00%	1.70%
Fixed Income	15.0%	0.57%	0.09%
Credit Strategies	14.0%	4.49%	0.63%
Real Assets	14.0%	4.76%	0.67%
Private Equity	14.0%	9.94%	1.39%
MAPS Multi-Asset Public Strategy	6.0%	3.29%	0.20%
PIP Private Investment Partnership	3.0%	6.84%	0.21%
Total	<u>100.0%</u>		<u>4.89%</u>
	Inflation		<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.39%</u>

The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.5%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund assets allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

Net OPEB Liability As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2021 are based on a measurement date of June 30, 2021.

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	Group Life Insurance Program	Teacher Health Insurance Credit
June 30, 2021 proportionate share of liability:	\$ 2,448,462	\$ 5,995,551
June 20, 2021 proportion	0.21030%	0.46710%
June 30, 2020 proportion	0.21639%	0.48316%
June 30, 2021 expense	\$ 85,312	\$ 454,003

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

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to GLI and HIC OPEB from the following sources:

Group Life Insurance Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,256	\$ 18,656
Change in assumptions	198,605	335,002
Net difference between expected and actual earnings on OPEB plan investments	-	584,395
Change in proportion	23,599	97,543
Employer contributions subsequent to the measurement date	245,522	-
Total	\$ 746,982	\$ 1,035,596

Health Insurance Credit Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 104,622
Change in assumptions	162,071	24,096
Net difference between expected and actual investments earnings	-	78,980
Change in proportion	18,818	183,902
Employer contributions subsequent to the measurement date	595,651	-
Total	\$ 776,540	\$ 391,600

The deferred outflows of resources related to GLI and HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Group Life Insurance Program		Teacher Health Insurance Credit Program	
Year ending June 30,	Increase (Reduction) to OPEB Expense	Year ending June 30,	Increase (Reduction) to OPEB Expense
2023	(135,618)	2023	(41,622)
2024	(110,176)	2024	(42,519)
2025	(107,391)	2025	(39,786)
2026	(195,319)	2026	(38,107)
2027	(49,254)	2027	(21,048)
Thereafter	-	Thereafter	(32,029)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net

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position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Less Plan Fiduciary Net Positions	194,305
Teacher employee Net HIC OPEB Liability (Asset)	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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 No. 74 in the System's notes to financial statements and RSI.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities 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 Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the School Board for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the net OPEB liabilities of the GLI and Teacher HIC, as well as what the School Board's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75% HIC; GLI) or one percentage point higher (7.75% HIC; GLI) than the current discount rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
GLI Net OPEB liability	3,577,292	2,448,462	1,536,881
Teacher HIC Net OPEB	6,749,329	5,995,551	5,357,676
Net OPEB liability	<u>10,326,621</u>	<u>8,444,013</u>	<u>6,894,557</u>

Summary of entity wide Net OPEB Liability:

	GLI	HIC	Local	Total OPEB Liability
Net OPEB liability	<u>2,448,462</u>	<u>6,203,802</u>	<u>3,005,608</u>	<u>11,657,872</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the

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VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

17. REVENUE SHARING AGREEMENT

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

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

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

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

During the fiscal year, the County paid \$15,411,834 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

18. JOINT VENTURES

(a) Rivanna Water and Sewer Authority

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. Beginning in November of 2015, RWSA began charging each locality a fixed monthly amount to cover the debt portion owed by each locality. For the year ended June 30, 2022, the City paid a total of \$15,397,064 to RWSA. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(b) Rivanna Solid Waste Authority

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

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City's percentage of these shared costs is 35.5% of the total. The City's share of the local guarantee for the 2020 calendar year and for fiscal year 2022 is \$481,579. Annual certificates must be filed every December 30th to DEQ. Complete, audited financial statements for RSWA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(c) Jefferson-Madison Regional Library

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed \$2,050,037 to JMRL for the year ended June 30, 2022. Complete, audited financial statements for JMRL can be obtained at their administrative offices at 201 East Market Street, Charlottesville, Virginia 22902.

(d) Charlottesville – Albemarle Regional Jail

The City and Albemarle County share the costs of operating a regional jail. The Jail is governed by a seven-member board, three of whom are appointed by the City (with one member being ex-officio), three by the County, and one jointly appointed citizen. Under the terms of the operating agreement, either the City or the County can terminate the contract with sixty days' notice. The City and County share the costs of operating the Jail (net of any reimbursements from the Federal, State and other local governments) on the ratio of City and County prisoner days of utilization for the prior year. Any excesses or deficits are reimbursed after the end of each fiscal year. For the year ended June 30, 2022, the City's share of the costs of the Jail was \$3,773,565. Complete, audited financial statements for the Jail can be obtained at their administrative offices at Avon Street Extended, Charlottesville, Virginia 22902.

(e) Blue Ridge Juvenile Detention Center

The City, with Albemarle, Culpeper, Fluvanna and Greene Counties, share the cost of operating a regional Juvenile Detention Commission per an adopted agreement dated July 1, 1999, and amended July 2, 2007. Commission members are appointed by each participating locality, with not locality appointing a majority of Board members. Under the terms of the operating agreements, the participating governments share the costs of operations and capital based on their respective aggregate percentages of usage during the preceding three years on an annual basis. For the year ended June 30, 2022, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was \$537,823. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(f) Emergency Communications Center

The City, Albemarle County and the University of Virginia jointly participate in operating a centralized dispatching facility for law enforcement and emergency services. The Emergency Communications Center (the Center) is governed by an eight-member board, three of whom are ex-officio members from the City. The Center operates under the terms of an agreement whereby any participant may discontinue its participation with one year's written notice. The operating costs of the Center are shared by the three participants on the basis of population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2022, the City's share of the costs of the Center was \$1,678,378. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(g) Charlottesville Albemarle Convention & Visitors Bureau

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its

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membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2022, the City contributed \$946,848 to the Bureau.

(h) Darden Towe and Ivy Creek Parks

The City and County jointly own and operate two parks, known as Darden Towe Park and Ivy Creek Nature Center (the Parks). The Parks are governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Parks are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2022, the City's share of the Parks' operating costs was \$172,714. Complete, audited financial statements for the Parks can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

19. RELATED ORGANIZATIONS

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

Belmont Bridge Steering Committee
Board of Architectural Review
Building Code Board of Appeals
Charlottesville – Albemarle Airport Authority
Charlottesville – Albemarle Airport Commission
Charlottesville – Albemarle Child Services Act Community Policy and Management Team
Charlottesville Economic Development Authority
Charlottesville Redevelopment and Housing Authority
Charlottesville Youth Council
Citizen's Advisory Panel
Citizen's Transportation Advisory Committee
Community Development Block Grant Task Force
Housing Advisory Committee
Human Rights Commission
JAUNT (Jefferson Area United Transportation Board)
Jefferson Area Board of Aging Advisory Council (JABA)
Jefferson Area Board of Aging-Board of Directors (JABA)
Jefferson Area Community Criminal Justice Board
Metropolitan Planning Organization Policy Board
Monticello Area Community Action Agency Board (MACAA)
Parks and Recreation Advisory Committee
Personnel Appeals Board
Piedmont Virginia Community College Board
Planning Commission/Entrance Corridor Review Board
PLACE Design Task Force
Region Ten Community Services Board
Regional Disability Service Board
Retirement Commission
Rivanna Solid Waste Authority
Rivanna Water and Sewer Authority
Sister Cities Commission
Social Services Advisory Board
Streets That Work / Code Audit Steering Committee
Thomas Jefferson Planning District Commission
Towing Advisory Board

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Tree Commission
Vendor Appeals Board
Water Resources Protection Program Advisory Committee

20. RISK MANAGEMENT

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net position balance of \$11,850,372 at June 30, 2022, is a reserve for future extraordinary claims.

Major risks retained by the City include:

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

	<u>2021-2022</u>	<u>2020-2021</u>
Accrued claims, July 1, 2021	\$ 3,055,390	\$ 2,683,212
Add claims incurred during the current fiscal year including changes in estimated claims payable	15,772,556	16,137,793
Less payments on claims	<u>(16,133,700)</u>	<u>(15,765,815)</u>
Accrued claims, June 30	<u>\$ 2,694,246</u>	<u>\$ 3,055,190</u>
Claims or judgments due within one year	\$ 2,405,870	\$ 2,087,390
Claims or judgments due in more than one year	288,376	968,000
Total	<u>\$ 2,694,246</u>	<u>\$ 3,055,390</u>

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

The City has comprehensive cyber liability coverage including a number of risks such as security breaches, system failures, data recovery, and cyber extortion.

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

21. CONTINGENCIES

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

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22. NET POSITION DEFICIT

The Charlottesville School Board had a net position deficit of \$29,697,625 at June 30, 2022. This deficit is due to the long-term net pension and OPEB liabilities.

23. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2022

The City has one major water and gas customer, the University of Virginia. For the current year, water and gas revenue from this customer was \$3,244,213, \$4,245,482, and \$8,699,119, respectively, which represents 23.65% of water revenue, 28.27% of wastewater revenue, and 25.39% of gas revenue.

24. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2022, the City had several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended to Date	Balance
Melbourne/NS Railroad -SGR	\$ 2,661,556	\$ 2,107,153	\$ 554,403
250 Bypass/Route 29 Business	3,847,554	1,685,565	2,161,989
250 Bypass/Rugby Ave	2,488,292	1,588,939	899,353
250 Bypass/NS Railroad - SGR	1,303,496	258,233	1,045,263
SMART Scale Barracks Road	8,640,866	800,311	7,840,555
7th Street Deck	4,340,240	1,491,508	2,848,733
Smith Indoor Pool	2,550,000	2,188,229	361,771
HB2 - East High	6,638,000	902,474	5,735,526
HB2 - Emmet Street	12,114,721	1,566,616	10,548,105
Bypass Fire Station	7,124,861	200,576	6,924,285
Belmont Budget	59,461,700	17,412,706	42,048,994
Storm Water Project	1,312,711	1,312,711	-
Gas Lines Project	616,590	616,590	-
Sewer Line Project	1,607,642	1,607,642	-
Water Project	4,146,282	4,146,282	-
	<u>\$ 118,854,511</u>	<u>\$ 37,885,533</u>	<u>\$ 80,968,978</u>

25. TAX ABATEMENTS

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

These incentives were made with the following entity for the number years and the minimum performance measures indicated:

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Agreement Date	Length of Agreement (Years)	Agreement Entity	Minimum Number of Jobs to be Created	Minimum Increase in Real Estate Value
June 2, 2011	10	459 Locust Charlottesville LLC/CFA Institute	400	\$40 Million

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

Fiscal Year	Amount
2015	\$ 267,000
2016	78,800
2017	342,936
2018	220,483
2019	343,422
2020	242,183
2021	267,944
2022	291,473
	<u>\$ 2,054,241</u>

To date, this agreement has generated nearly 475 jobs and added \$67 million in real estate value within the City.

26. COVID-19 PANDEMIC FUNDING

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The federal government passed legislation to mitigate the economy impact of the pandemic. As a result of this legislation, the City received the following awards beginning in the spring of 2020 through FY2022. The awards have been expended as follows:

	Amount Awarded	Expended Prior Year	Spent July 2020 - June 2021	Available Future Fiscal Years
Direct Federal Aid:				
Health and Human Services - for EMS	\$ 58,201	\$ 58,201	\$ -	\$ -
Federal Transportation Agency - for Transit	5,357,686	2,102,360	1,184,253	2,071,073
Federal Transportation Agency - for JAUNT	1,785,896	1,606,815	179,081	-
Housing and Urban Development - for CDBG	581,401	145,038	263,008	173,355
U.S. Department of Justice - BJA	80,781	10,904	-	69,877
American Rescue Plan Act - for the City	19,609,709	-	3,516,277	16,093,432
Federal Aid Passed Through the State:				
Rail and Public Transportation - for Transit	221,227	221,227	-	-
Treasurer of Virginia - CARES Act for the City	8,311,781	8,311,781	-	-
Treasurer of Virginia - CARES Act for City Schools	2,409,620	1,710,914	698,706	-
Treasurer of Virginia - Utility Customer COVID Relief	198,568	186,901	11,667	-
Housing and Community Development - Homelessness	2,250,785	396,324	1,064,294	790,167
Total	<u>\$ 40,865,655</u>	<u>\$ 14,750,465</u>	<u>\$ 6,917,286</u>	<u>\$ 19,197,904</u>

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27. ADOPTION OF ACCOUNTING PRINCIPLE GASB STATEMENT 87 LEASES JULY 1, 2022

For the adoption of GASB Statement 87 Leases, the City reviewed its outstanding lease agreements to determine application of this standard to its existing agreements both Lessee and Lessor. A total of seven building space Lessor leases and thirty-five copier, one equipment, and two building space Lessee leases were determined to meet this standard. All leases, however, were reviewed according to the standards of GASB Statement 87. All leases were then applied to the principles of the present value based on the applicable lease term at a determined interest rate. The lease terms were evaluated by the options presented in the lease agreement with any extensions taken into account if it was reasonably certain they would be extended. None of the leases had an interest rate explicitly shown in the lease agreement. For Lessor leases, the lease receivable was debited and the deferred inflow for these leases were credited. For Lessee leases, the lease asset was debited and the lease liability was credited. Details of each lease type is discussed in the note for leases, below.

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28. LEASES

Lessor Leases

The City has leased seven of its properties as shown on the schedule below. The longest lease term has a period of 82 months, as opposed to the shortest at 29 months, from the Fiscal Year beginning date, with the remaining lease value of \$978,680 shown. The leases were recorded at the applicable federal rate, which was determined to be the best estimate of interest earnings when no interest rate was explicitly shown in the lease document. The City applied short, median and long term rates as determined by the applicable federal rate as of July 1, 2021. At June 30, 2022 the City has a lease receivable of \$771,676. Below is a schedule of leases receivable for future fiscal years per their respective lease term:

City Lessor Leases of Building Space							
Lease Asset Class	Lease Asset Description	Lease Begin Date	Lease End Date	Monthly Payment	Term (Months)	Lease Value	Interest Rate
Building Space	Sentara Martha Jefferson Hospital	July 1, 2021	January 1, 2024	3,828	\$ 29	\$ 113,360	1.00%
Building Space	Albemarle Charlottesville Historical Society	July 1, 2021	May 1, 2024	829	33	27,774	1.00%
Building Space	Tastings Restaurant And Wine Shop	July 1, 2021	January 1, 2024	3,969	29	117,536	1.00%
Building Space	United States Postal Service	July 1, 2021	June 1, 2028	7,650	82	591,111	2.07%
Building Space	Verizon Wireless	July 1, 2021	June 1, 2024	75	34	2,586	1.00%
Building Space	Mr. Fix Cell Phone & Computer Repair	July 1, 2021	August 1, 2026	1,785	60	106,109	1.00%
Building Space	Virginia Discovery Museum	July 1, 2021	July 1, 2026	345	60	20,205	1.00%
						\$ 978,680	

Schedule of Lease Receivable at Fiscal Year End			
Fiscal Year	Principal	Interest	Lease Receivable at 6/30
2022	\$ 207,004	\$ 14,756	\$ 771,676
2023	209,938	11,822	561,738
2024	164,328	8,921	397,409
2025	110,615	6,743	286,795
2026	112,653	4,705	174,142
2027	90,857	2,727	83,285
2028	83,285	864	-
	\$ 978,680	\$ 50,539	

Lessee Leases

The City has also procured leases for Copiers, Equipment and Building Spaces needed for various operations. A schedule of these leases is shown below. The longest lease term has a period of 155 months while the shortest lease term was for 15 months from the lease beginning date. The City recorded its lease activity for these leases at the beginning of Fiscal Year 2022, with the remaining lease values of \$11,014,514 shown. The leases were recorded at the applicable federal rate as of July 1, 2021, which was determined to be the best estimate of the incremental borrowing rate when no interest rate was shown on the face of the lease document. The federal rate used was based on the short, medium and long term based on the lease term. The copier interest rate was determined to be the present value of the lease payments as opposed to the copier purchase price at lease inception. At June 30, 2022 the liability of the leases outstanding was \$10,000,674. Below are the details of these leases and their future liability:

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City Lessee Leases of Copiers, Equipment and Building Space							
Lease Asset Class	Lease Asset Description	Lease Begin Date	Lease End Date	Term (Months)	Monthly Payment	Lease Value	Interest Rate
Copier	Copier- Utility Billing Office	July 1, 2021	December 6, 2022	16	\$ 58	\$ 984	0.76%
Copier	Copier- Public Works Facilities Development	July 1, 2021	July 28, 2024	35	136	4,832	0.76%
Copier	Copier- Purchasing	July 1, 2021	December 18, 2023	28	181	5,122	1.95%
Copier	Copier- Police Administration	July 1, 2021	November 12, 2022	15	114	1,805	1.72%
Copier	Copier- Police Administration	July 1, 2021	November 12, 2022	15	114	1,805	1.72%
Copier	Copier- Police Administration	July 1, 2021	November 12, 2022	15	130	2,054	1.72%
Copier	Copier- Neighborhood Dev Serv - Administration	July 1, 2021	February 20, 2023	18	232	4,339	1.72%
Copier	Copier- Neighborhood Dev Serv - Administration	July 1, 2021	March 19, 2023	19	165	3,260	1.72%
Copier	Copier- School Pupil Transportation	July 1, 2021	May 19, 2023	21	116	2,514	1.72%
Copier	Copier- City Treasurer	July 1, 2021	August 21, 2024	33	110	4,018	0.76%
Copier	Copier- IT Operations	July 1, 2021	October 2, 2023	26	42	1,103	1.87%
Copier	Copier- Commonwealth Attorney	July 1, 2021	June 17, 2025	46	176	8,075	1.12%
Copier	Copier- Wastewater Collection	July 1, 2021	August 26, 2025	48	28	1,337	0.84%
Copier	Copier- Water Division Operations	July 1, 2021	August 26, 2025	48	28	1,337	0.84%
Copier	Copier- Gas General Operations	July 1, 2021	August 26, 2025	48	56	2,673	0.84%
Copier	Copier- Circuit Court Administration	July 1, 2021	November 19, 2023	27	147	3,873	5.38%
Copier	Copier- Circuit Court Administration	July 1, 2021	November 19, 2023	27	148	3,947	3.90%
Copier	Copier- Public Works/School Maintenance	July 1, 2021	March 10, 2025	43	112	4,738	1.91%
Copier	Copier- Parks and Recreation Administration	July 1, 2021	February 24, 2024	30	158	4,836	1.04%
Copier	Copier- Parks and Recreation Administration	July 1, 2021	February 24, 2024	30	158	4,836	1.04%
Copier	Copier- Parks and Recreation Administration	July 1, 2021	February 24, 2024	30	158	4,836	1.04%
Copier	Copier- Human Resources Department	July 1, 2021	October 19, 2025	50	208	10,382	1.00%
Copier	Copier- Meadowcreek Golf Course	July 1, 2021	November 4, 2023	27	34	936	1.73%
Copier	Copier- Carver Center	July 1, 2021	December 1, 2023	28	107	3,029	1.90%
Copier	Copier- Public Service Administration	July 1, 2021	December 4, 2023	28	139	3,922	1.99%
Copier	Copier- City Attorney's Office	July 1, 2021	November 4, 2024	39	195	7,695	0.84%
Copier	Copier- City Manager's Office	July 1, 2021	March 1, 2025	43	245	10,592	0.95%
Copier	Copier- City Treasurer	July 1, 2021	April 14, 2025	44	119	5,176	1.91%
Copier	Copier- City Treasurer	July 1, 2021	April 29, 2025	44	95	4,142	1.91%
Copier	Copier- Finance - Administration	July 1, 2021	May 5, 2025	45	125	5,550	1.91%
Copier	Copier- Police Investigations	July 1, 2021	June 14, 2024	34	136	4,506	3.90%
Copier	Copier- Police Field Operations	July 1, 2021	June 14, 2024	34	136	4,506	3.90%
Copier	Copier- Parks and Recreation Administration	October 1, 2021	October 1, 2026	60	218	12,499	1.84%
Copier	Copier- View Administration	January 25, 2022	January 24, 2026	48	106	4,906	1.91%
Copier	Copier- Aquatics	November 9, 2021	November 8, 2026	60	75	4,472	0.07%
Total Copiers						154,639	
Equipment	Golf Maintenance Equipment	July 1, 2021	September 4, 2024	37	4,515	168,807	1.00%
Total Equipment						168,807	
Building Space	200 East Water Street , Charlottesville (The Garage)	July 1, 2021	July 1, 2034	155	60,619	8,284,741	2.07%
Building Space	Jefferson School Community Partnership L.L.P	July 1, 2021	January 1, 2028	77	32,999	2,406,328	2.07%
Total Building Space						10,691,068	
Total Lessee Leases						\$11,014,514	

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Lease Liability by Lease Asset Class				
Fiscal Year	Building Space	Copier	Equipment	Total
2022	\$ 910,712	\$ 50,397	\$ 52,731	\$ 1,013,840
2023	929,744	47,449	53,261	1,030,454
2024	949,173	33,708	53,796	1,036,677
2025	969,008	17,289	9,018	995,316
2026	989,258	4,844		994,102
2027	1,009,931	951		1,010,882
2028	832,187			832,187
2029	648,661			648,661
2030	662,217			662,217
2031	676,056			676,056
2032	690,183			690,183
2033	704,607			704,607
2034	719,331			719,331
	<u>\$ 10,691,068</u>	<u>\$ 154,639</u>	<u>\$ 168,807</u>	<u>\$11,014,514</u>

Schedule of Lease Liability at Fiscal Year End			
Fiscal Year	Principal	Interest	Lease Liability at 6/30
2022	\$ 1,013,840	\$ 216,230	\$ 10,000,674
2023	1,030,454	195,881	8,970,220
2024	1,036,677	175,184	7,933,543
2025	995,316	154,601	6,938,227
2026	994,102	134,194	5,944,125
2027	1,010,882	113,480	4,933,242
2028	832,187	93,228	4,101,055
2029	648,661	78,761	3,452,394
2030	662,217	65,205	2,790,177
2031	676,056	51,367	2,114,121
2032	690,183	37,239	1,423,938
2033	704,607	22,816	719,331
2034	719,331	8,091	-
	<u>\$11,014,514</u>	<u>\$1,346,275</u>	



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

1. BUDGETARY ACCOUNTING

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

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

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

The budgets are integrated into the accounting system and the budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Social Services Funds present actual expenditures in accordance with GAAP on a basis consistent with legally adopted budgets as amended. Original, final budget and actual revenues and expenditures, including encumbrances, for the General Fund and Social Services Fund are presented on Exhibits G -1 and G-3, respectively. Original budget amounts are the budgets originally adopted by City Council, plus any approved amounts carried over from the previous fiscal year. Final budgets are these amounts plus any adjustments, through additional appropriations or reductions.

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

		Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)			
		Original	Final					
REVENUES								
Taxes:								
Real estate	\$	80,277,442	\$	80,277,442	\$	85,287,083	\$	5,009,641
Personal property		9,741,000		9,741,000		11,928,586		2,187,586
Public service corporation		1,542,930		1,542,930		1,587,537		44,607
Penalties and interest on delinquent taxes		415,000		415,000		769,368		354,368
Sales and use		12,000,000		12,000,000		14,526,660		2,526,660
Utilities		4,500,000		4,500,000		4,611,301		111,301
Communications		2,400,000		2,400,000		2,288,232		(111,768)
Meals		12,840,000		12,840,000		15,925,582		3,085,582
Lodging		5,000,000		5,000,000		7,222,710		2,222,710
Tax on bank stock		1,200,000		1,200,000		1,225,370		25,370
Tax on wills and deeds		725,000		725,000		1,058,718		333,718
Rolling stock		18,040		18,040		15,006		(3,034)
Short-term rental		60,000		60,000		63,548		3,548
Cigarette		550,000		550,000		355,991		(194,009)
Recordation		-		-		742		742
Game of Skills		-		-		11,232		11,232
Total Taxes:		131,269,412		131,269,412		146,877,666		15,608,254
Licenses and permits:								
Vehicle license fees		890,000		890,000		875,041		(14,959)
Dog licenses		6,000		6,000		3,583		(2,417)
Business License		7,000,000		7,000,000		8,712,415		1,712,415
Electrical, heating and mechanical permits		330,000		330,000		287,018		(42,982)
Building and plumbing permits		550,000		550,000		368,094		(181,906)
Erosion control fees		29,500		29,500		26,975		(2,525)
Sign permits		8,000		8,000		6,625		(1,375)
Other permits		858,500		858,500		655,415		(203,085)
Total Licenses and permits:		9,672,000		9,672,000		10,935,166		1,263,166
Intergovernmental:								
Revenue from State agencies:								
Other State assistance		132,500		132,500		211,696		79,196
P2P vehicle share tax		-		-		7,164		7,164
Police assistance		2,238,352		2,260,959		2,238,568		(22,391)
PPTRA revenue		3,498,256		3,498,256		3,498,256		-
Reimbursement for constitutional officers		1,833,737		1,833,737		1,969,514		135,777
State highway assistance		4,263,654		4,263,654		4,361,506		97,852
Trailer titling tax		1,200		1,200		1,995		795
Revenue from other local governments:								
Circuit Court reimbursement		10,000		10,000		28,362		18,362
Court revenue		390,000		390,000		407,136		17,136
Fire Department operations		200,000		200,000		213,189		13,189
Juvenile and Domestic Relations Court		127,769		127,769		-		(127,769)
Other local governments		3,527,590		3,947,147		645,467		(3,301,681)
Payment in lieu of taxes - CRHA		6,162,858		6,162,858		21,771		(6,141,087)
Revenue sharing - Albemarle County		15,411,834		15,411,834		15,411,834		-
University of Virginia service charge		74,476		74,476		78,822		4,346
Total Intergovernmental:		37,872,226		38,314,390		29,095,280		(9,219,111)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Charges for services:				
DMV Select Commissions	35,000	35,000	24,377	(10,623)
Emergency Medical Services	1,000,000	1,000,000	1,188,459	188,459
Other charges for services	3,266,519	3,269,019	3,368,391	99,372
Parking garage revenue	2,834,140	2,834,140	1,097,985	(1,736,155)
Parking meter receipts	-	-	14	14
Recreation income	1,311,640	1,311,640	694,767	(616,873)
Solid waste collection fees	1,115,000	1,115,000	1,213,277	98,277
Tax abatement application fees	-	-	400	400
Total Charges for services:	9,562,299	9,564,799	7,587,670	(1,977,129)
Fines:				
Parking fines	300,000	300,000	302,224	2,224
Investment earnings:				
Gains/Losses on Investments	-	-	(1,663,532)	(1,663,532)
Interest	580,000	580,000	783,945	203,945
Miscellaneous revenues:				
Contributions	-	13,500	23,147	9,647
Indirect cost recovery	125,000	125,000	180,288	55,288
Other miscellaneous revenues	471,500	488,948	662,844	173,894
Proceeds from drug seizures	-	-	2,168	2,168
Refund of prior year expenditures	50,000	50,000	590,132	540,132
Rent	421,082	421,082	515,334	94,252
Total Miscellaneous revenues:	1,067,582	1,098,530	1,973,913	875,381
Total Revenues	190,323,519	190,799,132	195,892,332	5,093,198
EXPENDITURES-CURRENT				
General government:				
Elections:				
Office of the Registrar	650,688	670,576	615,445	55,131
Executive:				
City Manager	2,874,650	2,920,147	2,469,859	450,288
Citywide Reserve	8,400,877	1,725,906	497,953	1,227,953
Human Rights Commission	274,805	278,869	197,485	81,384
Financial administration:				
Commissioner of Revenue	1,392,935	1,426,845	1,350,368	76,477
Finance - Administration	1,366,495	1,413,592	1,460,221	(46,629)
Purchasing	334,128	337,896	189,582	148,316
Real Estate Assessor	832,411	862,553	882,810	(20,257)
Treasurer	1,433,163	1,488,644	1,467,549	21,095
General government buildings and plant:				
Custodial	556,825	569,070	483,769	85,301
Maintenance	2,986,988	3,035,402	2,519,214	516,188
Public Works - Administration	3,049,092	2,779,353	2,281,643	497,710
Information technology:				
IT Operations	3,171,983	3,204,386	2,957,561	246,824
Judicial:				
City Circuit Court	923,897	965,821	855,629	110,192
City Sheriff	1,662,947	1,711,390	1,565,262	146,128
Commonwealth's Attorney	1,232,806	1,357,593	1,239,532	118,061
Court Services Unit	15,609	15,609	15,596	13
General District Court	22,593	22,593	19,561	3,032
Juvenile and Domestic Relations Court	368,046	368,046	193,066	174,980

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Legal:				
City Attorney	1,068,575	1,086,660	935,527	151,133
Legislative:				
First Cities	18,000	18,000	17,917	83
Mayor and Council	894,154	904,190	627,383	276,807
Reserve for Council	428,820	423,820	50,000	373,820
Sister Cities	41,121	41,121	19,144	21,977
Personnel administration:				
Human Resources Department	1,340,189	1,366,563	1,003,172	363,391
Total General government:	<u>35,341,798</u>	<u>28,994,646</u>	<u>23,915,248</u>	<u>5,079,398</u>
Public safety:				
Fire protection:				
Fire Department	11,975,452	12,325,440	13,593,469	(1,268,029)
Volunteer Fire Company	22,242	22,242	4,544	17,698
Other protection:				
Blue Ridge Juvenile Detention Center	586,716	586,716	537,823	48,893
Contribution - Charlottesville-Albemarle Regional Jail	3,841,689	3,841,689	3,773,565	68,124
Contribution - Emergency Communications Center	1,678,378	1,678,378	1,678,378	-
Crisis Intervention Training	111,570	141,806	125,941	15,865
Emergency medical services	1,084,257	1,091,792	790,628	301,165
Four for Life	78,241	78,241	62,907	15,334
Office of the Magistrate	9,150	9,150	9,604	(454)
Traffic Engineering	900,669	940,723	934,369	6,354
Police protection:				
Drug investigation	-	-	2,051	(2,051)
Police Department	19,636,410	20,067,060	17,770,938	2,296,122
Total Public safety:	<u>39,924,775</u>	<u>40,783,238</u>	<u>39,284,217</u>	<u>1,499,021</u>
Community services				
Highways and streets:				
Public Service - Administration	543,088	558,159	444,395	113,764
Street lighting	672,624	672,624	642,498	30,126
Streets and sidewalks	3,565,222	3,648,112	3,328,552	319,560
Sanitation:				
Contribution to Ivy Landfill	500,000	501,000	482,579	18,421
Refuse collection and disposal	2,449,271	2,464,343	2,225,221	239,122
Transportation:				
Contribution to JAUNT	1,715,729	1,715,729	1,715,729	-
Total Community services	<u>9,445,933</u>	<u>9,559,966</u>	<u>8,838,974</u>	<u>720,993</u>
Health and welfare:				
Health:				
Offender Aid and Restoration	303,415	303,415	303,416	(1)
Region Ten Community Services Board	1,021,865	1,021,865	1,021,865	-
Society for the Prevention of Cruelty to Animals	280,816	280,816	280,816	-
Thomas Jefferson Health Department	627,312	627,312	627,312	-

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Welfare:				
CHAR homeowners tax relief prog	965,000	965,000	909,092	55,908
Contributions to community organizations	2,288,571	2,288,571	2,265,427	23,145
Education Extension program	54,149	54,149	43,937	10,212
Rent relief for the disabled	188,000	188,000	162,530	25,470
Rent relief for the elderly	33,000	33,000	27,500	5,500
Stormwater fee assistance program	20,000	20,000	15,894	4,106
Tax relief for the disabled	196,000	196,000	221,626	(25,626)
Tax relief for the elderly	438,000	438,000	469,196	(31,196)
Total Health and welfare:	6,416,128	6,416,128	6,348,611	67,518
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	2,050,037	2,050,037	2,050,037	-
Contributions to community organizations	167,548	167,548	168,548	(1,000)
Contributions to festivals	47,541	47,541	29,063	18,478
Parks:				
Contribution to Towe Park operations	87,553	87,553	172,714	(85,161)
Park maintenance	4,731,506	5,367,465	4,632,455	735,010
Recreation:				
Administration	1,041,195	1,316,258	1,241,771	74,487
Aquatics	2,541,735	2,239,527	1,790,654	448,873
Athletics	291,121	356,889	305,056	51,833
Recreation centers	2,189,851	2,238,980	1,947,557	291,423
Special activities	1,161,140	1,093,441	948,689	144,752
Therapeutic programs	446,874	461,366	346,193	115,173
Total Parks, recreation and culture:	14,756,100	15,426,605	13,632,737	1,793,868
Education:				
Contribution to School Board component unit	58,709,623	58,709,623	51,636,477	7,073,146
Contributions to community organizations	51,740	51,740	54,740	(3,000)
Lighthouse Studio	12,000	12,000	12,000	-
Piedmont Virginia Community College	12,564	12,564	12,564	-
School maintenance and energy management	3,981,284	4,042,613	3,964,987	77,626
School pupil transportation	3,214,443	3,574,210	2,862,035	712,175
Total Education:	65,981,654	66,402,750	58,542,803	7,859,947
Conservation and development:				
Economic development:				
Chamber of Commerce	2,000	2,000	1,700	300
Contribution to Convention and Visitors Bureau	-	-	946,848	(946,848)
Office of Economic Development	1,610,251	1,650,001	994,890	655,112
Urban redevelopment and housing:				
Albemarle Housing Improvement Program	187,500	187,500	187,500	-
Contributions to community organizations	180,101	180,101	169,491	10,610
Historic Preservation Task Force	52,189	52,189	12,250	39,939
Neighborhood Development Services Department	2,730,176	2,804,589	2,476,012	328,577
Parking enterprise	2,463,723	2,467,491	1,959,181	508,310
Parking garages	3,300	3,300	3,300	-
Small Business Development Center	19,200	19,200	29,810	(10,610)
Thomas Jefferson Planning District	94,343	94,343	94,343	-
Total Conservation and development:	7,342,784	7,460,715	6,875,325	585,390

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Other activities:				
Alliance for Innovation	2,550	2,550	-	2,550
Center for Nonprofit Excellence	600	600	1,000	(400)
Corporate training program	47,336	47,336	7,596	39,740
Employee benefits	849,051	2,914,799	202,434	2,712,365
National League of Cities	5,000	5,000	4,002	998
Rivanna Conservation Alliance	11,000	11,000	11,000	-
Thomas Jefferson Soil & Water	13,049	13,049	13,049	-
Virginia Institute for Government	2,500	2,500	2,500	-
Virginia Municipal League	16,820	16,820	18,295	(1,475)
Total Other activities:	<u>947,906</u>	<u>3,013,654</u>	<u>259,876</u>	<u>2,753,778</u>
Total Expenditures - Budgetary Basis	<u>180,157,079</u>	<u>178,057,703</u>	<u>157,697,791</u>	<u>20,359,913</u>
ENCUMBRANCES				
Less open encumbrances - June 30, 2022	-	-	(1,946,787)	1,946,787
Total Expenditures	<u>180,157,079</u>	<u>178,057,703</u>	<u>155,751,004</u>	<u>22,306,700</u>
Revenues Over Expenditures	<u>10,166,440</u>	<u>12,741,429</u>	<u>40,141,328</u>	<u>27,399,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfer from Proprietary Fund	4,744,738	4,744,738	6,137,857	1,393,119
Total Transfers in:	<u>4,744,738</u>	<u>4,744,738</u>	<u>6,137,857</u>	<u>1,393,119</u>
Transfers out:				
Transfer to Capital Projects Fund	(7,049,905)	(13,824,876)	(13,823,812)	1,064
Transfer to Children's Services Act Fund	(2,004,722)	(2,004,722)	(1,369,548)	635,173
Transfer to Debt Service Fund	(10,700,788)	(10,700,788)	(11,215,052)	(514,264)
Transfer to Human Services Fund	(641,280)	(758,753)	(758,753)	-
Transfer to Social Services Fund	(3,602,777)	(3,951,859)	(3,552,335)	399,524
Transfer to State Grants Fund	(33,000)	(110,473)	(77,470)	33,003
Transfer to Transit Fund	(2,513,651)	(2,513,651)	(2,513,651)	-
Transfer to Virginia Juvenile Comm Crime Control Act Fund	(108,415)	(108,415)	(108,415)	-
Total Transfers out:	<u>(26,654,538)</u>	<u>(33,973,537)</u>	<u>(33,419,036)</u>	<u>554,500</u>
Total Other Financing Sources (Uses), Net	<u>(21,909,800)</u>	<u>(29,228,799)</u>	<u>(27,281,179)</u>	<u>1,947,619</u>
Net Change in Fund Balance	<u>\$ (11,743,360)</u>	<u>\$ (16,487,370)</u>	12,860,149	<u>\$ 29,347,517</u>
Fund Balance - July 1, 2021			53,414,105	
Fund Balance - June 30, 2022			<u>\$ 66,274,254</u>	

See Accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AMERICAN RELIEF PROGRAM ACT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 5,170,022	\$ 3,516,277	\$ (1,653,745)
Total revenues	-	5,170,022	3,516,277	\$ (1,653,745)
EXPENDITURES				
Current:				
General government	-	1,113,057	660,839	452,218
Public safety	-	67,500	66,965	535
Health and welfare	-	1,326,130	1,153,241	172,890
Conservation and development	-	2,723,335	1,850,193	873,142
Total expenditures - budgetary basis	-	5,230,022	3,731,238	1,498,785
Less open encumbrances at June 30	-	-	(214,961)	(214,961)
Total expenditures	-	5,230,022	3,516,277	1,713,746
Revenues over (under) expenditures	-	(60,000)	-	60,001
Net change in fund balance	-	(60,000)	-	60,001
FUND BALANCE July 1, 2021	-	-	-	-
FUND BALANCE June 30, 2022	\$ -	\$ (60,000)	\$ -	\$ 60,001

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOCIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 10,567,305	\$ 10,875,932	\$ 10,345,279	\$ (530,653)
Miscellaneous	-	38,025	5,558	(32,467)
Total revenues	10,567,305	10,913,957	10,350,837	(563,120)
EXPENDITURES				
Current:				
Health and welfare	15,295,405	15,991,140	13,903,512	2,087,627
Capital outlay	50,000	50,000	-	50,000
Total expenditures - budgetary basis	15,345,405	16,041,140	13,903,512	2,137,627
Less open encumbrances at June 30	-	-	(340)	(340)
Total expenditures	15,345,405	16,041,140	13,903,172	2,137,967
Revenues over (under) expenditures	(4,778,100)	(5,127,183)	(3,552,335)	1,574,847
OTHER FINANCING SOURCES (USES)				
Transfers in	4,772,400	4,772,400	3,552,335	(1,220,065)
Total other financing sources (uses), net	4,772,400	\$ 4,772,400	3,552,335	(1,220,065)
Net change in fund balance	(5,700)	(354,783)	-	354,782
FUND BALANCE July 1, 2021	119,698	119,698	119,698	-
FUND BALANCE June 30, 2022	<u>\$ 113,998</u>	<u>\$ (235,085)</u>	<u>\$ 119,698</u>	<u>\$ 354,782</u>

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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 2,263,023	\$ 2,884,731	\$ 2,718,977	\$ 2,659,173	\$ 2,512,981	\$ 2,500,699	\$ 2,240,673	\$ 2,209,225
Interest	15,312,412	14,613,181	14,162,162	13,594,672	13,196,843	12,850,577	11,096,155	10,715,382
Changes of benefit terms	-	-	-	-	(961,615)	-	-	-
Differences between expected and actual experience	714,457	(638,262)	2,223,406	3,517,133	1,889,654	26,647	2,803,443	1,767,216
Changes of assumptions	-	6,197,699	-	-	-	-	17,484,857	-
Benefit payments, including refunds of employee contributions	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Net change in total pension liability	4,222,455	9,644,429	6,324,100	8,122,067	5,608,628	4,875,537	23,652,279	5,422,275
Total pension liability - beginning	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015	147,422,740
Total pension liability - ending (a)	215,294,510	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015
Plan fiduciary net position								
Contributions - employer	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872
Contributions - employee	1,087,218	1,098,813	1,099,463	792,561	329,599	342,352	226,903	138,129
Net investment income	34,102,627	3,605,139	8,946,662	10,527,419	12,294,092	(1,546,127)	3,424,127	15,709,061
Benefit payments, including refunds of employee contributions	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Administrative expense	(238,939)	(238,340)	(240,537)	(228,247)	(253,592)	(268,455)	(272,012)	(239,503)
Other	(409)	(309)	30	553,281	83,757	-	-	-
Net change in plan fiduciary net position	31,905,418	2,444,012	7,168,967	9,907,003	9,187,705	(4,886,341)	200,941	13,239,011
Plan fiduciary net position - beginning	119,920,421	117,476,409	110,307,442	100,400,439	91,212,734	96,099,075	95,898,134	82,659,123
Plan fiduciary net position - ending	\$ 151,825,839	\$ 119,920,421	\$ 117,476,409	\$ 110,307,442	\$ 100,400,439	\$ 91,212,734	\$ 96,099,075	\$ 95,898,134
Total net pension liability - ending	\$ 63,468,671	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
City Portion of Total net pension liability - ending	\$ 61,438,195	\$ 88,331,731	\$ 81,214,818	\$ 81,607,092	\$ 82,427,752	\$ 86,534,334	\$ 77,045,318	\$ 54,763,111
JMRL (Library) Portion of total net pension liability - ending	2,030,476	2,583,631	2,638,484	2,842,652	3,769,195	3,255,673	2,968,515	1,950,754
CACVB (Visitors Bureau) portion of net pension liability - ending	-	236,272	97,915	346,340	384,073	370,090	384,386	233,016
	\$ 63,468,671	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
Plan fiduciary net position as a percentage of total pension liability	71%	57%	58%	57%	54%	50.29%	54.45%	62.74%
Covered payroll	\$ 38,981,614	\$ 37,054,637	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022
Net pension liability as a percentage of covered payroll	163%	246%	212%	224%	235%	258.9%	227.6%	166.3%

Pension liability and related ratios are presented for all pension plan members

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
	-11.40%	8.64%	8.18%	10.49%	13.71%	-1.80%	3.70%	19.40%

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-2

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

CITY PENSION PLAN

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 11,379,972	\$ 10,797,447	\$ 9,591,629	\$ 10,053,850	\$ 9,910,900	\$ 7,763,084	\$ 6,388,275	\$ 6,094,772	\$ 6,200,872	\$ 5,701,673	\$ 5,890,831
Actual contributions in relation to actuarially determined contribution	11,675,185	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872	5,701,673	5,890,831
Contribution deficiency (excess)	\$ (295,213)	\$ (224,911)	\$ (1,800,000)	\$ (89,944)	\$ -	\$ -	\$ (700,000)	\$ (700,000)	\$ (700,000)	\$ -	\$ -
Covered payroll	38,981,614	37,174,901	38,244,136	40,490,737	37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022	\$ 32,488,161	\$ 32,753,040
Actual contributions as a percentage of covered payroll	29.95%	29.65%	29.79%	25.05%	26.19%	21.10%	20.36%	19.24%	20.15%	17.55%	17.99%

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

The schedule does not include member contributions

Pension liability and related ratios are presented for all pension plan members

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

Methods and assumptions used to determine contribution rates:

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-3

SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2022

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 3,315,561	\$ 3,489,602	\$ (174,041)	\$ 43,171,367	8.08%
2021	4,087,636	4,333,409	(245,773)	43,485,490	9.97%
2020	4,627,541	4,627,541	-	38,244,140	12.10%
2019	5,194,962	5,488,448	(293,486)	40,490,740	13.55%
2018	4,919,528	5,217,817	(298,289)	37,726,442	13.83%
2017	3,928,227	3,928,227	-	33,346,579	11.78%
2016	5,879,447	5,879,447	-	37,785,649	15.56%
2015	6,065,000	6,065,000	-	34,776,376	17.44%
2014	5,938,060	5,938,060	-	33,970,595	17.48%
2013	5,545,729	5,545,729	-	32,488,161	17.07%
2012	5,048,816	5,048,816	-	32,753,040	15.41%
2011	4,212,393	4,212,393	-	31,268,797	13.47%
2010	3,966,988	3,966,988	-	31,669,127	12.53%
2009	3,806,557	4,477,475	(670,918)	31,968,486	14.01%

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-4

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 692,917	\$ 723,701	\$ 1,141,394	\$ 1,328,196	\$ 1,369,561
Interest	5,346,723	5,437,566	5,845,433	6,293,159	6,176,094
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,559,726)	(3,028,258)	(4,284,584)	(7,892,521)	(628,815)
Changes in assumptions	2,580,406	1,128,007	(2,246,767)	-	-
Benefit Payments	(5,354,883)	(5,528,074)	(5,423,938)	(5,599,475)	(5,029,754)
Net change in total OPEB liability	705,437	(1,267,058)	(4,968,462)	(5,870,641)	1,887,086
Total OPEB liability - beginning	73,274,159	74,541,217	79,509,679	85,380,320	83,493,234
Total OPEB liability - ending (a)	73,979,596	73,274,159	74,541,217	79,509,679	85,380,320
Plan fiduciary net position					
Contributions - employer	3,489,601	4,333,410	4,627,541	5,488,448	5,217,817
Contributions - employee	1,140,943	1,232,984	1,329,336	1,337,648	1,192,134
Net investment income	(6,814,457)	13,429,422	1,394,380	3,353,122	3,777,505
Benefit payments, including refunds of employee contributions	(5,354,883)	(5,528,074)	(5,423,938)	(5,599,475)	(5,029,754)
Administrative expense	(103,471)	(102,093)	(100,184)	(90,151)	(81,901)
Other	-	-	61,649	(31)	(503,185)
Net change in plan fiduciary net position	(7,642,267)	13,365,649	1,888,784	4,489,561	4,572,616
Plan fiduciary net position - beginning	60,184,815	46,819,166	44,930,382	40,440,821	35,868,205
Plan fiduciary net position - ending	\$ 52,542,548	\$ 60,184,815	\$ 46,819,166	\$ 44,930,382	\$ 40,440,821
Total net OPEB liability - ending	\$ 21,437,048	\$ 13,089,344	\$ 27,722,051	\$ 34,579,297	\$ 44,939,499
City Portion of Total net OPEB liability - ending	20,534,203	12,558,938	26,410,216	33,103,660	42,614,612
JMRL (Library) Portion of total net OPEB liability - ending	902,843	530,406	1,210,012	1,428,644	2,094,514
CACVB (Visitors Bureau) portion of net OPEB liability - ending	-	-	101,823	46,933	230,373
	\$ 21,437,048	\$ 13,089,344	\$ 27,722,051	\$ 34,579,237	\$ 44,939,499
Plan fiduciary net position as a percentage of total OPEB liability	71.02%	82.14%	62.81%	56.51%	47.37%
Covered payroll	\$ 38,981,614	\$ 43,485,490	\$ 38,244,140	\$ 39,573,350	\$ 37,845,597
Net OPEB liability as a percentage of covered payroll	54.99%	30.10%	72.49%	87.38%	118.74%

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

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

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

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

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
-11.40%	28.70%	8.64%	8.18%	10.49%

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

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



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Required Supplementary Information

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-5

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 169,581	\$ 197,515	\$ 176,264	\$ 187,291	\$ 198,247	\$ 195,809	\$ 196,210	\$ 213,920
Interest	701,011	708,789	731,101	722,190	717,771	718,672	713,114	700,933
Differences between expected and actual experience	(832,777)	(204,159)	(301,523)	-	(51,816)	(226,626)	-	-
Changes of assumptions	385,484	-	255,338	(55,260)	(66,534)	-	(853,779)	(748,708)
Benefit payments, including refunds of employee contributions	(725,889)	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	-	-
Net change in total pension liability	(302,590)	(206,702)	160,216	101,348	81,453	2,604	55,545	166,145
Total pension liability - beginning	10,748,294	10,954,996	10,794,780	10,693,432	10,611,979	10,609,375	10,553,830	10,387,685
Total pension liability - ending	\$ 10,445,704	\$ 10,748,294	\$ 10,954,996	\$ 10,794,780	\$ 10,693,432	\$ 10,611,979	\$ 10,609,375	\$ 10,553,830
Plan fiduciary net position								
Contributions - employer	35,567	67,014	67,470	84,487	87,234	171,836	164,445	172,171
Contributions - employee	96,805	101,183	97,699	94,766	97,046	100,765	96,590	95,584
Net investment income	2,912,633	219,330	728,430	801,592	1,229,764	174,795	472,412	1,476,650
Benefit payments, including refunds of employee contributions	(725,889)	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	(732,971)	(748,708)
Administrative expense	(7,622)	(7,782)	(7,616)	(7,250)	(7,477)	(6,745)	(6,848)	(8,295)
Other	271	(246)	(457)	(698)	(1,078)	(76)	(98)	78
Net change in plan fiduciary net position	2,311,765	(529,348)	184,562	220,024	689,274	(244,676)	(6,470)	987,480
Plan fiduciary net position - beginning	10,906,950	11,436,298	11,251,736	11,031,712	10,342,438	10,587,114	10,593,584	9,606,104
Plan fiduciary net position - ending	\$ 13,218,715	\$ 10,906,950	\$ 11,436,298	\$ 11,251,736	\$ 11,031,712	\$ 10,342,438	\$ 10,587,114	\$ 10,593,584
Total net pension liability - beginning	\$ (158,656)	\$ (481,302)	\$ (456,956)	\$ (338,280)	\$ 269,541	\$ 22,261	\$ (39,754)	\$ 781,581
Total net pension liability - ending	\$ (2,773,011)	\$ (158,656)	\$ (481,302)	\$ (456,956)	\$ (338,280)	\$ 269,541	\$ 22,261	\$ (39,754)
Plan fiduciary net position as a percentage of total pension liability	-26.55%	-1.48%	-4.39%	-4.23%	-3.16%	2.54%	0.21%	-0.38%
Covered payroll	\$ 2,108,308	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Net pension liability as a percentage of covered employee payroll	-131.53%	-7.28%	-23.06%	-23.04%	-16.93%	13.09%	1.13%	-1.99%

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-6

SCHEDULE OF PENSION PLAN CONTRIBUTIONS

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD NON PROFESSIONAL EMPLOYEE PENSION PLAN

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution *	\$ 51,429	\$ 50,178	\$ 67,672	\$ 68,013	\$ 89,157	\$ 191,048	\$ 277,344	\$ 265,639	\$ 169,072
Contributions in relation to actuarially determined contribution	51,690	50,178	67,672	68,013	89,157	184,280	272,601	261,035	267,755
Contribution deficiency (excess)	<u>\$ (261)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,768</u>	<u>\$ 4,743</u>	<u>\$ 4,604</u>	<u>\$ (98,683)</u>
Covered payroll	\$ 2,160,890	\$ 2,108,308	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Contributions as a percentage of covered payroll	2.39%	2.38%	3.11%	3.26%	4.49%	9.22%	13.24%	13.24%	13.41%

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

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

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

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

* Includes contributions (mandatory and match on voluntary) to the defined contribution portion of Hybrid plan.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-7

SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

VIRGINIA RETIREMENT SYSTEM (VRS)

SCHOOL BOARD TEACHERS COST SHARING PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Board's proportion of the Virginia Retirement System net pension liability (asset) (%)	0.46409%	0.4797%	0.4832%	0.4796%	0.4804%	0.4819%	0.4783%	0.4655%
School Board's proportion of the net pension liability (asset) (\$)	36,027,758	69,811,858	63,312,862	56,399,000	\$ 59,082,000	\$ 67,535,000	\$ 60,198,000	\$ 56,251,000
School Board's covered payroll	\$ 41,310,321	\$ 42,357,768	\$ 40,460,883	38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ 24,299,798
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	87.2125%	164.8148%	156.4792%	144.8301%	155.2459%	183.7724%	169.3962%	231.4875%
Plan fiduciary net position as a percentage of the total pension liability	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-8

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution *	\$ 6,855,433	\$ 6,566,056	\$ 6,381,272	\$ 6,158,803	\$ 6,355,218	\$ 5,579,163	\$ 5,166,947	\$ 6,467,698	\$ -
Contributions in relation to actuarially determined contribution	6,855,433	6,566,056	6,381,272	6,158,803	6,355,218	5,579,163	5,166,168	5,156,160	3,969,047
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 779	\$ 1,311,538	\$ (3,969,047)
Covered payroll	\$ 43,294,313	\$ 41,310,321	\$ 42,357,768	\$ 40,460,883	\$ 38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ -
Contributions as a percentage of covered payroll	15.8%	15.9%	15.1%	15.2%	16.3%	14.7%	14.1%	14.5%	

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

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

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

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

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of Hybrid plan.

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-9

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS FOR THE YEAR ENDED JUNE 30, 2022

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Health Insurance Credit - Non-professional					
2022	\$ 15,942	\$ 15,942	\$ -	\$ 2,154,307	0.74%
Virginia Retirement System - Health Insurance Credit - Teachers					
2022	\$ 523,901	\$ 523,901	\$ -	\$ 43,297,608	1.21%
2021	\$ 515,396	\$ 515,396	\$ -	\$ 43,490,629	1.19%
2020	\$ 508,293	\$ 508,293	\$ -	\$ 42,357,767	1.20%
2019	\$ 486,028	\$ 486,028	\$ -	\$ 40,502,306	1.20%
2018	\$ 479,003	\$ 479,003	\$ -	\$ 38,943,365	1.23%
Virginia Retirement System - Group Life Insurance - General Employees					
2022	\$ 245,522	\$ 245,522	\$ -	\$ 45,466,972	0.54%
2021	\$ 234,561	\$ 234,561	\$ -	\$ 43,418,630	0.54%
2020	\$ 233,335	\$ 233,335	\$ -	\$ 42,357,767	0.55%
2019	\$ 223,133	\$ 223,133	\$ -	\$ 40,502,306	0.55%
2018	\$ 157,801	\$ 157,801	\$ -	\$ 38,943,365	0.41%
Local Plan - Group Life Insurance-Schools					
2022	\$ 138,880	\$ 138,880	\$ -	*	*
2021	\$ 298,000	\$ 298,000	\$ -	\$ 38,536,000	0.77%
2020	\$ 193,000	\$ 193,000	\$ -	\$ 38,356,000	0.50%
2019	\$ 128,000	\$ 128,000	\$ -	\$ 36,995,000	0.35%
2018	\$ 226,000	\$ 226,000	\$ -	\$ 36,995,000	0.61%

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

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

* No covered payroll provided in Local plan actuary report.

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

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 143,071	\$ 133,000	\$ 148,000	\$ 122,000	\$ 144,000
Interest	81,107	99,000	130,000	129,000	125,000
Differences between expected and actual experience	(14,599)	132,000	(5,000)	(127,000)	-
Changes of assumptions	(539,091)	216,000	(423,000)	-	-
Benefit payments, including refunds of employee contributions	(138,880)	(298,000)	(193,000)	(128,000)	(226,000)
Net change in total OPEB liability	(468,392)	282,000	(343,000)	(4,000)	43,000
Total OPEB liability - beginning	3,474,000	3,192,000	3,535,000	3,539,000	3,496,000
Total OPEB liability - ending	\$ 3,005,608	\$ 3,474,000	\$ 3,192,000	\$ 3,535,000	\$ 3,539,000
Plan fiduciary net position					
Contributions - employer	138,880	298,000	193,000	128,000	226,000
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(138,880)	(298,000)	(193,000)	(128,000)	(226,000)
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Total net OPEB liability - beginning	\$ 3,474,000	\$ 3,192,000	\$ 3,535,000	\$ 3,539,000	\$ 3,539,000
Total net OPEB liability - ending	\$ 3,005,608	\$ 3,474,000	\$ 3,192,000	\$ 3,535,000	\$ 3,539,000
Plan fiduciary net position as a percentage of total OPEB liability	100.00%	100.00%	100.00%	100.00%	100.00%
Covered-employee payroll	*	\$ 38,536,000	\$ 38,536,000	\$ 36,995,000	\$ 36,995,000
Net OPEB liability as a percentage of covered-employee payroll	*	9.01%	8.28%	9.56%	9.57%

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT H-11

SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS SCHEDULE OF EMPLOYER PROPORTIONATE SHARE FOR OPEB PLANS FOR THE YEAR ENDED JUNE 30, 2022

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Health Insurance Credit - Teachers / Non-Teachers					
2022	0.46456%	\$ 6,203,802	\$ 45,451,915	13.65%	13.15%
2021	0.46710%	\$ 6,505,623	\$ 43,490,629	14.96%	9.95%
2020	0.48316%	\$ 6,321,000	\$ 42,357,767	14.92%	8.97%
2019	0.48105%	\$ 6,113,000	\$ 40,502,306	15.09%	9.51%
2018	0.48208%	\$ 6,116,000	\$ 38,943,365	15.70%	7.04%
Virginia Retirement System - Group Life Insurance - General Employees					
2022	0.01021%	\$ 118,872	\$ 2,156,414	5.51%	67.45%
2021	0.01058%	\$ 176,563	\$ 2,108,308	8.37%	52.64%
2020	0.01063%	\$ 172,978	\$ 2,178,183	7.94%	52.00%
2019	0.01043%	\$ 159,000	\$ 2,084,546	7.63%	51.22%
2018	0.01043%	\$ 163,000	\$ 2,084,546	7.82%	48.86%

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

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



SUPPLEMENTARY SECTION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amount		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fees and permits	\$ -	\$ -	\$ 8,860	\$ 8,860
Intergovernmental	51,246,457	58,955,755	9,542,370	(49,413,385)
Charges for services	-	-	793	793
Miscellaneous	-	194,721	535,328	340,607
Total revenues	51,246,457	59,150,476	10,087,351	(49,063,125)
EXPENDITURES				
Current:				
General government	36,650,932	50,457,654	22,759,239	27,698,415
Public safety	1,002,911	1,093,975	889,606	204,369
Community services	4,649,866	4,649,866	1,032,193	3,617,673
Parks, recreation and culture	7,605,776	7,985,313	1,466,718	6,518,595
Education	10,021,117	10,371,117	5,484,198	4,886,919
Conservation and development	141,302,776	142,659,645	41,295,456	101,364,189
Gas	409,839	409,839	-	409,839
Information technology	417,367	417,367	3,137	414,230
Departmental services	522,473	773,767	13,972	759,795
Capital outlay	-	-	11,448,831	(11,448,831)
Total expenditures - budgetary basis	202,583,057	218,818,543	84,393,350	134,425,193
Less open encumbrances at June 30	-	-	(49,091,730)	-
Total expenditures	202,583,057	218,818,543	35,301,620	134,425,193
Revenues over (under) expenditures	(151,336,600)	(159,668,067)	(25,214,269)	(134,453,798)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,158,841	14,386,020	13,823,812	(562,208)
Transfers out	-	-	(82,106)	(82,106)
Issuance of debt	19,823,072	19,823,072	18,350,000	(1,473,072)
Premium on issuance of debt	-	-	2,248,607	2,248,607
Total other financing sources (uses), net	26,981,913	34,209,092	34,340,313	131,221
Net change in fund balance	(124,354,687)	(125,458,975)	9,126,044	(134,585,019)
FUND BALANCE July 1, 2021	22,161,513	22,161,513	22,161,513	-
FUND BALANCE June 30, 2022	\$ (102,193,174)	\$ (103,297,462)	\$ 31,287,557	\$ (134,585,019)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 125,227	\$ 35,573	\$ 35,573	\$ -
Investment earnings	-	53,944	53,944	-
Total revenues	125,227	89,517	89,517	-
EXPENDITURES				
General government	50,000	(1,857,618)	185,644	(2,043,262)
Retirement of principle	7,383,224	9,986,340	8,370,931	1,615,408
Interest	2,559,792	3,472,731	2,958,534	514,197
Total expenditures - budgetary basis	9,993,016	11,601,453	11,515,109	86,343
Less open encumbrances at June 30	-	-	-	-
Total expenditures	9,993,016	11,601,453	11,515,109	86,343
Revenue over (under) expenditures	(9,867,789)	(11,511,936)	(11,425,592)	86,343
OTHER FINANCING SOURCES (USES)				
Transfers in	10,700,788	11,215,052	11,215,052	-
Issuance of debt	-	8,170,000	4,226,647	(3,943,353)
Payment to refunding bond escrow agent	-	(8,111,482)	(4,254,472)	3,857,010
Total other financing sources (uses), net	10,700,788	11,273,570	11,187,227	(86,343)
Net change in fund balance	832,999	(238,366)	(238,365)	-
FUND BALANCE July 1, 2021	13,225,476	13,225,476	13,225,476	-
FUND BALANCE June 30, 2022	\$ 14,058,475	\$ 12,987,110	\$ 12,987,111	\$ -

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Grants Fund – to account for revenues and expenditures restricted for specific grants awarded to the City by federal and state government, or local public or private agencies that are not accounted for or reported in another fund. This includes a new fund to account for federal CARES Act funds received from the state.

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

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

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

PERMANENT FUND

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT J

COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AS OF JUNE 30, 2022

	Special Revenue Funds					Permanent Fund	Totals
	CDBG	Grants	Human Services	CSA	Transit	Cemetery Perpetual Care	
ASSETS							
Cash, cash equivalents and investments	\$ -	\$ 248,616	\$ 117,014	\$ -	\$ -	\$ 162,402	\$ 528,032
Accounts receivable, net	-	-	803,016	11,680	10,989	100	825,785
Due from other governments	242,375	1,799,625	31,688	1,583,049	4,088,610	-	7,745,347
Loans receivable	532,175	684,140	-	-	-	-	1,216,315
Inventory	-	-	-	-	-	-	-
Total assets	<u>\$ 774,550</u>	<u>\$ 2,732,381</u>	<u>\$ 951,718</u>	<u>\$ 1,594,729</u>	<u>\$ 4,099,599</u>	<u>\$ 162,502</u>	<u>\$ 10,315,479</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 142,381	\$ 167,361	\$ 162,540	\$ 700	\$ 132,964	\$ -	\$ 605,946
Accrued liabilities	5,550	93,554	160,257	1,342,849	404,137	-	2,006,347
Due to other governments	532,175	966,644	-	-	-	-	1,498,819
Due to other funds	94,444	1,098,051	461,261	2,040	3,562,498	-	5,218,294
Unearned revenue-other	-	30,750	-	-	-	-	30,750
Total liabilities	<u>774,550</u>	<u>2,356,360</u>	<u>784,058</u>	<u>1,345,589</u>	<u>4,099,599</u>	<u>-</u>	<u>9,360,156</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	162,502	162,502
Restricted	-	376,021	-	249,140	-	-	625,161
Assigned	-	-	167,660	-	-	-	167,660
Total fund balance	<u>-</u>	<u>376,021</u>	<u>167,660</u>	<u>249,140</u>	<u>-</u>	<u>162,502</u>	<u>955,323</u>
Total liabilities and fund balance	<u>\$ 774,550</u>	<u>\$ 2,732,381</u>	<u>\$ 951,718</u>	<u>\$ 1,594,729</u>	<u>\$ 4,099,599</u>	<u>\$ 162,502</u>	<u>\$ 10,315,479</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					Permanent Fund Cemetery Perpetual	Total
	CDBG	Grants	Human Services	CSA	Transit		
REVENUES							
Intergovernmental	\$ 789,275	\$ 5,626,237	\$ -	\$ 4,977,100	\$ 8,644,700	\$ -	\$ 20,037,312
Charges for services	-	-	4,442,486	-	87,824	-	4,530,310
Investment earnings	-	1,434	-	-	-	818	2,252
Miscellaneous	17,754	21,903	48,712	-	32,192	-	120,561
Total revenues	<u>807,029</u>	<u>5,649,574</u>	<u>4,491,198</u>	<u>4,977,100</u>	<u>8,764,716</u>	<u>818</u>	<u>24,690,435</u>
EXPENDITURES							
General government	-	589,794	-	-	-	-	589,794
Public safety	-	1,379,655	-	-	-	-	1,379,655
Community services	-	-	-	-	10,794,546	-	10,794,546
Health and welfare	383,303	3,320,692	5,454,871	6,314,215	-	-	15,473,081
Parks, recreation and culture	-	107,040	-	-	-	818	107,858
Conservation and development	423,726	312,310	-	-	-	-	736,036
Capital outlay	-	49,950	59,545	-	557,149	-	666,644
Total expenditures	<u>807,029</u>	<u>5,759,441</u>	<u>5,514,416</u>	<u>6,314,215</u>	<u>11,351,695</u>	<u>818</u>	<u>29,747,614</u>
Revenues over (under) expenditures	-	(109,867)	(1,023,218)	(1,337,115)	(2,586,979)	-	(5,057,179)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	206,785	758,753	1,369,549	2,586,979	-	4,922,066
Transfers out	-	-	(12,122)	-	-	-	(12,122)
Total other financing sources, net	<u>-</u>	<u>206,785</u>	<u>746,631</u>	<u>1,369,549</u>	<u>2,586,979</u>	<u>-</u>	<u>4,909,944</u>
Net change in fund balance	-	96,918	(276,587)	32,434	-	-	(147,235)
FUND BALANCE - JULY 1, 2021	<u>-</u>	<u>279,102</u>	<u>444,248</u>	<u>216,706</u>	<u>-</u>	<u>162,502</u>	<u>1,102,558</u>
FUND BALANCE - JUNE 30, 2022	<u>\$ -</u>	<u>\$ 376,020</u>	<u>\$ 167,661</u>	<u>\$ 249,140</u>	<u>\$ -</u>	<u>\$ 162,502</u>	<u>\$ 955,323</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,013,599	\$ 2,013,599	\$ 789,275	\$ (1,224,324)
Investment earnings	-	-	-	-
Miscellaneous	-	-	17,754	17,754
Total revenues	<u>2,013,599</u>	<u>2,013,599</u>	<u>807,029</u>	<u>(1,206,570)</u>
EXPENDITURES				
Current:				
Conservation and development	765,431	774,521	432,527	341,995
Health and welfare	497,681	407,681	438,828	(31,147)
Total expenditures - budgetary basis	<u>1,263,112</u>	<u>1,182,202</u>	<u>871,355</u>	<u>310,848</u>
Less open encumbrances at June 30	-	-	(64,326)	(64,326)
Total expenditures	<u>1,263,112</u>	<u>1,182,202</u>	<u>807,029</u>	<u>375,173</u>
Revenues over (under) expenditures	750,487	831,397	-	831,397
Net change in fund balance	750,487	831,397	-	831,397
FUND BALANCE - JULY 1, 2021	-	-	-	-
FUND BALANCE - JUNE 30, 2022	<u>\$ 750,487</u>	<u>\$ 831,397</u>	<u>\$ -</u>	<u>\$ 831,397</u>

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,314,145	\$ 10,082,795	\$ 5,626,237	\$ (4,456,558)
Investment earnings	-	-	1,434	1,434
Miscellaneous	93,828	43,234	21,903	(21,331)
Total revenues	<u>4,407,973</u>	<u>10,126,029</u>	<u>5,649,574</u>	<u>(4,476,455)</u>
EXPENDITURES				
Current:				
General government	90,150	636,174	589,795	46,380
Public safety	3,591,567	3,914,700	1,383,974	2,530,726
Health and welfare	856,124	4,905,602	3,795,582	1,110,020
Parks, recreation and culture	(108,411)	141,589	107,040	34,549
Conservation and development	205,567	814,596	319,352	495,244
Gas	11,667	11,726	-	11,726
Stormwater	-	420,131	113,070	307,061
Capital outlay	90,410	90,410	119,827	(29,417)
Total expenditures - - budgetary basis	<u>4,737,074</u>	<u>10,934,928</u>	<u>6,428,640</u>	<u>4,535,706</u>
Less open encumbrances at June 30	-	-	(669,199)	(669,199)
Total expenditures	<u>4,737,074</u>	<u>10,934,928</u>	<u>5,759,441</u>	<u>5,175,487</u>
Revenues over (under) expenditures	<u>(329,101)</u>	<u>(808,899)</u>	<u>(109,867)</u>	<u>699,032</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	61,484	539,838	206,785	(333,053)
Total other financing sources (uses), net	<u>61,484</u>	<u>539,838</u>	<u>206,785</u>	<u>(333,053)</u>
Net change in fund balance	(267,617)	(269,061)	96,918	365,979
FUND BALANCE - JULY 1, 2021	<u>279,102</u>	<u>279,102</u>	<u>279,102</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2022	<u>\$ 11,485</u>	<u>\$ 10,041</u>	<u>\$ 376,020</u>	<u>\$ 365,979</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 113,000	\$ 113,000	\$ -	\$ (113,000)
Charges for services	5,478,228	5,478,228	4,442,486	(1,035,742)
Miscellaneous	10,384	60,696	48,712	(11,984)
Total revenues	5,601,612	5,651,924	4,491,198	(1,160,726)
EXPENDITURES				
Current:				
Health and welfare	6,465,380	6,633,164	5,456,432	1,176,732
Capital outlay	87,413	87,413	59,545	27,868
Total expenditures - budgetary basis	6,465,380	6,633,164	5,515,977	1,176,732
Less open encumbrances at June 30	-	-	(1,561)	(1,561)
Total expenditures	6,465,380	6,633,164	5,514,416	1,178,293
Revenues over (under) expenditures	(863,768)	(981,240)	(1,023,218)	17,567
OTHER FINANCING SOURCES (USES)				
Transfers in	901,168	901,168	758,753	(142,415)
Transfers out	-	-	(12,122)	(12,122)
Total other financing sources (uses), net	901,168	901,168	746,631	(154,537)
Net change in fund balance	37,400	(80,072)	(276,587)	(136,970)
FUND BALANCE - JULY 1, 2021	444,248	444,248	444,248	-
FUND BALANCE - JUNE 30, 2022	<u>\$ 481,648</u>	<u>\$ 364,176</u>	<u>\$ 167,661</u>	<u>\$ 196,515</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILDREN'S SERVICES ACT FUND
FOR THE YEAR ENDED JUNE 30,2022**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,440,142	\$ 6,440,142	\$ 4,977,100	\$ (1,463,042)
Total revenues	6,440,142	6,440,142	4,977,100	(1,463,042)
EXPENDITURES				
Current:				
Health and welfare	8,444,864	8,444,864	6,314,215	2,130,648
Total expenditures - budgetary basis	8,444,864	8,444,864	6,314,215	2,130,648
Less open encumbrances at June 30	-	-	-	-
Total expenditures	8,444,864	8,444,864	6,314,215	2,130,648
Revenues over (under) expenditures	(2,004,722)	(2,004,722)	(1,337,115)	667,606
OTHER FINANCING SOURCES (USES)				
Transfers in	2,004,722	2,004,722	1,369,549	(635,173)
Total other financing sources (uses), net	2,004,722	2,004,722	1,369,549	(635,173)
Net change in fund balance	-	-	32,434	32,433
FUND BALANCE - JULY 1, 2021	216,706	216,706	216,706	-
FUND BALANCE - JUNE 30, 2022	<u>\$ 216,706</u>	<u>\$ 216,706</u>	<u>\$ 249,140</u>	<u>\$ 32,433</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 11,567,929	\$ 14,870,950	\$ 8,644,700	\$ (6,226,250)
Charges for services	50,000	50,000	87,824	37,824
Miscellaneous	-	-	32,192	32,192
Total revenues	11,617,929	14,920,950	8,764,716	(6,156,234)
EXPENDITURES				
Current:				
Community services	14,980,200	14,009,481	11,364,522	2,644,960
Capital outlay	28,383	4,887,228	1,783,427	3,103,800
Total expenditures - budgetary basis	15,008,583	18,896,709	13,147,949	5,748,760
Less open encumbrances at June 30	-	-	(1,796,254)	(1,796,254)
Total expenditures	15,008,583	18,896,709	11,351,695	3,952,506
Revenues over (under) expenditures	(3,390,654)	(3,975,759)	(2,586,979)	(1,388,780)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,070,646	3,276,430	2,586,979	(689,452)
Total other financing sources (uses), net	3,070,646	3,276,430	2,586,979	(689,452)
Net change in fund balance	(320,008)	(699,329)	-	(699,329)
FUND BALANCE - JULY 1, 2021	-	-	-	-
FUND BALANCE - JUNE 30, 2022	\$ (320,008)	\$ (699,329)	\$ -	\$ (699,329)

INTERNAL SERVICE FUNDS

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

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

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

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

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**
JUNE 30, 2022

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,320,507	\$ 219,959	\$ -	\$ 14,820,911	\$ 21,361,377
Accounts receivable, net	-	-	19,185	-	19,185
Inventories	-	332,226	837,946	-	1,170,172
Prepaid expenses	-	-	-	110,936	110,936
Total current assets	<u>6,320,507</u>	<u>552,185</u>	<u>857,131</u>	<u>14,931,847</u>	<u>22,661,670</u>
Noncurrent assets:					
Buildings and improvements	-	48,364	-	-	48,364
Vehicles	-	25,200	-	-	25,200
Equipment	9,876,175	320,520	20,067	-	10,216,762
Accumulated depreciation	(9,385,489)	(373,654)	(20,067)	-	(9,779,210)
Total noncurrent assets	<u>490,686</u>	<u>20,430</u>	<u>-</u>	<u>-</u>	<u>511,116</u>
Total assets	<u>6,811,193</u>	<u>572,615</u>	<u>857,131</u>	<u>14,931,847</u>	<u>23,172,786</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges-pension	251,335	257,029	29,590	38,951	576,905
Deferred charges-OPEB	2,242	62,192	7,626	11,239	83,299
Total deferred outflows of resources	<u>253,577</u>	<u>319,221</u>	<u>37,216</u>	<u>50,190</u>	<u>660,204</u>
LIABILITIES					
Current liabilities:					
Accounts payable	31,772	312,148	45,535	65,456	454,911
Accrued liabilities	17,527	71,297	64,503	2,979,212	3,132,539
Due to other funds	-	1,409,254	158,422	-	1,567,676
Liabilities due in less than one year	1,011	6,413	532	1,927	9,883
Total current liabilities	<u>50,310</u>	<u>1,799,112</u>	<u>268,992</u>	<u>3,046,595</u>	<u>5,165,009</u>
Noncurrent liabilities:					
Liabilities due in more than one year	7,415	47,032	3,898	14,133	72,478
Net pension liability	1,530,122	818,596	106,276	(17,992)	2,437,002
Net OPEB liability	893,157	178,269	17,681	7,644	1,096,751
Total noncurrent liabilities	<u>2,430,694</u>	<u>1,043,897</u>	<u>127,855</u>	<u>3,785</u>	<u>3,606,231</u>
Total liabilities	<u>2,481,004</u>	<u>2,843,009</u>	<u>396,847</u>	<u>3,050,380</u>	<u>8,771,240</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charges-pension	119,384	224,210	34,819	46,798	425,211
Deferred charges-OPEB	54,834	200,656	34,493	34,489	324,472
Total deferred inflows of resources	<u>174,218</u>	<u>424,866</u>	<u>69,312</u>	<u>81,287</u>	<u>749,683</u>
NET POSITION					
Net investment in capital assets	490,686	20,430	-	-	511,116
Unrestricted	3,918,862	(2,396,470)	428,189	11,850,369	13,800,950
Total net position	<u>\$ 4,409,548</u>	<u>\$ (2,376,040)</u>	<u>\$ 428,189</u>	<u>\$ 11,850,369</u>	<u>\$ 14,312,066</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2022

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
OPERATING REVENUES					
Charges for services	\$ 1,412,952	\$ 3,031,541	\$ 786,591	\$ 18,831,082	\$ 24,062,166
Total operating revenues	<u>1,412,952</u>	<u>3,031,541</u>	<u>786,591</u>	<u>18,831,082</u>	<u>24,062,166</u>
OPERATING EXPENSES					
Purchases for resale	-	1,301,219	641,940	-	1,943,159
Personnel costs	128,402	905,778	132,355	428,860	1,595,395
Materials and supplies	63,990	146,830	2,300	827	213,947
Contractual services and charges	716,128	891,376	36,429	595,810	2,239,743
Depreciation	190,296	16,756	334	-	207,386
Claims incurred	-	-	-	16,028,745	16,028,745
Insurance premiums	-	-	-	3,263,140	3,263,140
Total operating expenses	<u>1,098,816</u>	<u>3,261,959</u>	<u>813,358</u>	<u>20,317,382</u>	<u>25,491,515</u>
Operating income (loss)	<u>314,136</u>	<u>(230,418)</u>	<u>(26,767)</u>	<u>(1,486,300)</u>	<u>(1,429,349)</u>
NONOPERATING REVENUES					
Interest income	-	-	-	14,624	14,624
Insurance recovery	-	-	-	3,750	3,750
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,374</u>	<u>18,374</u>
Profit/(Loss) before transfers	<u>314,136</u>	<u>(230,418)</u>	<u>(26,767)</u>	<u>(1,467,926)</u>	<u>(1,410,975)</u>
Change in net position	<u>314,136</u>	<u>(230,418)</u>	<u>(26,767)</u>	<u>(1,467,926)</u>	<u>(1,410,975)</u>
Total net position - July 1, 2021	<u>4,095,412</u>	<u>(2,145,622)</u>	<u>454,956</u>	<u>13,318,295</u>	<u>15,723,041</u>
Total net position - June 30, 2020	<u>\$ 4,409,548</u>	<u>\$ (2,376,040)</u>	<u>\$ 428,189</u>	<u>\$ 11,850,369</u>	<u>\$ 14,312,066</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**
JUNE 30, 2022

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
OPERATING ACTIVITIES					
Receipts from customers	\$ 1,412,952	\$ 3,031,541	\$ 845,315	\$ 18,861,082	\$ 24,150,890
Payments to suppliers	(748,686)	(1,953,474)	(737,956)	(20,113,921)	(23,554,037)
Payments to employees	(126,836)	(1,067,917)	(148,781)	(365,378)	(1,708,912)
Net cash provided by (used in) operating activities	<u>537,430</u>	<u>10,150</u>	<u>(41,422)</u>	<u>(1,618,217)</u>	<u>(1,112,059)</u>
NONCAPITAL FINANCING ACTIVITIES					
Insurance recovery	-	-	-	3,750	3,750
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>3,750</u>
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INVESTING ACTIVITIES					
Interest on investments	-	-	-	14,624	14,624
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,624</u>	<u>14,624</u>
Net increase (decrease) in cash and cash equivalents	537,430	10,150	(41,422)	(1,599,843)	(1,093,685)
Balances - July 1, 2021	<u>5,783,078</u>	<u>209,808</u>	<u>41,422</u>	<u>16,420,754</u>	<u>22,455,062</u>
Balances - June 30, 2022	<u>\$ 6,320,507</u>	<u>\$ 219,959</u>	<u>\$ -</u>	<u>\$ 14,820,911</u>	<u>\$ 21,361,377</u>
Reconciliation of operating income (loss) to net cash used in operating activities					
Operating Income (Loss)	314,136	(230,417)	(26,768)	(1,486,299)	(1,429,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	190,296	16,756	334	-	207,386
(Increase) decrease in accounts receivable	-	-	58,724	30,000	88,724
(Increase) decrease in inventories	-	(165,000)	(173,576)	-	(338,576)
Increase (decrease) in accounts payable	31,432	550,950	116,289	240,700	939,371
Increase (decrease) in accrued liabilities	934	2,484	(2,622)	(10,246)	(9,450)
Increase (decrease) in compensated absences	632	(750)	18	1,577	1,477
Increase (decrease) in insurance claims payable	-	-	-	(361,144)	(361,144)
Net pension liability change for measurement year	-	(82,809)	(3,632)	(15,010)	(101,451)
Net OPEB liability change for measurement year	-	(81,064)	(10,189)	(17,795)	(109,048)
Net cash provided by (used in) operating activities	<u>\$ 537,430</u>	<u>\$ 10,150</u>	<u>\$ (41,422)</u>	<u>\$ (1,618,217)</u>	<u>\$ (1,112,059)</u>



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Financial Statements

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 14,451,029
Accounts receivable, net	209,866
Due from other governments	7,423,154
Inventories	5,059
Net pension asset	2,773,011
Capital assets:	
Land	982,889
Depreciable assets, net	18,852,778
Total assets	44,697,786
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges - pension	13,842,213
Deferred charges - OPEB	1,958,402
Total deferred outflows of resources	15,800,615
LIABILITIES	
Accounts payable	715,297
Accrued liabilities	5,775,001
Due to other governments	1,042,415
Unearned revenue	23,328
Long-term liabilities:	
Amounts due within one year	325,144
Amounts due in more than one year	2,384,389
Net pension liability	36,027,758
Net OPEB liability	11,657,872
Total liabilities	57,951,204
DEFERRED INFLOWS OF RESOURCES	
Deferred credits - pension	29,874,271
Deferred credits - OPEB	2,370,551
Total deferred inflows of resources	32,244,822
NET POSITION	
Net investment in capital assets	19,835,667
Restricted	11,344,173
Unrestricted	(60,877,465)
Total net position	\$ (29,697,625)

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Governmental activities:					
Instruction and instruction related services	\$ 60,395,220	\$ 1,180,042	\$ 10,661,679	\$ -	\$ (48,553,499)
Support services - student based	9,449,403	349,955	-	-	(9,099,448)
Administrative support services	<u>5,301,667</u>	<u>235,858</u>	<u>-</u>	<u>-</u>	<u>(5,065,809)</u>
Total School Board	<u>\$ 75,146,290</u>	<u>\$ 1,765,855</u>	<u>\$ 10,661,679</u>	<u>\$ -</u>	<u>(62,718,756)</u>
General Revenues:					
					22,556,700
					<u>51,636,477</u>
					<u>74,193,177</u>
					11,474,421
					<u>(41,172,046)</u>
					<u>\$ (29,697,625)</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Grant and Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 2,797,877	\$ 7,324,718	\$ 10,122,595
Accounts receivable, net	57,874	150,414	208,288
Due from other governments	5,366,978	2,056,176	7,423,154
Inventory of supplies	-	5,059	5,059
Total assets	<u>\$ 8,222,729</u>	<u>\$ 9,536,367</u>	<u>\$ 17,759,096</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 411,709	\$ 303,588	\$ 715,297
Accrued liabilities	4,467,177	638,289	5,105,466
Due to other governments	1,042,415	-	1,042,415
Unearned revenue	-	23,328	23,328
Total liabilities	<u>5,921,301</u>	<u>965,205</u>	<u>6,886,506</u>
Fund Balance			
Nonspendable	-	5,059	5,059
Restricted	-	8,566,103	8,566,103
Unassigned	<u>2,301,428</u>	<u>-</u>	<u>2,301,428</u>
Total fund balances	<u>2,301,428</u>	<u>8,571,162</u>	<u>10,872,590</u>
Total liabilities and fund balances	<u>\$ 8,222,729</u>	<u>\$ 9,536,367</u>	<u>\$ 17,759,096</u>
Total fund balances per Balance Sheet for Governmental Funds			\$ 10,872,590

Amounts reported for governmental activities in the Statement of Net Position
(Exhibit M-1) are different because:

Capital assets used in government activities are not financial resources
and therefore are not reported in the funds. The Statement of Net Position,
however, includes these assets, net of accumulated depreciation. 19,835,667

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

Net Pension Asset	2,773,011
Net deferred outflows of resources for pension changes	13,842,213
Net deferred outflows of resources for OPEB changes	1,958,402

Internal service funds are used by management to charge the cost of
certain activities. The assets and liabilities of the Healthcare Fund
are included in governmental activities in the Statement of Net Position.

Internal Service Fund net position	3,660,477
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Some liabilities are not due and payable in the current period and therefore are
not reported as fund liabilities. All liabilities are included in the Statement of
Net Position

Net deferred inflows of resources for pension changes	(29,874,271)
Net deferred inflows of resources for OPEB changes	(2,370,551)
Compensated absences	(2,709,533)
Net pension liability	(36,027,758)
Net OPEB liability	(11,657,872)

Net position of governmental activities	<u>\$ (29,697,625)</u>
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DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Grant and Other Governmental Funds	Totals
REVENUES			
City contribution (net of contactual services)	\$ 47,257,973	\$ 4,378,504	\$ 51,636,477
Intergovernmental	22,556,700	10,661,679	33,218,379
Charges for services	349,955	123,874	473,829
Miscellaneous	235,858	1,056,164	1,292,022
Total revenues	70,400,486	16,220,221	86,620,707
EXPENDITURES			
Current:			
Instruction and instruction related services	55,597,494	8,836,821	64,434,315
Support services - student based	7,948,157	4,253,485	12,201,642
Administrative support services	5,712,421	-	5,712,421
Total expenditures	69,258,072	13,090,306	82,348,378
REVENUES OVER EXPENDITURES	1,142,414	3,129,915	4,272,329
Net change in fund balance	1,142,414	3,129,915	4,272,329
FUND BALANCE - JULY 1, 2021	1,159,014	5,441,247	6,600,261
FUND BALANCE - JUNE 30, 2022	\$ 2,301,428	\$ 8,571,162	\$ 10,872,590
Net change in fund balances - total governmental funds			\$ 4,272,329
Amounts reported for governmental activities in the Statement of Activities (M-2) are different because:			
Governmental funds report the cost of equipment and facilities acquired as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets.			
Cost of equipment and facilities capitalized for the year (net of disposals)			356,170
Depreciation expense			(1,535,239)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.			
Change in compensated absences			234,712
Change in pension outflows and inflows			(28,718,849)
Change in OPEB outflows and inflows			(1,759,928)
Change in net pension liability			36,398,455
Change in net OPEB liability			1,932,945
The net income of internal service funds is combined with governmental activities on the Statement of Activities			293,824
Change in net position of governmental activities			\$ 11,474,419

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2022

	Healthcare
ASSETS	
Cash and cash equivalents	\$ 4,328,434
Accounts receivable, net	<u>1,578</u>
Total assets	<u>4,330,012</u>
 ACCRUED LIABILITIES	
Insurance claims payable	<u>669,535</u>
Total liabilities	<u>669,535</u>
 NET POSITION	
Unrestricted	<u>3,660,477</u>
Total net position	<u><u>\$ 3,660,477</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Healthcare
OPERATING REVENUES	
Charges for services	\$ 9,172,553
Total operating revenues	<u>9,172,553</u>
 OPERATING EXPENSES	
Claims incurred and related charges	<u>8,878,729</u>
Total operating expenses	<u>8,878,729</u>
 Operating income	<u>293,824</u>
 Change in net position	293,824
 Total net position - July 1, 2021	<u>3,366,653</u>
Total net position - June 30, 2022	<u><u>\$ 3,660,477</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Healthcare
OPERATING ACTIVITIES	
Receipts from customers	\$ 9,172,953
Payments to suppliers	<u>(8,784,668)</u>
Net cash provided by operating activities	<u>388,285</u>
Net increase in cash and cash equivalents	388,285
Cash and cash equivalents July 1, 2021	<u>3,940,149</u>
Cash and cash equivalents, June 30, 2022	<u><u>\$ 4,328,434</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 293,824
Adjustments to reconcile operating income to net	
Decrease in accounts receivables	400
Increase in insurance claims payable	94,589
Decrease in accrued liabilities	<u>(528)</u>
Net cash provided by operating activities	<u><u>\$ 388,285</u></u>



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

Tables 1 - 4

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

Revenue Capacity

Tables 5 - 10

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

Debt Capacity

Tables 11 - 14

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

Economic and Demographic Information

Tables 15 - 17

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

Operating Information

Tables 18 - 20

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Net investment in capital assets	\$ 146,771,789	\$ 148,423,736	\$ 156,302,696	\$ 150,327,831	\$ 147,349,262	\$ 129,422,307	\$ 138,310,542	\$ 132,554,513	\$ 139,313,423	\$ 105,462,444
Restricted For:										
Expendable	1,227,703	-	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647
Nonexpendable	171,962	1,109,033	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501
Unrestricted	23,331,106	138,014	(11,771,787)	(6,781,306)	(10,616,958)	34,145,789	11,167,288	23,465,667	67,085,400	85,110,590
Total governmental activities net position	\$ 171,502,560	\$ 149,670,783	\$ 145,492,723	\$ 144,215,058	\$ 137,256,907	\$ 169,609,689	\$ 155,466,381	\$ 158,382,992	\$ 209,002,760	\$ 192,927,182
Business-type activities:										
Net investment in capital assets	\$ 44,909,801	\$ 45,218,630	\$ 49,896,266	\$ 43,208,912	\$ 41,719,356	\$ 33,246,970	\$ 28,416,350	\$ 26,407,757	\$ 25,036,215	\$ 37,760,064
Restricted-expendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	21,607,679	12,639,169	5,036,771	8,577,443	5,800,462	19,663,499	24,816,588	21,070,253	25,377,815	11,374,395
Total business-type activities net position	\$ 66,517,480	\$ 57,857,799	\$ 54,933,037	\$ 51,786,355	\$ 47,519,818	\$ 52,910,469	\$ 53,232,938	\$ 47,478,010	\$ 50,414,030	\$ 49,134,459
Primary Government:										
Net investment in capital assets	\$ 191,681,590	\$ 193,642,366	\$ 206,198,962	\$ 193,536,743	\$ 189,068,618	\$ 162,669,277	\$ 166,726,892	\$ 158,962,270	\$ 164,349,638	\$ 143,222,508
Restricted For:										
Expendable	1,227,703	-	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436	2,191,647
Nonexpendable	171,962	1,109,033	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501	162,501
Unrestricted	44,938,785	12,777,183	(6,735,016)	1,796,137	(4,816,496)	53,809,288	35,983,876	44,535,920	92,463,215	96,484,985
Total primary government net position	\$ 238,020,040	\$ 207,528,582	\$ 200,425,760	\$ 196,001,413	\$ 184,776,725	\$ 222,520,158	\$ 208,699,319	\$ 205,861,002	\$ 259,416,790	\$ 242,061,641

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

Schedule prepared using the accrual basis of accounting

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$ 40,219,990	\$ 32,639,091	\$ 28,371,946	\$ 28,445,537	\$ 21,921,172	\$ 25,116,791	\$ 27,127,026	\$ 26,796,174	\$ 24,270,356	\$ 23,535,445
Public safety	37,098,350	38,168,385	39,716,740	39,513,247	39,334,221	45,118,838	38,827,913	33,615,196	33,358,970	32,597,684
Community services	21,951,554	24,058,257	22,139,189	22,110,867	19,938,224	25,259,071	23,003,605	22,323,559	20,704,251	20,052,677
Health and welfare	35,027,830	36,271,499	35,800,041	35,670,836	34,893,670	37,155,165	31,493,206	31,115,213	29,785,968	30,274,966
Parks, recreation and culture	15,212,695	12,079,902	14,638,408	14,061,131	13,476,760	17,120,453	13,868,610	12,782,459	12,666,217	12,368,616
Education	66,009,065	59,179,414	59,941,139	55,709,768	52,237,967	52,714,685	50,053,416	52,968,559	45,368,328	51,677,155
Conservation and development	17,443,746	16,759,036	18,093,478	15,426,140	15,142,115	12,626,012	10,244,623	9,501,823	8,870,158	10,373,102
Interest on long-term debt	1,694,940	1,892,395	919,779	860,768	3,705,543	1,746,162	2,465,754	3,604,179	2,241,591	2,359,980
Total governmental activities	<u>234,658,170</u>	<u>221,047,979</u>	<u>219,620,720</u>	<u>211,798,294</u>	<u>200,649,672</u>	<u>216,857,177</u>	<u>197,084,153</u>	<u>192,707,162</u>	<u>177,265,839</u>	<u>183,239,625</u>
Business-type activities:										
Water	11,441,564	10,560,049	10,183,626	10,037,485	9,056,356	8,971,472	8,332,731	8,988,566	8,834,334	8,162,082
Sewer	12,305,110	12,914,698	12,244,661	13,623,419	10,762,194	10,301,902	10,583,241	10,770,341	11,503,795	9,858,802
Gas	28,114,095	21,447,761	19,019,501	22,276,461	23,467,175	23,698,603	18,420,330	26,493,000	28,239,126	23,788,374
Other enterprise funds	2,475,771	2,442,938	2,355,636	1,616,129	1,459,846	1,534,483	1,393,942	1,341,548	1,038,023	871,628
Total business-type activities	<u>54,336,540</u>	<u>47,365,446</u>	<u>43,803,424</u>	<u>47,553,494</u>	<u>44,745,571</u>	<u>44,506,460</u>	<u>38,730,244</u>	<u>47,593,455</u>	<u>49,615,278</u>	<u>42,680,886</u>
Total Primary Government Expenses	<u>\$ 288,994,710</u>	<u>\$ 268,413,425</u>	<u>\$ 263,424,144</u>	<u>\$ 259,351,788</u>	<u>\$ 245,395,243</u>	<u>\$ 261,363,637</u>	<u>\$ 235,814,397</u>	<u>\$ 240,300,617</u>	<u>\$ 226,881,117</u>	<u>\$ 225,920,511</u>
Program Revenues										
Governmental activities:										
Charges for Services										
General government	\$ 10,936,503	\$ 2,164,225	\$ 2,059,764	\$ 2,171,318	\$ 900,906	\$ 7,808,336	\$ 13,289,075	\$ 13,365,582	\$ 14,156,093	\$ 14,000,028
Public safety	163,913	92,620	167,254	56,035	165,172	7,130,597	12,349	16,206	10,969	29,778
Community services	654,851	859,721	1,186,067	1,305,654	1,336,122	5,112,907	1,968,282	1,808,948	1,820,062	1,843,964
Health and welfare	4,440,760	4,525,367	4,746,752	5,235,853	5,594,608	8,753,432	4,653,306	4,588,956	4,203,244	3,923,086
Parks, recreation and culture	850,046	389,345	974,336	1,588,889	1,117,006	5,350,770	1,630,679	1,744,910	1,785,912	1,610,587
Education	53,133	12,336	163,775	210,003	209,591	1,288,687	214,120	243,413	273,615	208,988
Conservation and development	2,913,388	2,328,459	4,143,519	4,803,067	2,787,740	3,922,782	40,047	34,496	27,506	21,321
Operating Grants and Contributions										
General government	3,641,175	11,101,348	3,099,467	3,065,503	2,503,684	29,242,564	151,621	2,212,016	2,275,679	1,762,119
Public safety	5,257,546	4,856,650	4,980,799	4,686,110	997,666	1,636,764	718,675	889,252	2,647,082	1,675,385
Community services	10,033,919	8,891,692	9,203,947	7,623,041	8,204,371	5,441,190	5,028,690	11,009,042	8,184,560	8,107,968
Health and welfare	7,540,124	3,105,847	1,728,546	1,838,249	18,423,390	17,076,168	16,730,096	17,046,746	15,664,102	16,278,179
Parks, recreation and culture	382,125	700,518	235,102	621,157	644,671	467,158	218,771	142,942	265,890	904,083
Education	3,193,106	200,000	200,000	-	228,081	347,685	217,188	269,716	232,043	562,087
Conservation and development	2,680,887	4,659,459	529,701	3,502,830	3,292,265	4,506,454	185,529	133,588	63,905	238,338
Gas	-	-	-	-	-	-	-	0	-	-
Capital Grants and Contributions										
General government	568,595	193,071	-	-	-	-	-	-	-	-
Public safety	592,409	34,370	-	154,845	(34,568,687)	(34,568,687)	-	0	-	12,825
Community services	-	1,779,503	-	661,930	411,471	592,408	3,039,031	6,948,100	13,486,069	6,776,156
Parks, recreation and culture	518,523	-	1,131,851	1,131,851	1,131,851	1,131,851	-	-	-	-
Education	946,047	-	-	-	-	-	119,915	144,700	-	-
Conservation and development	486,746	-	4,626,998	60,800	3,323,240	5,977,748	-	33,162	16,839	59,500
Total governmental activities	<u>55,853,796</u>	<u>45,894,531</u>	<u>39,177,878</u>	<u>38,717,135</u>	<u>16,703,148</u>	<u>71,218,814</u>	<u>48,217,374</u>	<u>60,631,775</u>	<u>65,113,570</u>	<u>58,014,392</u>
Business-type activities:										
Charges for Services										
Water	13,674,925	12,254,574	12,578,445	11,815,767	11,049,045	11,189,236	10,311,760	9,868,917	9,163,447	9,064,161
Sewer	15,423,099	14,928,814	15,531,423	15,201,858	14,562,317	14,704,642	13,254,116	11,970,322	11,338,460	10,554,384
Gas	34,881,091	25,453,987	21,209,685	27,104,835	22,419,210	20,544,734	22,813,188	30,826,233	33,856,411	29,779,891
Other enterprise funds	3,267,081	3,228,518	2,844,140	2,720,462	2,780,797	2,810,284	2,719,146	2,818,345	1,780,508	842,787
Operating Grants and Contributions										
Other enterprise funds	50,915	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	-	68,552	-	-
Total business-type activities	<u>67,297,111</u>	<u>55,865,893</u>	<u>52,163,693</u>	<u>56,842,922</u>	<u>50,811,369</u>	<u>49,248,896</u>	<u>49,098,210</u>	<u>55,552,369</u>	<u>56,138,826</u>	<u>50,241,223</u>
Total Primary Government Revenues	<u>\$ 123,150,907</u>	<u>\$ 101,760,424</u>	<u>\$ 91,341,571</u>	<u>\$ 95,560,057</u>	<u>\$ 67,514,517</u>	<u>\$ 120,467,710</u>	<u>\$ 97,315,584</u>	<u>\$ 116,184,144</u>	<u>\$ 121,252,396</u>	<u>\$ 108,255,615</u>

Continued

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

Concluded

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (Expense) Revenue										
Governmental activities:										
General government	\$ (25,073,717)	\$ (19,180,447)	\$ (23,212,715)	\$ (23,208,716)	\$ (18,516,582)	\$ 11,934,109	\$ (13,686,330)	\$ (11,218,576)	\$ (7,838,584)	\$ (7,773,298)
Public safety	(31,084,482)	(33,184,745)	(34,568,687)	(34,616,257)	(72,740,070)	(70,920,164)	(38,096,889)	(32,709,738)	(30,700,919)	(30,892,521)
Community services	(11,262,784)	(12,527,341)	(11,749,175)	(12,520,242)	(9,986,260)	(14,112,566)	(12,967,602)	(2,557,469)	2,786,440	(3,324,589)
Health and welfare	(23,046,946)	(28,640,285)	(28,192,892)	(27,464,883)	(9,743,821)	(10,193,714)	(10,109,804)	(9,479,511)	(9,918,622)	(10,073,701)
Parks, recreation and culture	(13,462,001)	(10,990,039)	(12,297,119)	(10,719,234)	(10,583,232)	(10,170,674)	(12,019,160)	(10,894,607)	(10,614,415)	(9,853,946)
Education	(61,816,779)	(58,967,078)	(59,577,364)	(55,499,765)	(51,800,295)	(51,078,313)	(49,502,193)	(52,310,730)	(44,862,670)	(50,906,080)
Conservation and development	(11,362,725)	(9,771,118)	(8,793,260)	(7,059,443)	(5,738,870)	1,780,972	(10,019,047)	(9,300,577)	(8,761,908)	(10,113,443)
Interest on long-term debt	(1,694,940)	(1,892,395)	(919,779)	(860,768)	(3,705,543)	(1,746,162)	(2,465,754)	(3,604,179)	(2,241,591)	(2,359,980)
Gas	-	-	-	-	-	-	-	-	-	-
Total governmental activities	(178,804,374)	(175,153,448)	(179,310,991)	(171,949,308)	(182,814,673)	(144,506,512)	(148,866,779)	(132,075,387)	(112,152,269)	(125,297,558)
Business-type activities:										
Water	2,233,361	1,694,525	2,394,819	1,778,282	1,992,689	2,217,764	1,979,029	880,351	329,113	902,079
Sewer	3,117,989	2,014,116	3,286,762	1,578,439	3,800,123	4,402,740	2,670,875	1,199,981	(165,335)	695,582
Gas	6,766,996	4,006,226	2,190,184	4,828,374	(1,047,965)	(3,153,869)	4,392,858	4,333,233	5,617,285	5,991,517
Other enterprise funds	842,225	785,580	488,504	1,104,333	1,320,951	1,275,801	1,325,204	1,545,349	742,485	(28,841)
Total business-type activities	12,960,571	8,500,447	8,360,269	9,289,428	6,065,798	4,742,436	10,367,966	7,958,914	6,523,548	7,560,337
Total Primary Government Net Expense	\$ (165,843,803)	\$ (166,653,001)	\$ (170,950,722)	\$ (162,659,880)	\$ (176,748,875)	\$ (139,764,076)	\$ (138,498,813)	\$ (124,116,473)	\$ (105,628,721)	\$ (117,737,221)
General Revenues and Other Changes in Net Position										
Governmental activities:										
General Revenues										
General property taxes	\$ 97,568,094	\$ 89,152,047	\$ 84,518,162	\$ 80,460,113	\$ 75,042,232	\$ 68,384,143	\$ 62,940,310	\$ 59,566,818	\$ 58,158,711	\$ 56,060,959
Sales tax	14,526,660	12,202,161	11,497,058	11,876,599	11,619,460	11,670,485	11,466,250	10,767,263	10,747,757	9,901,299
Utility tax	4,611,301	4,477,998	4,491,483	4,764,420	4,616,495	4,540,179	4,478,748	4,614,299	4,539,149	4,422,168
Communications tax	2,288,232	2,357,526	2,654,196	2,716,128	2,927,794	3,022,277	3,098,436	3,192,960	3,221,105	3,276,861
Meals tax	15,925,582	11,032,143	12,600,643	12,212,802	11,781,447	11,746,648	11,320,042	8,703,398	8,156,709	8,103,257
Lodging tax	7,222,710	3,792,490	5,049,858	5,659,226	5,151,629	4,846,549	3,664,156	3,166,309	2,933,227	2,932,367
Other taxes	4,306,912	4,284,816	11,587,139	12,261,038	4,256,433	4,593,226	4,511,753	4,319,279	4,139,312	4,022,679
Business license tax	722,740	8,249,480	1,457,867	1,447,032	8,767,125	7,918,093	6,925,402	6,788,971	6,442,386	6,880,942
Grants and contributions not restricted	45,108,421	37,787,437	37,969,151	39,975,597	27,056,841	-	30,117,894	23,502,728	24,353,298	27,910,750
Unrestricted revenue from use of money and property	1,153,333	471,689	1,658,588	1,893,575	1,297,431	-	-	-	-	-
Interest and investment earnings	(823,391)	749,166	1,223,063	1,033,337	-	406,625	341,347	365,070	259,548	276,657
Leases	209,163	-	-	-	-	-	-	-	-	-
Miscellaneous	1,678,536	945,673	1,319,692	896,195	980,353	-	-	-	-	-
Transfers, net	6,137,857	5,776,201	5,648,201	5,567,298	5,264,759	-	-	-	-	-
Gain from sale of assets	-	-	-	-	-	-	-	-	-	-
Total governmental activities	200,636,151	181,278,827	181,675,101	180,763,360	158,761,999	117,128,225	138,864,338	124,987,095	122,951,202	123,787,939
Business-type activities:										
Unrestricted revenue from use of money and property	6,052	-	-	-	-	-	-	-	-	-
Interest on investment earnings	78,442	66,122	123,969	206,128	-	101,036	141,362	113,151	32,668	62,128
Miscellaneous	1,752,473	-	-	-	-	-	-	-	-	-
Transfers, net	(6,137,857)	-	-	-	-	-	-	-	-	-
Total business-type activities	(4,300,890)	-	-	-	-	-	-	-	-	-
Total Primary Government Revenues	\$ 196,335,261	\$ 181,278,827	\$ 181,675,101	\$ 180,763,360	\$ 158,761,999	\$ 117,128,225	\$ 138,864,338	\$ 124,987,095	\$ 122,951,202	\$ 123,787,939
Change in net position										
Governmental Activities	\$ 21,831,777	\$ 6,125,379	\$ 1,232,259	\$ 6,550,350	\$ 8,252,311	\$ 10,372,952	\$ (4,803,942)	\$ (1,773,911)	\$ 16,075,578	\$ 3,795,886
Business-type Activities	\$ 8,659,681	\$ 3,716,635	\$ 3,146,682	\$ 4,266,537	\$ 1,099,874	\$ (322,469)	\$ 5,310,729	\$ 2,757,684	\$ 1,279,571	\$ 2,389,285
Total change in net position	\$ 30,491,458	\$ 9,842,014	\$ 4,378,941	\$ 10,816,887	\$ 9,352,185	\$ 10,050,483	\$ 506,787	\$ 983,773	\$ 17,322,481	\$ 6,185,171

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

Schedule prepared using the accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 9,460	\$ 9,460	\$ 25,970	\$ 1,920	\$ 22,002	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	602,542	414,753	484,048	327,770	637,910	-	656,777	728,278	725,441	545,723
Committed	6,335,548	14,483,982	9,435,257	7,990,059	8,779,538	4,931,956	6,732,612	6,363,639	7,004,685	6,737,955
Assigned	37,971,591	3,186,325	4,458,676	6,229,997	5,818,834	1,102,935	7,804,945	5,130,563	3,786,220	3,633,160
Unassigned	21,355,113	35,319,585	32,544,441	33,272,338	30,502,351	41,933,825	29,054,913	28,251,814	27,291,468	26,989,410
Total General Fund	\$ 66,274,254	\$ 53,414,105	\$ 46,948,392	\$ 47,820,164	\$ 45,738,633	\$ 47,968,716	\$ 44,249,247	\$ 40,474,294	\$ 38,807,814	\$ 37,906,248
All Other Governmental Funds										
Nonspendable	\$ 2,692,502	\$ 162,502	\$ 162,502	\$ 162,502	\$ 162,502	\$ 5,663,250	\$ 4,891,126	\$ 1,260,860	\$ 1,542,501	\$ 1,272,501
Restricted	625,161	495,809	292,296	176,341	2,951,459	8,300,066	440,648	6,159,927	4,216,750	9,486,035
Committed	12,987,110	13,225,476	13,410,790	12,830,074	11,905,368	15,541,112	12,082,178	11,745,744	15,202,070	14,768,068
Assigned	29,044,917	21,314,234	7,895,219	16,622,433	18,153,704	1,977,246	7,770,919	5,928,263	1,364,421	1,303,256
Unassigned	-	1,411,224	-	-	(5,117,190)	-	-	-	-	-
Total All Other Governmental Funds	\$ 45,349,690	\$ 36,609,245	\$ 21,760,807	\$ 29,791,350	\$ 28,055,843	\$ 31,481,674	\$ 25,184,871	\$ 25,094,794	\$ 22,325,742	\$ 26,829,860

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

Note: Fiscal years prior to 2018 have not been restated for GASB 75.

Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
General property taxes	\$ 146,877,665	\$ 135,496,329	\$ 133,162,943	\$ 130,457,652	\$ 122,940,708	\$ 116,721,600	\$ 108,365,439	\$ 101,869,696	\$ 98,699,930	\$ 95,714,241
Fee and permits	10,944,026	2,814,829	2,945,186	2,852,058	2,719,933	2,575,469	2,169,777	2,283,546	1,966,895	2,464,889
Intergovernmental	72,572,090	70,401,027	60,981,652	60,040,284	61,458,198	61,924,408	55,268,548	60,955,964	66,426,300	60,215,042
Charges for services	12,118,772	10,892,325	13,952,648	15,313,883	11,917,913	12,117,670	11,701,232	11,685,158	10,920,381	10,607,302
Fines and forfeitures	302,224	157,302	201,617	362,381	419,344	481,032	481,630	476,632	393,398	392,763
Leases	209,163	-	-	-	-	-	-	-	-	-
Investment earnings	(823,391)	-	-	-	-	-	-	-	-	-
Miscellaneous	5,456,162	2,056,437	3,960,736	3,394,302	3,381,950	2,789,931	2,386,349	2,296,159	2,226,308	5,056,883
Total governmental revenues	247,656,711	221,818,249	215,204,782	212,420,560	202,838,046	196,610,110	180,372,975	179,567,155	180,633,212	174,451,120
Expenditures										
General government	39,308,396	31,825,290	25,161,292	26,980,864	20,817,229	18,107,974	17,206,445	18,446,310	14,825,220	15,352,223
Public safety	40,716,189	38,612,063	38,727,179	38,240,448	39,397,475	35,081,163	36,357,223	33,290,687	32,609,199	31,987,432
Community services	20,009,122	21,349,995	19,100,385	19,006,475	16,980,656	17,257,531	18,470,598	20,824,429	21,796,529	18,524,126
Health and welfare	36,213,373	36,540,423	35,848,437	35,736,307	35,175,725	32,346,926	30,975,824	31,318,573	29,948,939	31,196,387
Parks, recreation and culture	13,760,771	10,985,927	13,700,003	13,326,020	12,709,049	11,912,756	13,023,170	12,152,256	11,739,822	12,229,739
Education	64,145,679	58,236,465	58,902,075	54,798,480	51,757,047	50,385,279	49,397,353	46,999,266	44,279,012	45,526,167
Conservation and development	13,888,767	13,954,074	15,854,748	13,244,853	13,070,791	9,620,535	10,710,688	8,928,892	7,469,535	8,764,632
Debt service										
Principal	8,370,931	7,280,278	7,566,058	7,140,323	7,417,376	7,146,882	6,379,799	6,084,318	6,685,521	6,430,175
Interest	2,958,534	3,134,902	3,155,879	3,041,563	3,099,780	2,832,293	2,591,814	2,660,459	2,725,366	2,452,754
Miscellaneous	-	-	-	-	-	123,892	172,063	384,966	100,571	87,599
Other activities	-	-	-	-	-	289,665	1,055,402	1,052,619	975,456	266,562
Capital outlay	13,392,994	9,190,991	9,941,161	13,331,752	16,960,272	19,795,285	5,613,733	11,713,606	23,165,369	21,380,655
Total governmental expenditures	252,764,756	231,110,408	227,957,218	224,847,085	217,385,400	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451
Revenues over (under) expenditures	(5,108,045)	(9,292,159)	(12,752,436)	(12,426,525)	(14,547,354)	(8,290,071)	(11,581,137)	(14,289,226)	(15,687,327)	(19,747,331)
Other financing sources (uses)										
Transfers in	39,651,121	29,584,232	28,416,690	36,720,138	38,479,757	32,386,616	30,657,532	29,059,645	29,291,985	31,047,043
Transfers out	(33,513,264)	(23,808,032)	(24,568,490)	(31,551,066)	(31,547,212)	(27,166,718)	(25,140,392)	(22,880,748)	(23,356,855)	(25,108,773)
Issuance of debt	22,576,647	25,500,700	-	9,520,000	4,610,000	11,140,000	7,250,000	11,405,000	5,740,000	5,610,000
Refunding bonds issued	-	-	-	-	-	-	3,875,466	11,663,366	1,390,695	-
Premium on issuance of debt	2,248,607	3,643,188	-	1,126,606	420,561	1,076,892	1,282,326	2,261,124	417,486	427,859
Payment to refunded bond escrow agent	(4,254,472)	(4,538,777)	-	-	-	-	(4,365,996)	(13,096,411)	(1,506,186)	-
Sale of capital assets	-	-	-	-	-	-	-	312,782	107,650	-
Total other financing sources (uses)	26,708,639	30,381,311	3,848,200	15,815,678	11,963,106	17,436,790	13,558,936	18,724,758	12,084,775	11,976,129
Net change in fund balances	\$ 21,600,594	\$ 21,089,152	\$ (8,904,236)	\$ 3,389,153	\$ (2,584,248)	\$ 9,146,719	\$ 1,977,799	\$ 4,435,532	\$ (3,602,552)	\$ (7,771,202)
Debt service as a percentage of noncapital expenditures										
Total debt service expenditures	\$ 11,329,465	\$ 10,415,180	\$ 10,721,937	\$ 10,181,886	\$ 10,517,156	\$ 9,979,175	\$ 8,971,613	\$ 8,744,777	\$ 9,410,887	\$ 8,882,929
Total governmental expenditures	252,764,756	231,110,408	227,957,218	224,847,085	217,385,400	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451
Change in capital assets	(13,392,993)	(9,390,495)	(10,720,847)	(13,346,753)	(16,960,272)	(21,634,978)	(9,215,151)	(16,487,414)	(27,697,576)	(22,573,753)
Noncapital expenditures	\$ 239,371,763	\$ 221,719,913	\$ 217,236,371	\$ 211,500,332	\$ 200,425,128	\$ 183,265,203	\$ 182,738,961	\$ 177,368,967	\$ 168,622,963	\$ 171,624,698
Debt service as a percentage of noncapital expenditures	4.73%	4.70%	4.94%	4.81%	5.25%	5.45%	4.91%	4.93%	5.58%	5.18%

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

Schedule prepared using the modified accrual basis of accounting

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 5

TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Total Taxes	Property Taxes (1)	Sales and Use Taxes	Utility and Communications Taxes (2)	Meals Tax	Lodging Tax	Business License Tax	Franchise Taxes (2)	Tax on Bank Stock	Tax on Wills and Deeds	Other Taxes
2022	\$ 146,877,666	\$ 99,572,574	\$ 14,526,660	\$ 6,899,533	\$ 15,925,582	\$ 7,222,710	\$ -	\$ -	\$ 1,225,370	\$ 1,058,718	\$ 446,519
2021	135,496,329	91,116,055	12,202,161	6,835,524	11,032,143	3,792,490	7,648,188	-	1,244,963	853,716	771,089
2020	133,162,912	85,976,029	11,497,058	7,145,681	12,600,643	5,049,858	8,169,497	-	1,057,296	795,323	871,527
2019	130,457,651	81,561,358	11,876,599	7,480,548	12,212,802	5,659,226	8,540,881	3,500	1,369,883	751,569	1,001,285
2018	122,940,708	75,616,895	11,619,460	7,658,576	11,781,447	5,151,629	8,230,107	3,500	1,348,260	581,600	949,234
2017	116,724,600	69,739,801	11,670,485	7,562,456	11,746,648	4,846,549	7,918,093	3,500	1,226,609	904,353	1,106,106
2016	108,365,439	64,620,157	11,466,250	7,577,184	11,320,042	3,664,156	6,925,402	3,500	1,138,188	585,246	1,065,314
2015	101,869,696	62,020,045	10,767,263	7,807,259	8,703,398	3,166,309	6,788,971	3,500	982,185	554,805	1,075,961
2014	98,699,930	60,203,592	10,747,757	7,760,254	8,156,709	2,933,227	6,442,386	7,000	923,869	565,320	959,816
2013	95,714,241	57,894,427	9,901,299	7,699,029	8,103,257	2,932,367	6,880,942	13,880	851,638	604,597	832,805

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 6

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

Taxable Year	Real Estate	Public Service Real Estate	Total Taxable Real Property Assessed Value	Real Property Direct Tax Rate	Tax-Exempt Real Property	Total Value Real Property
2022	\$ 9,312,647,000	\$ 168,894,020	\$ 9,481,541,020	0.96	\$ 2,649,257,800	\$ 12,130,798,820
2021	8,410,772,999	166,301,295	8,577,074,294	0.95	2,528,582,300	11,105,656,594
2020	8,187,130,300	161,534,532	8,348,664,832	0.95	2,260,050,500	10,608,715,332
2019	7,647,893,000	152,574,032	7,800,467,032	0.95	2,046,675,800	9,847,142,832
2018	7,060,139,700	151,135,069	7,211,274,769	0.95	1,917,683,250	9,128,958,019
2017	6,740,234,600	143,303,198	6,883,537,798	0.95	1,746,952,600	8,630,490,398
2016	5,953,910,000	140,924,014	5,641,414,880	0.95	1,135,055,400	6,776,470,280
2015	5,704,217,700	142,650,296	5,846,867,996	0.95	1,027,382,800	6,874,250,796
2014	5,503,669,500	137,745,380	5,641,414,880	0.95	1,017,616,600	6,659,031,480
2013	5,281,021,000	138,256,036	5,419,277,036	0.95	1,012,716,900	6,431,993,936

Source: Records of the City Assessor and State Corporation Commission

Note: The City has no overlapping property taxes.

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 7

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

Year	Real Property (1)	Personal Property (2)	Machinery & Tools (2)	Total Direct Tax Rate of City Assessed Property	Public Service		Total Direct Tax Rate of State Assessed Property
					Real Property (3)	Personal Property (3)	
2022	0.96	4.20	4.20	9.36	0.96	4.20	5.16
2021	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2020	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2019	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2018	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2017	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2016	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2015	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2014	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2013	0.95	4.20	4.20	9.35	0.95	4.20	5.15

Source: City of Charlottesville Director of Finance

(1) Assessed by the City of Charlottesville Real Estate Assessor

(2) Assessed by the City of Charlottesville Commissioner of Revenue

(3) Assessed by the State Corporation Commission

Note: The City has no overlapping property taxes.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 8

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2022**

Taxpayer	Type of Business	2022 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)	2013 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)
Federal Realty Investment Trust	Shopping Center	\$ 173,000,100	\$ 1,643,501	1	1.86 %	\$ 87,565,600	\$ 831,873	1	1.66 %
Woodard United, LLC	Apartments	139,236,500	1,322,747	2	1.50	39,487,700	\$ 375,133	5	0.75
Pavilion UVA, LLC & Pavilion UVA II, LLC	Apartments	101,511,800	964,362	3	1.09	-	-	-	-
Neighborhood Development Inc	Apartments	100,486,200	954,619	4	1.08	-	-	-	-
KRE Up III Pavilion Owner, LLC	Apartments	92,798,000	881,581	5	1.00	-	-	-	-
853 West Main, LLC	Apartments	90,885,400	863,411	6	0.98	-	-	-	-
Piedmont Hospital, LLC	Apartments	84,544,700	803,175	7	0.91	-	-	-	-
Brands Hatch, LLC	Office Building	83,823,400	796,322	8	0.90	-	-	-	-
Madison Loft, LLC	Apartments	75,860,800	720,678	9	0.81	-	-	-	-
Oxford Hill, LLC	Apartments	73,979,500	702,805	10	0.79	-	-	-	-
EDR Charlottesville Jefferson, LLC	Apartments	-	-	-	-	63,764,000	605,758	2	1.21
Dominion Virginia Power Company	Public Utility	-	-	-	-	58,748,215	558,108	3	1.11
Caton, Douglas E.	Real Estate	-	-	-	-	39,947,900	379,505	4	0.76
CenturyLink	Public Utility	-	-	-	-	36,691,647	348,571	6	0.69
Payton Associates Partnership	Real Estate	-	-	-	-	35,588,800	338,094	7	0.67
Towers Limited Partnership, ETAL	Real Estate	-	-	-	-	34,767,500	330,291	8	0.66
University of Virginia Foundation	Real Estate	-	-	-	-	34,127,200	324,207	9	0.65
		-	-	-	-	25,175,100	239,163	10	0.48
		<u>\$ 1,016,126,400</u>	<u>\$ 9,653,201</u>		<u>10.89 %</u>	<u>\$ 455,863,662</u>	<u>\$ 4,330,704</u>		<u>8.64 %</u>

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

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

(2) Tax rate of \$0.96 in 2022; Tax rate of \$0.95 in 2013

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 9

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2022	\$ 101,074,101	\$ 98,874,159	97.82 %	\$ -	\$ 98,874,159	97.82 %
2021	92,084,435	90,266,459	98.03	1,234,905	91,501,364	99.37
2020	88,263,566	86,287,564	97.76	1,704,860	87,992,424	99.69
2019	83,339,710	82,035,675	98.44	1,163,079	83,198,754	99.83
2018	77,696,498	76,521,606	98.49	1,068,776	77,590,382	99.86
2017	71,965,946	71,139,950	98.85	784,747	71,924,697	99.94
2016	65,952,891	65,027,636	98.60	850,676	65,878,312	99.89
2015	63,892,891	62,863,991	98.39	961,928	63,825,919	99.90
2014	62,251,968	61,010,246	98.01	1,178,588	62,188,834	99.90
2013	60,538,454	59,304,770	97.96	1,205,633	60,510,403	99.95 %

Source: Treasurer of the City of Charlottesville

(1) Beginning with Fiscal year 2015, supplements are reported in the year in which they were billed and due.

Fiscal years 2009-2014 report supplemental tax levies back to the year they for which they are assessed, instead of reporting them in the fiscal year they were billed, causing the current year collection rate to decline in subsequent years.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 10

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal	\$ 39,416,600	\$ 38,787,700	\$ 38,480,800	\$ 36,863,200	\$ 32,717,600	\$ 31,919,100	\$ 23,817,800	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500
State and regional	767,344,500	758,897,900	513,759,400	463,218,100	455,398,000	450,963,700	306,883,300	279,103,600	278,984,600	288,908,100
Local	498,566,400	491,338,500	497,777,300	446,420,700	417,963,500	362,990,800	214,399,600	194,685,500	192,076,800	191,927,100
Religious, charitable, educational and other	1,343,930,300	1,239,558,200	1,195,913,200	1,088,276,900	1,011,604,150	901,079,000	589,954,700	531,941,200	524,902,700	510,229,200
Total	<u>2,649,257,800</u>	<u>2,528,582,300</u>	<u>\$ 2,245,930,700</u>	<u>\$ 2,034,778,900</u>	<u>\$ 1,917,683,250</u>	<u>\$ 1,746,952,600</u>	<u>\$ 1,135,055,400</u>	<u>\$ 1,027,382,800</u>	<u>\$ 1,017,616,600</u>	<u>\$ 1,012,716,900</u>

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 11

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

Fiscal Year	Population (1)	Real Estate Assessed Value	Total Bonded Debt	Total Bonded Business Type Debt	Governmental Bonded Debt Service Due (2)	General Fund Expenditures and Net Other Financing Sources	Ratio of Net Bonded Debt to Assessed Value	Total Bonded Debt per Capita	Ratio of Debt Service to Total General Fund Expenditures and Transfers
2022	51,079	\$ 9,312,647,000	\$ 165,600,134	\$ 61,269,414	\$ 9,403,570	\$ 138,028,018	1.78 %	\$ 3,242	6.81 %
2021	49,447	8,410,772,999	152,301,059	58,438,152	8,257,217	132,117,051	1.81	3,080	6.25
2020	49,181	8,187,130,300	125,345,907	45,241,232	7,157,428	176,636,788	1.53	2,549	4.05
2019	49,281	6,740,234,600	132,121,039	44,022,607	7,443,208	173,674,353	1.96	2,681	4.29
2018	49,132	6,740,234,600	132,121,039	44,022,607	7,137,004	165,389,458	1.96	2,689	4.32
2017	49,071	6,740,264,600	132,121,039	44,022,607	7,417,376	152,655,215	1.96	2,692	4.86
2016	48,210	5,704,217,700	128,929,869	44,824,556	9,489,053	139,577,852	2.26	2,674	6.80
2015	47,783	5,503,669,500	130,376,506	48,052,860	9,121,289	139,577,852	2.37	2,729	6.53
2014	46,623	5,281,021,000	126,266,932	48,149,184	8,682,449	138,100,498	2.39	2,708	6.29
2013	45,073	5,222,661,300	122,474,814	43,325,574	6,938,939	137,559,888	2.35	2,717	5.04

Note: The City has no overlapping debt.

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

(2) Governmental debt due within next fiscal year.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 12

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

Fiscal Year	Principal	Interest	Total Debt Service	General Governmental Expenditures and Transfers	Ratio of Debt Service to General Governmental Expenditures
2022	\$ 8,260,524	\$ 3,275,009	\$ 11,535,533	\$ 138,028,018	8.36 %
2021	7,280,278	3,134,902	10,415,181	132,117,051	7.88
2020	7,566,058	3,155,879	10,721,937	176,593,646	6.07
2019	7,140,323	3,041,563	10,181,885	173,673,353	5.86
2018	7,417,377	3,099,780	10,517,157	224,199,432	4.69
2017	7,146,882	2,832,293	9,979,175	205,739,944	4.85
2016	6,379,799	2,591,814	8,971,613	195,491,554	4.59
2015	6,084,318	2,660,459	8,744,777	191,875,061	4.56
2014	6,685,521	2,725,366	9,410,887	190,189,617	4.95
2013	6,430,175	2,452,754	8,882,929	188,150,305	4.72

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 13

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities				Percent of Personal Income	Per Capita Debt
	General Obligation Bonds (1)	Literary Loans	Notes Payable	Total Governmental Debt	General Obligation Notes	Notes Payable	Total Primary Government			
2022	\$104,330,720	\$ -	\$ -	\$ 104,330,720	\$61,269,414	\$ -	\$ 165,600,134	* %	3,242	
2021	93,862,907	-	-	93,862,907	58,438,152	-	152,301,059	*	3,080	
2020	80,104,675	-	-	80,104,675	45,241,232	-	125,345,907	3.53	2,549	
2019	87,670,733	-	-	87,670,733	49,234,305	-	136,905,038	3.49	2,778	
2018	85,291,055	-	-	85,291,055	46,555,810	-	131,846,865	3.96	2,684	
2017	88,098,432	-	-	88,098,432	44,022,607	-	132,121,039	4.34	2,692	
2016	84,094,947	10,366	-	84,105,313	44,824,556	-	128,929,869	4.36	2,674	
2015	82,293,261	30,385	-	82,323,646	48,052,860	-	130,376,506	4.50	2,729	
2014	78,067,345	50,403	-	78,117,748	48,149,184	-	126,266,932	4.67	2,708	
2013	78,676,333	70,421	402,486	79,149,240	43,325,574	-	122,474,814	5.13	2,717	

* Information not available at this time.

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

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 14

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assessed value of real property	<u>\$ 9,312,647,000</u>	<u>\$ 8,410,772,999</u>	<u>\$ 8,187,130,300</u>	<u>\$ 6,740,234,600</u>	<u>\$ 6,740,234,600</u>	<u>\$ 6,740,264,600</u>	<u>\$ 5,953,910,000</u>	<u>\$ 5,704,217,700</u>	<u>\$ 5,503,669,500</u>	<u>\$ 5,281,021,000</u>	
Debt limit - 10% of assessed value	\$ 931,264,700	\$ 841,077,300	\$ 818,713,030	\$ 674,023,460	\$ 674,023,460	\$ 674,026,460	\$ 595,391,000	\$ 570,421,770	\$ 550,366,950	\$ 528,102,100	
Amount of debt applicable to debt limit	<u>165,600,134</u>	<u>152,301,059</u>	<u>125,345,907</u>	<u>136,905,038</u>	<u>132,121,039</u>	<u>132,121,039</u>	<u>128,929,869</u>	<u>119,460,105</u>	<u>114,398,907</u>	<u>110,304,028</u>	
Legal debt margin	<u>\$ 765,664,566</u>	<u>\$ 688,776,241</u>	<u>\$ 693,367,123</u>	<u>\$ 537,118,422</u>	<u>\$ 541,902,421</u>	<u>\$ 541,905,421</u>	<u>\$ 466,461,131</u>	<u>\$ 450,961,665</u>	<u>\$ 435,968,043</u>	<u>\$ 417,798,072</u>	
Total net debt applicable to the limit as a percentage of debt limit	17.78%	18.11%	15.31%	20.31%	19.60%	19.60%	21.65%	20.94%	20.79%	20.89%	

Note: The City has no overlapping debt.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 15

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Institutional and other Construction (1)		Commercial Construction (1)		Residential Construction (1)		Bank deposits (2) (in thousands)	Calendar Year	Property Values (3)	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value			Taxable	Nontaxable
2022	21	\$ 4,148,192	362	\$ 36,755,026	1,133	\$ 65,404,631	\$ 3,182,307	2022	\$ 9,312,647,000	\$ 2,649,257,800
2021	38	11,942,828	502	115,599,788	1,378	124,612,849	3,042,549	2021	8,410,772,999	2,528,582,300
2020	3	220,039	402	46,511,751	1,517	143,325,608	2,999,524	2020	8,187,130,300	2,245,930,700
2019	30	1,015,033	468	150,662,370	1,546	218,624,551	2,486,055	2019	6,740,234,600	2,034,778,900
2018	44	3,404,801	566	45,291,407	1,556	107,599,017	2,499,593	2018	6,740,234,600	1,917,683,250
2017	17	1,204,091	467	128,400,704	1,653	63,999,554	2,476,231	2017	6,740,264,600	1,746,952,600
2016	19	2,300,978	582	88,939,069	1,383	48,684,124	2,366,694 (4)	2016	5,704,217,700	1,135,055,400
2015	22	8,635,285	469	63,025,855	1,420	51,009,735	2,328,209 (4)	2015	5,503,669,500	1,027,382,800
2014	49	5,519,838	514	49,726,636	1,261	50,124,989	2,158,543	2014	5,281,021,000	1,017,616,600
2013	41	17,037,847	545	73,204,061	1,510	117,781,757	2,042,744	2013	5,222,661,300	1,012,716,900

(1) Department of Neighborhood Planning, City of Charlottesville

(2) FDIC Summary of deposits

(3) Real property values only

(4) FDIC Summary of deposits was corrected to reflect the actual value

**DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population (1)	School Membership (2)	Unemployment Rate (3)	Total Personal Income (4) (thousands)	Per Capita Income (4)	Taxable Sales (5) (thousands)	Sales per Capita
2022	51,079	4,295	2.8	*	*	*	*
2021	49,447	4,259	4.3	*	*	\$ 956,280	\$ 19,339
2020	49,181	4,307	5.7	*	\$ 69,853	821,026	16,694
2019	49,281	4,337	2.5	\$ 12,230,910	67,809	989,912	20,087
2018	49,132	4,313	3.1	11,900,382	66,577	972,265	19,789
2017	49,071	4,210	3.6	10,531,351	63,300	971,359	19,795
2016	48,210	4,134	3.4	9,375,633	60,964	1,006,304	20,873
2015	47,783	4,101	3.7	9,182,721	60,294	959,435	20,079
2014	46,623	4,022	4.3	8,795,194	58,603	942,421	20,214
2013	45,073	3,945	4.9	7,764,329	52,693	864,748	19,186

* Information not available at this time.

Source:

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 17

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2022

Employer	2022		2013	
	Rank	Number of Employee	Rank	Number of Employees
Commonwealth of Virginia	1	1000+		
UVA Health Services Foundation	2	1000+	1	1000+
City of Charlottesville	3	1000+	3	1000+
Charlottesville City School Board	4	500 to 999	4	500 to 999
Servicelink Management Com Inc.	5	500 to 999		
County of Albemarle	6	250 to 499		
Regional Marketing Concep Inc	7	250 to 499		
Crothall Healthcare Inc.	8	250 to 499		
CFA Institute	9	250 to 499		
Anytime Labor Virginia	10	250 to 499		
Martha Jefferson Hospital			2	1000+
Aramark Campus			5	500 to 999
Pharmaceutical Research Association			6	250 to 499
Matthew Bender & Company			7	250 to 499
Region Ten Community Services			8	250 to 499
United States Postal Service			9	250 to 499
Wal Mart			10	250 to 499

Source: Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2021

Note: 2013 employer rank/number of employees received from 4th quarter 2012 Virginia Employment Commission Labor Market Information

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

Department	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Management										
Council/Clerk of Council	3.00	3.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office/Administration and Communications	14.00	14.00	13.00	12.00	11.00					
						11.00	9.00	9.00	9.00	8.00
Office of Economic Development	11.50	11.50	11.50	7.50	6.50	6.00	6.00	5.50	4.00	5.00
Office of the City Manager/Parking Enterprise Fund	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
City Attorney	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
Voting Registrar	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	39.50	39.50	39.50	34.50	28.50	28.00	25.00	24.50	23.00	23.00
Internal Services										
Finance Department: Purchasing/Risk Management/Warehouse	9.00	9.00	9.00	8.00	7.00	6.00	6.00	6.00	6.00	6.00
Information Technology	20.00	20.00	20.00	20.00	20.00	19.00	19.00	19.00	19.00	19.00
Human Resources	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total	38.00	38.00	37.00	36.00	35.00	33.00	33.00	33.00	33.00	33.00
Financial Services										
Commissioner of Revenue	14.00	14.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00
Finance Department: Management/Real Estate Assessment/Utility Billing Office	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00
Treasurer	14.00	14.00	14.00	13.50	13.50	13.00	13.00	13.00	13.00	13.00
Total	62.00	62.00	62.00	61.50	60.50	60.00	60.00	60.00	60.00	60.00
Healthy Families & Community										
Charlottesville/Albemarle Visitors Bureau ⁽¹⁾	-	-	-	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Department of Human Services	37.50	37.50	37.50	36.50	35.50	35.50	35.50	34.25	34.25	35.25
Children & Youth Commission/CCF	-	-	-	-	-	-	-	-	-	-
Department of Social Services	106.50	106.50	106.50	104.50	102.50	102.50	102.25	99.98	99.85	100.85
Neighborhood Development Services	26.00	26.00	40.00	39.00	39.00	37.50	37.50	36.00	33.00	32.00
Office of Human Rights/Human Rights Commission	2.00	2.00	2.00	2.00	1.50	1.50	2.00	2.00	2.00	-
Parks and Recreation/Parks Maintenance	40.00	40.00	40.00	40.00	40.00	39.00	39.00	37.00	37.00	37.00
Parks & Rec/Recreation and Programs	29.50	29.50	29.50	29.50	27.50	27.50	27.50	28.50	28.75	29.75
Parks & Rec/Golf Fund	2.00	2.00	2.00	4.00	4.00	4.00	4.00	4.00	4.75	7.00
CDBG/HOME Grant Coordinator (Grant Funded)	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	243.50	243.50	257.50	266.50	261.00	258.50	258.75	252.73	250.60	252.85
Infrastructure/Transportation										
Public Works: Administration, Facilities Development	23.90	26.86	26.86	26.86	21.86	21.86	21.86	16.73	15.73	16.73
Public Works: School Building Maintenance	19.28	19.28	19.28	19.28	19.28	19.28	19.28	18.28	18.28	18.28
Public Works: Fleet Management	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00
Public Works: Public Service	60.00	60.00	47.00	49.00	51.00	51.00	51.00	51.00	51.00	51.00
Charlottesville Area Transit (CAT)	104.50	80.00	80.00	72.00	72.00	69.00	68.00	68.00	68.00	77.50
Public Works: Pupil Transportation	29.00	29.00	29.00	29.00	29.00	28.50	28.50	28.50	28.00	27.50
Public Utilities: Gas, Water, Wastewater	90.00	90.00	90.00	89.00	92.00	92.00	92.00	92.00	92.00	93.00
Public Utilities: Stormwater Utility	10.00	10.00	10.00	4.00	4.00	4.00	4.00	4.00	4.00	-
Total	347.68	326.14	313.14	300.14	300.14	296.64	295.64	289.51	288.01	296.01
Public Safety & Justice										
City Sheriff	13.00	13.00	13.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Commonwealth's Attorney	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Courts and Other Support Service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Department	95.00	95.00	95.00	95.00	91.00	91.00	91.00	91.00	89.00	89.00
Police Department	155.00	155.00	159.00	157.00	157.00	156.00	154.00	154.00	146.00	146.00
Total	287.50	287.50	291.50	288.50	283.50	282.50	280.50	280.50	270.50	270.50
City-Wide Total	1,018.18	996.64	#####	987.14	968.64	958.64	952.89	940.24	925.11	935.36

Source: Adopted Operating and Capital Improvement Budget

Note: FTE positions

⁽¹⁾ These positions are funded cooperatively with Albemarle County.

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Date of incorporation	1888	1888	1888	1888	1888	1888	1888	1888	1888	1888
Form of government	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr	Council-Mgr
Area	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles	10.4 sq miles
Bond rating:										
Moody's Investor Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Standard & Poor's Corporation	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Number of employees:										
City (full-time)	1018.2	996.6	1000.6	1000.6	987.1	968.64	959	940	940	925
School Board	798	798	840	840	835	767	797	772	767	765
Elections:										
Number of registered voters:										
Last general election - November, 2021	*	33,099	32,853	32,854	31,876	35,725	31,039	32,273	32,290	33,150
Last municipal election - November, 2021	*	32,853	32,853	32,290	31,876	31,039	31,039	32,291	32,290	28,670
Number of votes cast in:										
Last general election	*	24,084	11,095	14,039	16,548	22,652	6,077	10,816	12,494	21,797
Last municipal election	*	11,095	11,095	6,237	16,548	6,077	6,077	12,560	11,045	6,624
Percentage of registered voters voting in:										
Last general election	*	72.8%	33.8%	42.7%	51.9%	63.4%	19.2%	33.5%	38.7%	65.8%
Last municipal election	*	33.8%	33.8%	19.3%	51.9%	19.6%	19.2%	38.9%	34.2%	23.1%
Public Safety										
Fire protection:										
Number of firefighters and officers (exclusive of volunteer firefighters)	106	106	90	90	90	88	88	88	86	86
Police protection:										
Number of police officers	83	121	119	125	127	129	127	127	119	119
Number of arrests	1,618	1,566	1,732	1,676	3,216	2,763	2,639	2,741	3,018	4,417
Traffic Citations Issued	2,569	1,131	1,739	3,142	4,737	5,912	4,978	5,740	5,459	4,299
911 calls received	37,121	36,016	37,866	37,121	39,692	44,481	40,504	43,512	45,581	43,111
Cases investigated	5,301	4,240	4,610	5,502	4,442	5,287	4,962	5,198	5,443	2,846
Parking Violations										
Violations written	12,116	6,738	6,842	17,141	17,653	16,637	18,734	17,647	12,633	15,813
Building permits issued	1,656	1,920	1,922	2,033	2,166	2,137	1,984	1,911	1,824	2,096
Education										
Schools:										
Number of teachers	482	481	478	478	456	440	429	421	415	424
Number of students	4,290	4,259	4,307	4,337	4,313	4,210	4,134	4,101	4,022	3,945
Pupil: teacher ratio	8.90:1	8.85:1	9.01:1	9.07:1	9.46:1	9.56:1	9.64:1	10.26:1	9.69:1	9.31:1
Public Utilities										
Municipal utilities:										
Gas:										
Number of customers	21,244	21,078	20,871	20,994	20,665	20,467	20,043	19,849	19,454	19,077
Average daily consumption	8297 DTH	8327 DTH	7,712 DTH	8,051 DTH	7,570 DTH	7,562 DTH	6,802 DTH	8,487 DTH	8,688 DTH	6,601 DTH
Water:										
Number of customers	14,541	14,888	15,307	14,661	14,639	14,756	14,692	14,652	14,554	14,446
Average daily consumption	537 MCF	520 MCF	531 MCF	551 MCF	569.4 MCF	579.2 MCF	569.4 MCF	569.3 MCF	569.1 MCF	577.8 MCF
Sewer:										
Number of customers	14,437	14,791	14,956	14,564	14,528	14,626	14,558	14,511	14,406	14,294
Average daily treatment	467 MCF	456 MCF	465 MCF	483 MCF	502.8 MCF	564.6 MCF	502.8 MCF	505.6 MCF	520.7 MCF	524.2 MCF
Public Works										
Refuse disposed at Zion's Transfer Station (City totals):										
Number of customers	13,500	13,500	13,500	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Tons of domestic refuse	6,608	6,588	6,955	6,681	6,577	6,532	6,435	6,281	6,694	6,528
Tons of curbside recycling	3,560	3,745	3,738	4,429	3,865	3,666	3,647	3,557	3,254	3,342
Tons of stumps, demolition material & street sweeping ⁽¹⁾	2,589	1,375	1,584	1,300	866	1,160	2,117	1,048	2,063	1,654

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

⁽¹⁾ In FY2015, accounts for brush, street sweeping, and leaves

In FY2017, the total accounts for street sweeping.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Miles of streets	159.91	159.91	159.91	159.91	159	158	158	157	156	156
Number of streetlights	6,070	6,070	6,070	6,070	6,070	6,070	6,040	6,025	6,016	6,016
Public Safety										
Fire protection:										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	7	7	7	7	10	8	4	4	4	5
Number of vehicular patrol units	72	73	73	58	50	64	68	67	63	55
Total vehicles	146	134	134	119	129	128	122	123	123	134
Motor Cycles	7	7	7	7	6	8	8	6	8	8
Unmarked cars	44	45	45	54	59	53	46	50	52	52
Bicycle patrol	23	18	18	14	14	14	24	17	17	18
Education										
Number of schools	9	9	9	9	9	9	9	9	9	9
Parks, Recreation, & Culture										
Number of parks ⁽¹⁾	36	36	36	36	36	36	36	31	31	30
Acres of park land ⁽²⁾	1,049.9	1,049.9	1050	904	900	900	902	872	822	785
Number of golf courses	1	1	1	1	1	1	1	1	2	2
Number of swimming pools	4	4	4	4	4	4	4	4	6	5
Number of recreation centers	5	5	5	5	5	5	5	5	5	5
Number of libraries	3	3	3	3	3	3	3	3	3	3
Public Utilities										
Gas:										
Miles of gas main lines	342	341	340	333	331	330	329	328	319	318
Miles of gas service lines	302	300	296	292	288	282	274	272	226	223
Water:										
Water treatment plant capacity (millions of gallons per day)	19	19	19	19	19	19	19	19	19	19
Miles of water lines	184	184	184	183	183.0	180	180	180.8	180.0	180.0
Number of fire hydrants	1,187	1,156	1,117	1,088	1,088	1,050	1,047	1,031	1,026	1,007
Sewer:										
Sewer treatment plant capacity (millions of gallons per day)	15	15	15	15	15	15	15	15	15	15
Miles of sanitary sewers	173	173	172	171	171	170	166	170	166	165

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

Note:

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

(2) Includes City Parks and natural areas in FY2012



City of Charlottesville, Virginia

605 East Main Street

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SINGLE AUDIT REPORT

For the Year Ended June 30, 2022

CITY OF CHARLOTTESVILLE, VIRGINIA

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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*

To the Honorable Members of
The City Council
City of Charlottesville, 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 the City of Charlottesville, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Charlottesville, Virginia's basic financial statements, and have issued our report thereon dated December 2, 2022. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit - Charlottesville School Board School Activity Funds, as described in our report on the City of Charlottesville, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Charlottesville, 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 the City of Charlottesville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Charlottesville, 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 entity'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.

Report on Internal Control over Financial Reporting (Continued)

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Charlottesville, Virginia's financial statements are free from 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 the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 30, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Charlottesville, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Charlottesville, Virginia's major federal programs for the year ended June 30, 2022. The City of Charlottesville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Charlottesville, 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, 2022.

Basis for Opinion on Each Major Federal Program

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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Charlottesville, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Charlottesville, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Charlottesville, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Charlottesville, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Charlottesville, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Charlottesville, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Charlottesville, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Charlottesville, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

March 30, 2023

CITY OF CHARLOTTESVILLE, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal granting agency/recipient state agency/grant program/grant number	Assistance Listing number	Pass- Through Entity DUNS	Amount Passed- Through to Subrecipient	FY2022 Federal Expenditures
DEPARTMENT OF AGRICULTURE				
<u>Pass-through payments:</u>				
Child Nutrition Cluster:				
Virginia Department of Agriculture and Consumer Services				
Food Distribution - USDA Commodities	10.555			158,431
Virginia Department of Education				
National School Lunch Program (457-07-05)	10.555			685,916
COVID-19 - National School Lunch Program (457-07-05)	10.555			2,068,253
Total National School Lunch Program				2,912,600
Summer Food Service Program for Children (10013)	10.559			57,883
Fresh Fruit and Vegetable Program (179-01-00)	10.582			53,371
Total Child Nutrition Cluster				3,023,854
Virginia Department of Social Services				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			1,711,453
Virginia Department of Education				
Child and Adult Care Food Program (60090)	10.558			29,157
Child Nutrition Discretionary Grants Limited Availability	10.579			2,977
COVID-19 - Pandemic EBT Administrative Costs	10.649			3,063
Virginia Department of Forestry				
Forest Stewardship Program (17VTCW08)	10.678			10,000
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>Direct payments:</u>				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	078675710	32,056	526,267
(B18MC10022; B19MC10022; B20MW510022; B20MC510022; B21MC510022)	14.218	008652775	34,000	
	14.218	607425837	25,000	
	14.218	962428301	94,437	
			185,493	
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	078675710	102,198	263,008
	14.218	832619907	49,018	
	14.218	079015306	59,867	
	14.218	189610384	18,809	
	14.218	195913140	33,116	
			263,008	
Total CDBG Entitlement Grants Cluster				789,275
<u>Pass-through payments:</u>				
Thomas Jefferson Planning District Commission				
Home Investment Partnerships Program	14.239	128721896	32,855	97,208
	14.239	189610384	41,122	
	14.239	938706827	23,231	
			97,208	
Virginia Department of Housing & Community Development				
Home Investment Partnerships Program	14.239	832619907	59,262	59,262
Total Home Investment Partnerships Program				156,470
Community Development Block Grants/State's program and				
Non-Entitlement Grants in Hawaii	14.228	832619907	1,131,079	1,131,079
Emergency Solutions Grant Program (22-VHSP-008)	14.231	832619907	75,767	75,767
COVID-19 - Emergency Solutions Grant Program (20-VHSP-008/20-CHERP-008)	14.231	832619907	255,430	255,430
Total Emergency Solutions Grant Program			331,197	331,197
Housing Opportunities for Persons with Aids (20-HW-303/21-HW-303)	14.241	832619907	279,304	279,304
COVID-19 - Housing Opportunities for Persons with Aids	14.241	832619907	19,342	19,342
Total Housing Opportunities for Persons with AIDS			298,646	298,646
DEPARTMENT OF JUSTICE				
<u>Direct payments:</u>				
Drug Court Discretionary Grant Program	16.585	074745829	199,277	199,277
Edward Byrne Memorial Justice Assistance Grant Program	16.738			108,326
<u>Pass-through payments:</u>				
Virginia Department of Criminal Justice Services:				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034			49,950
Crime Victim Assistance (21-B47365B19/21-A8566VW19)	16.575			262,787
Virginia Department of Education				
Juvenile Justice and Delinquency Prevention - Push Out Grant	16.540			9,500
Supreme Court of Virginia				
Byrne Formula Drug Treatment Court (20-C3684AD20)	16.579	198093189	229,406	229,406

CITY OF CHARLOTTESVILLE, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal granting agency/recipient state agency/grant program/grant number	Assistance Listing number	Pass- Through Entity DUNS	Amount Passed- Through to Subrecipient	FY2022 Federal Expenditures
DEPARTMENT OF LABOR				
Pass-through payments:				
Virginia Community College System				
WIOA Cluster:				
WIOA - Adult Program	17.258	957031974	522,409	522,409
WIOA - Youth Activities	17.259	957031974	338,177	338,177
WIOA - Dislocated Worker Formula Grants	17.278	957031974	230,970	230,970
Total WIOA Cluster			1,091,556	1,091,556
DEPARTMENT OF TRANSPORTATION				
Direct payments:				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	099592768	632,659	2,915,584
COVID-19 - Federal Transit Formula Grants	20.507	099592768	179,081	1,363,334
Total Federal Transit Formula Grants			811,740	4,278,918
Pass-through payments:				
Virginia Department of Conservation and Recreation				
Highway Planning and Construction Cluster:				
Recreation Trails Program	20.219			10,770
Virginia Department of Transportation				
Highway Planning and Construction	20.205			343,995
Total Highway Planning and Construction Cluster				354,765
Virginia Department of Motor Vehicles				
Alcohol Open Container Requirements	20.607			993
DEPARTMENT OF THE TREASURY				
Direct payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			3,516,277
Pass-through payments:				
Virginia Department of Education				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			163,145
Virginia Department of Tourism				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			140,000
Total Coronavirus State and Local Fiscal Recovery Funds				3,819,422
Virginia Department of Accounts				
COVID-19 - Coronavirus Relief Fund	21.019			11,667
DEPARTMENT OF EDUCATION				
Direct payments:				
Elementary and Secondary Education Act:				
Impact Aid	84.041			6,505
School Safety National Activities	84.184			6,389
Education for Homeless Children and Youth	84.196			11,291
Pass-through payments:				
Department of Education				
Title I Grants to Local Educational Agencies (171-01-05)	84.010			1,566,118
Special Education Cluster (IDEA):				
Special Education Grants to States (171-02-50)	84.027			1,026,524
COVID-19 - Special Education Grants to States	84.027			52,669
Total Special Education Grants to States				1,079,193
Special Education Preschool Grants (171-02-50)	84.173			48,513
Total Special Education Cluster (IDEA)				1,127,706
Career and Technical Education - Basic Grants to States (171-03-50)	84.048			123,883
English Language Acquisition State Grants (171-06-05)	84.365			65,331
Supporting Effective Instruction State Grants (560-45-45)	84.367			202,648
School Improvement Grants	84.377			100,810
Student Support and Academic Enrichment Program	84.424			98,671
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425C			15,565
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425D			4,740,986
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U			235,179
Total Education Stabilization Fund				4,991,730

CITY OF CHARLOTTESVILLE, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal granting agency/recipient state agency/grant program/grant number	Assistance Listing number	Pass- Through Entity DUNS	Amount Passed- Through to Subrecipient	FY2022 Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct payments:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	198093189	90,150	90,150
Basic Center Grant	93.623	084136464	124,784	189,045
Pass-through payments:				
Department of Social Services				
Temporary Assistance for Needy Families	93.558			645,214
Temporary Assistance for Needy Families (BEN-17-056/BEN-19-024/BEN-19-113)	93.558			4,224
Total Temporary Assistance for Needy Families				649,438
Guardianship Assistance	93.090			22,573
Title IV-E Prevention Program	93.472			13,046
Marylee Allen Promoting Safe and Stable Families	93.556			54,604
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566			8,383
Low-Income Home Energy Assistance	93.568			108,101
Community Based Child Abuse Prevention Grants	93.590			1,000
CCDF Cluster:				
Child Care Mandatory and Matching Funds of CCDF	93.596			136,504
Chafee Education and Training Vouchers Program	93.599			4,787
Adoption and Legal Guardianship Incentive payments	93.603			4,575
Stephanie Tubbs Jones Child Welfare Services Program	93.645			1,450
Foster Care - Title IV-E	93.658			818,121
Adoption Assistance	93.659			1,760,479
Social Services Block Grant	93.667			699,732
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674			38,713
Elder Abuse Prevention Interventions Program	93.747			1,316
Children's Health Insurance Program	93.767			9,200
Medicaid Cluster:				
Medical Assistance Program (Medicaid; Title XIX)	93.778			898,713
DEPARTMENT OF HOMELAND SECURITY				
Direct payments:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			1,037,694
Pass-through payments:				
Virginia Department of Emergency Management				
Emergency Management Performance Grants (7522)	97.042	066022047		20,967
Total			4,912,806	32,773,411

See accompanying independent auditors' report.

See accompanying note to Schedule of Expenditures of Federal Awards.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 – GENERAL

The Uniform Guidance requires a schedule of expenditures of federal awards showing total federal expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). The accompanying schedule of federal awards presents the activity of all federal financial assistance programs of the City of Charlottesville, Virginia, and its component units. The City of Charlottesville reporting entity is defined in Note 1 of the City's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The schedule of federal awards is presented using the modified accrual basis of accounting, which is more fully described in Note 1 (c) to the City's financial statements. The City of Charlottesville participated in federal programs below in which non-cash benefits are provided through the state to eligible program participants:

Food Distribution Programs (CFDA Numbers 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

Food Stamps (CFDA Number 10.561) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for food stamp benefit distribution statewide.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the City's basic financial statements as follows:

	Intergovernmental revenue per financial statements	Less: amounts not related to federal financial assistance	Less: federal revenue received for prior year expenditures	Less: unearned federal revenue	Add: prior year unearned federal revenue expended in the current year	Total schedule of expenditures of federal awards
General Government	\$ 29,095,279	\$ 29,095,279	\$ -	\$ -	\$ -	\$ -
American Relief Program Act	3,516,277	-	-	-	-	3,516,277
Capital Projects	9,542,370	9,239,358	-	-	-	303,012
Social Services	10,345,279	3,407,315	-	-	-	6,937,964
Debt Service	35,573	35,573	-	-	-	-
Other Governmental	20,037,312	10,546,882	-	11,566	-	9,478,864
Total Governmental	<u>\$ 72,572,090</u>	<u>\$ 52,324,407</u>	<u>\$ -</u>	<u>\$ 11,566</u>	<u>\$ -</u>	<u>\$ 20,236,117</u>
Component Unit Schools	<u>\$ 33,218,379</u>	<u>\$ 21,772,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,445,738</u>
CVPED*	<u>\$ 1,091,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,091,556</u>

* The City of Charlottesville and Central Virginia Partnership for Economic Development are parties to a Workforce Act Fiscal and Administrative Agent Agreement. As fiscal agent, Central Virginia Partnership for Economic Development directly manages WIOA funds. The City monitors WIOA financials.

CITY OF CHARLOTTESVILLE, VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

Program Title	DUNS	Assistance Listing #	Amount	Subrecipients
Community Development Block Grant	078675710	14.218	\$ 134,254	Community Investment Collaborative
Community Development Block Grant	008652775	14.218	34,000	Public Housing Association of Residents
Community Development Block Grant	962428301	14.218	94,437	Local Energy Alliance Program
Community Development Block Grant	832619907	14.218	49,018	Thomas Jefferson Area Coalition for the Homeless
Community Development Block Grant	607425837	14.218	25,000	Literacy Volunteers of Charlottesville Albemarle
Community Development Block Grant	79015306	14.218	59,867	Charlottesville Redevelopment and Housing Authority
Community Development Block Grant	189610384	14.218	18,809	Habitat for Humanity
Community Development Block Grant	195913140	14.218	33,116	Thomas Jefferson Health Department
Community Development Block Grant	832619907	14.228	1,131,079	Thomas Jefferson Health Department
Emergency Solutions Grant Program	832619907	14.231	331,197	Thomas Jefferson Area Coalition for the Homeless
Home Investment Partnerships Program	128721896	14.239	32,855	Albemarle Housing Improvement Program
Home Investment Partnerships Program	189610384	14.239	41,122	Habitat for Humanity
Home Investment Partnerships Program	962428301	14.239	23,231	Local Energy Alliance Program
Foster Care to Adult	832619907	14.239	59,262	Thomas Jefferson Area Coalition for the Homeless
Housing Opportunities for Persons with Aids	832619907	14.241	298,646	Thomas Jefferson Area Coalition for the Homeless
Drug Court Discretionary Grant Program	74745829	16.585	199,277	Region Ten Community Services Board
Drug Control System Improvement - Byrne				
Memorial Formula Grant	198093189	16.579	229,406	Offender Aid and Restoration
Workforce Investment Act - Adult Services	957031974	17.258	522,409	Central VA Partnership for Economic Development
Workforce Investment Act - Youth Services	957031974	17.259	338,177	Central VA Partnership for Economic Development
Workforce Investment Act- Dislocated Worker Services	957031974	17.278	230,970	Central VA Partnership for Economic Development
Federal Highway Administration	099592768	20.507	811,740	JAUNT
H&HS - Substance Abuse & Mental Health Services	198093189	93.243	90,150	Offender Aid and Restoration
H&HS - Basic Center Program for Runaway Services	84136464	93.623	124,784	Ready Kids
			<u>\$ 4,912,806</u>	

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports, except that certain federal financial reports are prepared on the cash basis of accounting and the schedule of federal awards is prepared on the modified accrual basis of accounting (see Note 2 above).

NOTE 6 – DE MINIMUS INDIRECT COST RATE

The City did not elect to use the 10% de minimus cost rate.

NOTE 7 – OUTSTANDING LOAN BALANCES

At June 30, 2022, the City had no outstanding loan balances requiring disclosure.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

A. 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?	No
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
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:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
	CDBG Entitlement Grants Cluster:
14.218	Community Development Block Grants/Entitlement Grants
14.228	Community Development Block Grants/State's program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Educational Agencies
84.425	COVID-19 - Education Stabilization Fund
	Federal Transit Cluster:
20.507	Federal Transit Formula Grants
20.507	COVID-19 - Federal Transit Formula Grants
93.658	Foster Care
93.659	Adoption Assistance
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between Type A and Type B programs:	\$	983,202
Auditee qualified as low-risk auditee?		Yes

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.FY22

CITY OF CHARLOTTESVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS– COMMONWEALTH OF VIRGINIA

None.

**CITY OF CHARLOTTESVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022**

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

2021-001: SOCIAL SERVICES EMPLOYEE ACCESS REVIEW

Condition: Employees' access to DSS applications are not reviewed on an annual basis. Title 63.2 of the Code of Virginia requires an annual review of employee access.

Current Year Status: This prior year finding has been resolved and does not exist for the current year.

2021-002: SOCIAL SERVICES SECURITY POLICIES

Condition: Inconsistent documentation exists for employees' acknowledgement and completion of various information security policies. Per Title 63.2 of the Code of Virginia, employees must document acknowledgment of the Acceptable Use Awareness Policy.

Current Year Status: This prior year finding has been resolved and does not exist for the current year.