



CITY OF CHARLOTTESVILLE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

STRATEGIC PLAN ORGANIZATIONAL VALUES

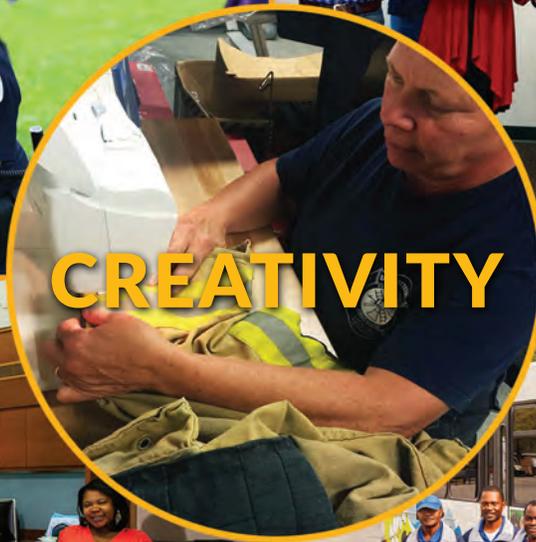
RESPECT



LEADERSHIP



CREATIVITY



TRUST



EXCELLENCE



CITY OF CHARLOTTESVILLE, VIRGINIA

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017**

**Prepared by
Department of Finance**

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CITY OF CHARLOTTESVILLE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

CITY OF CHARLOTTESVILLE
"A World Class City"

Office of the Director of Finance

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Telephone 434-970-3200 · Fax 434-970-3232



November 30, 2017

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

Dear Council Members:

We are pleased to submit to you the comprehensive annual financial report (CAFR) of the City of Charlottesville (the City) for the fiscal year ended June 30, 2017. The CAFR was prepared in accordance with Section 11-96 of the City Code. The City's Finance Department prepared the report and it was audited by the City's independent auditors, Brown, Edwards, & Company, LLP. Brown, Edwards opinions are included in this report. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

FINANCIAL CONDITION AND OUTLOOK

For Fiscal Year 2017 (completed June 30, 2017): The City's General Fund and other Governmental Funds finished with a positive surplus of approximately \$9.0 million, about 5.5% within the adopted budget total. Several of the City's own-source tax revenues performed better than anticipated reflecting the strength of the local economy while City departments spent less than expected. These results are similar to previous fiscal years.

The City finished in compliance with all of its long-term financial policies including:

- Maintain a minimum General Fund balance of at least 14% of General Fund budget.

- Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget.
- Maintain sufficient working capital in the utilities funds (Water, Wastewater, Gas).
- Stabilize all non-general funds by ensuring they have a positive fund balance.
- Maintain a debt service to general fund total expenditure budget ratio of 8% or less.
- Transfer 1-cent of the meals tax revenue to the Debt Service Fund to be used for debt service.

The City's positive financial results and sound financial policies were affirmed again in May 2017 when both Moody's Investor Services and Standard & Poor's evaluated the City and awarded their top rating (Aaa and AAA, respectively) on the City's latest bond issue.

For the past several years, City management has been focused on the long-term financial sustainability of the City's retirement plan and Other Post-Employment Benefits (OPEB). As part of its AAA-rated financial management, the City has traditionally funded 100% of its required Actuarially Determined Contribution (ADC) for pension costs and OPEB and plans to do so in the future.

In an effort to ensure the City is taking necessary steps now, so that in the future, our employees' retirements will be secure, the Retirement Commission commissioned a Retirement Sustainability Study in 2015 to review the City's Defined Benefit (DB) Plan benefits and funding strategies, and to offer recommendations for future investments. Most financial experts consider a funded status of 80% for public pensions to be a healthy funding level. The funded status of the City's pension plan in recent years has been 54.4%, 50.3% and 53.7% for fiscal years 2015, 2016, and 2017 respectively.

After an initial review of the Sustainability Study in early 2016, the Retirement Commission and City Manager committed to reaching an 80% funded status in the next 10 years. In the summer of 2016, the City Manager and members of the Retirement Commission held 13 meetings with over 420 employees to discuss the options for reaching sustainability. Ideas generated during those discussions were reviewed by representatives from SageView Consulting to determine feasibility and impact.

In June 2017, City Council amended City Code to reflect the following changes recommended by the City Manager and Retirement Commission:

- Phased in 2% Contribution for Plan 1 employees (hired before 7/1/2012).
- 5% Employee contribution for new hires starting 7/1/2017.

- Retiree COLA requires 15 years of service.
- COLA requires retirement from the City and becomes effective after 1 full year of retirement.
- Capping the public safety supplement at the estimated full Social Security benefit for all Public Safety Employees.
- Capping the public safety supplement at 17 years prior to Social Security eligibility (current benefit).
- Requiring all new employees hired after 7/1/2017 to contribute 5% of their salary to the plan. The same rate paid by employees in the Virginia Retirement System (VRS).

Collectively, these changes are projected to achieve the goal of 80% funded status in the next 10 years.

For Fiscal Year 2018 (beginning July 1, 2018): The fiscal year 2018 budget, with a General Fund of \$171.1 million, a 5.95% over the fiscal year 2017 budget, focuses on service delivery to address recent growth in the City. According to the newly released Weldon Cooper Center estimates, the population in Charlottesville has increased 12.9% in the last six years, from 43,475 in the 2010 Census to an estimate of 49,071 in 2016.

The fiscal year 2018 budget addresses the growing needs of our City while protecting the qualities that make Charlottesville a special place to live. Specifically:

- Schools - \$2 million in new operating funding for the growing system, a new track at Charlottesville High School and \$5 million over the next five years in an unallocated fund that the schools can use for strategic initiatives of their choice.
- Affordable Housing – Increases funds in the Affordable Housing Fund over the next five years. Year one proposes an \$800,000 increase, to \$2.5M, then starting in FY 2019 affordable housing will be funded at \$3.4 million per year. The funding, coupled with over \$2 million in new money over five years to assist the Charlottesville Redevelopment and Housing Authority (CRHA) with its redevelopment efforts.
- Parking - up to \$10 million in the CIP to contribute to future projects that will provide the parking necessary to continue to make Downtown a vibrant commercial, retail and entertainment corridor for our community.
- Efficiency Study Implementation - The Study offered 83 recommendations to help improve service delivery citywide.

ECONOMIC CONDITION AND OUTLOOK

A number of key economic indicators continued to show positive growth. Meals tax revenue increased by 3.77 % in fiscal year 2017 over the previous fiscal year. Fiscal year 2017

Lodging tax revenue increased by 32.27% while sales tax also increased by 1.78% over the same period.

For tax year 2017, residential real estate assessments increased in value by 4.16%. Commercial property values increased for a fifth straight year in 2017, this time by 26.18%. Combined existing residential and commercial property increased in value by 12.84%. The total value of property in the City, including new construction, increased by 13.86% in tax year 2017. In addition, the City's unemployment rate has stabilized from its high in 2010 and, as of September 2017, is at 2.9%. That rate is below the national unemployment rate of 4.2%, and the State's rate of 3.6%. The unemployment rate for the Charlottesville MSA stood at 3.1% during this same period.

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

The University of Virginia and its Medical Center continue to be the area's largest employer, providing over 18,000 jobs and making the City a regional center for quality education and healthcare. The University has avoided layoffs to date and continues its plans to grow student enrollment at a moderate rate over the next decade. The University also enjoys nationally ranked men's and women's teams in many major sports, having recently won NCAA Championships in baseball, men's soccer, and men's tennis. The University's John Paul Jones Arena, which at 15,000 seats is the largest arena in the Commonwealth of Virginia, annually attracts over 500,000 visitors from around the state to the area.

The City's downtown has shown dramatic changes during the past decade, in particular during the past five years, as a result of both on-going public and private investment in new construction and renovation/restoration projects. The Downtown Mall is thriving, with an exciting combination of residential and retail units, restaurants, a cinema, music venues, an ice skating rink, as well as a number of office complexes and financial institutions, all of which draw local residents and tourists to the area. The Citywide retail vacancy rate continues to remain near its all-time low at 2.44% as of July 2017.

A growing number of companies are seeking to locate in the City. The 2017 *Inc.* 5000 list includes a number of rapidly growing Charlottesville firms including WillowTree and GovSmart. The City continues to gain new private sector jobs, and has added almost 3,500 net new jobs since 2009. This marks the sixth consecutive year in which private sector employment increased in the City. The overall employment figures are now the highest in history with over 40,000 City-based jobs.

Arts and entertainment continue to draw large numbers of visitors to Charlottesville. The Paramount Theater, a 1,200-seat multi-purpose auditorium, the Jefferson Theater, a 1,000-concert venue, and the LiveArts performing center serve as year-around attractions. The three season Sprint Pavilion has an annual attendance of over 100,000 patrons and the venue recently completed another season featuring national caliber artists. The covered, 3,500-seat facility is expected to play a key role in continuing to attract those seeking entertainment.

The City maintains controlling interest in over 1,500 off-street parking spaces downtown. Every effort is made to keep parking available and affordable for residents, workers, and visitors alike. In 2015, over 1,100,000 people used these parking facilities. While current parking supply meets demand, the City is taking steps to better manage its existing resources and plan for future growth.

The West Main Street corridor continues to see significant new private sector investment. A Marriott Residence Inn hotel opened in January 2016 at the east end of the corridor and The Draftsman Hotel, another Marriott hotel, plans to open its 150-room facility on the west end of the corridor in March 2018. The UnCommon, a 240-unit student oriented apartment complex, completed construction and opened its doors in August of 2016, joining The Flats at West Village, as two major housing projects completed in the past three years on the west end of the corridor. A third student oriented apartment complex, The Standard, is finishing construction and currently leasing its 644 bedrooms for the summer 2018. Throughout the corridor, smaller scale in-fill projects and building redevelopments have brought new life to West Main Street. Also, the City is moving forward with schematic plans for a \$30 million dollar streetscape improvement project.

The Preston Avenue corridor continues to represent an opportunity for similar development and changes are underway. Recently completed projects include the Coca Cola building and the King Lumber site, where a \$5 million renovation was finished in mid-2016. Additionally, smaller redevelopments are near completion at 805 Preston and 945 Preston, offering expanded commercial and office space. Finally, planning has begun on a large, 5 acre

redevelopment on the corridor's west end. The City will continue to look for opportunities to collaborate with private developers as redevelopment occurs along this corridor.

Continued capital investments throughout the City give us reason to be optimistic about the future. In calendar year 2016, 492 commercial construction permits were issued with an investment value of \$73,080,613. The City's proactive approach to welcoming investment continues to prove effective with support from a zoning ordinance that encourages denser, mixed-use development to help provide opportunities to expand the tax base and encourage quality commercial development. This activity provides a vibrant environment allowing us to continue to improve our city and the services it can provide to citizens, in an orderly and financially responsible manner.

OTHER INFORMATION

Independent Audit: State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial records of the City has been performed by the accounting firm of Brown, Edwards & Company, LLP, for the year ended June 30, 2017. 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, 2016. This was the thirty-seventh (37th) consecutive such award received by the City. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Honorable Mayor and Members
of the City Council
November 30, 2017

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Maurice T. Jones
City Manager



Christopher V. Cullinan
Director of Finance



Government Finance Officers Association

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

Presented to

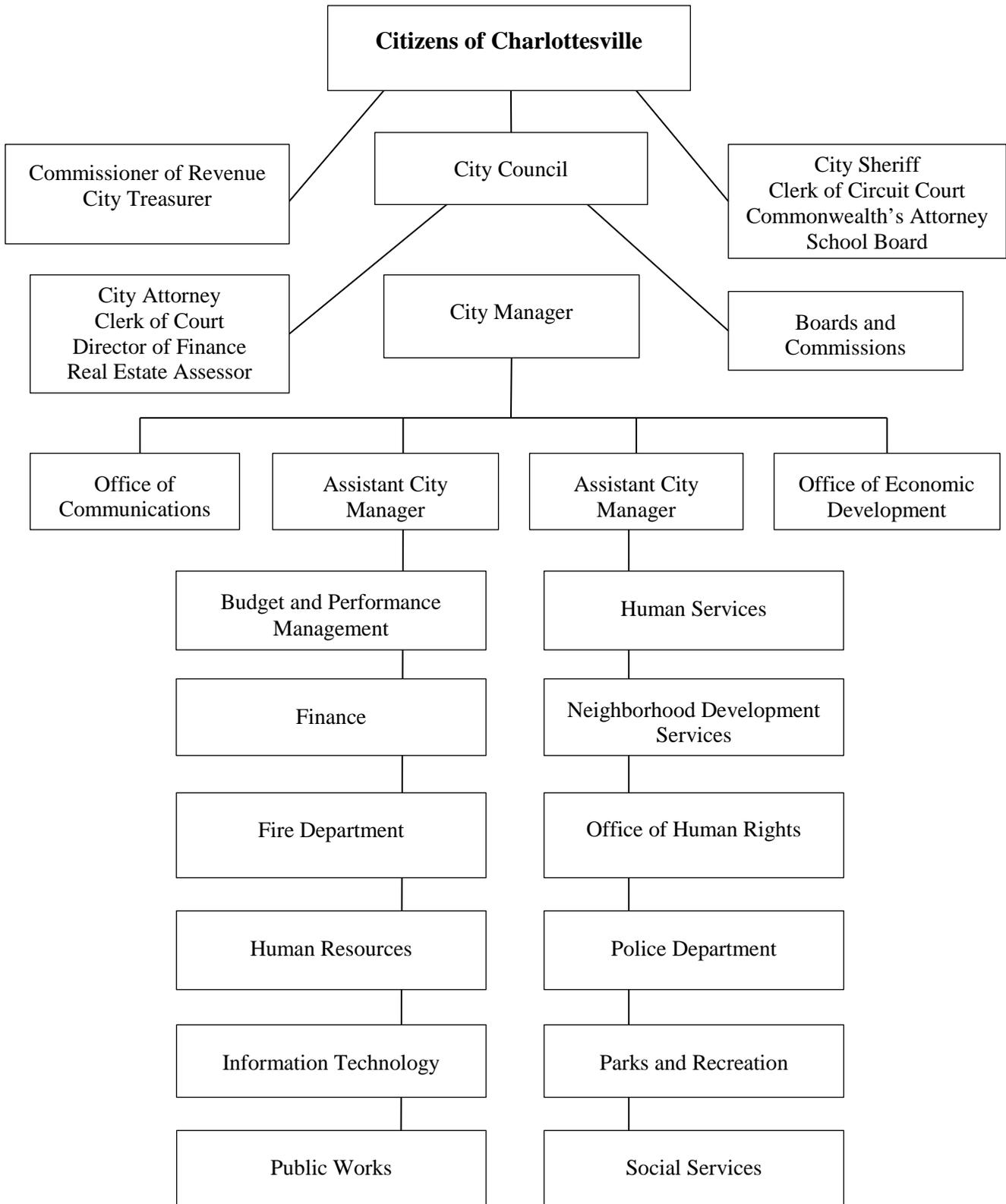
**City of Charlottesville
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

City Organizational Chart



CITY OF CHARLOTTESVILLE, VIRGINIA

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2017

ELECTED OFFICIALS

Council Members:

Michael Signer	Mayor
Wes Bellamy	Vice-Mayor
Bob Fenwick	Council Member
Kathy Galvin	Council Member
Kristin Szakos	Council Member

Constitutional Officers:

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

APPOINTED OFFICIALS

Maurice T. Jones	City Manager
Michael Murphy	Assistant City Manager
Leslie M. Beauregard	Assistant City Manager
S. Craig Brown	City Attorney
Paige Rice	Clerk of Council
Chris Engel	Director of Economic Development
Christopher V. Cullinan	Director of Finance
Andrew Baxter	Fire Chief
H. Galloway Beck	Director of Human Resources
Karen Parker	Director of Information Technology
Alexander Ikefuna	Director of Neighborhood Development Services
Alfred S. Thomas, Jr.	Chief of Police
Paul Oberdorfer	Director of Public Works
Jeffrey Davis	Real Estate Assessor
Brian Daly	Director of Parks and Recreation
Rosanna Bencoach	General Registrar
Diane E. Kuknyo	Director of Social Services
Kaki Dimock	Director of Human Services
Miriam Dickler	Director of Communications



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia (the "City") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 13 to the financial statements, in 2017, the City adopted new accounting guidance, *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2017

CITY OF CHARLOTTESVILLE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2017

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, 2017. 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 \$222.5 million at June 30, 2017. Of this amount, \$53.8 million is unrestricted.
- The City's total net position increased by \$10.1 million over the prior year. This increase is the sum of a \$10.4 million increase for the governmental net position and a \$0.3 million decrease in business-type net position.

Governmental Funds

- At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$79.4 million an increase of \$9.1 million over the prior year. Approximately 52.8 percent, or \$41.9 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported excess revenues over budget of \$3,719,470, primarily due to several of the tax revenues (real estate, business license, meals, and lodging) performing better than expected. The expenditures and other financing sources (net) finished out the year under budget primarily due to the Children's Services Act, and Transit needing fewer local dollars than originally anticipated. City departments continue to do a very good job of monitoring their budgets which resulted in expenditures less than budget. Savings resulted from vacancies, efficiencies and staff's constant due diligence with city tax dollars.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$41.9 million, or 27.5 percent of total General Fund expenditures and transfers, net.

Long-term Liabilities

- The City's total liabilities, consisting of general obligation bonds, insurance claims payable, compensated absences and pension obligations increased by \$14.5 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

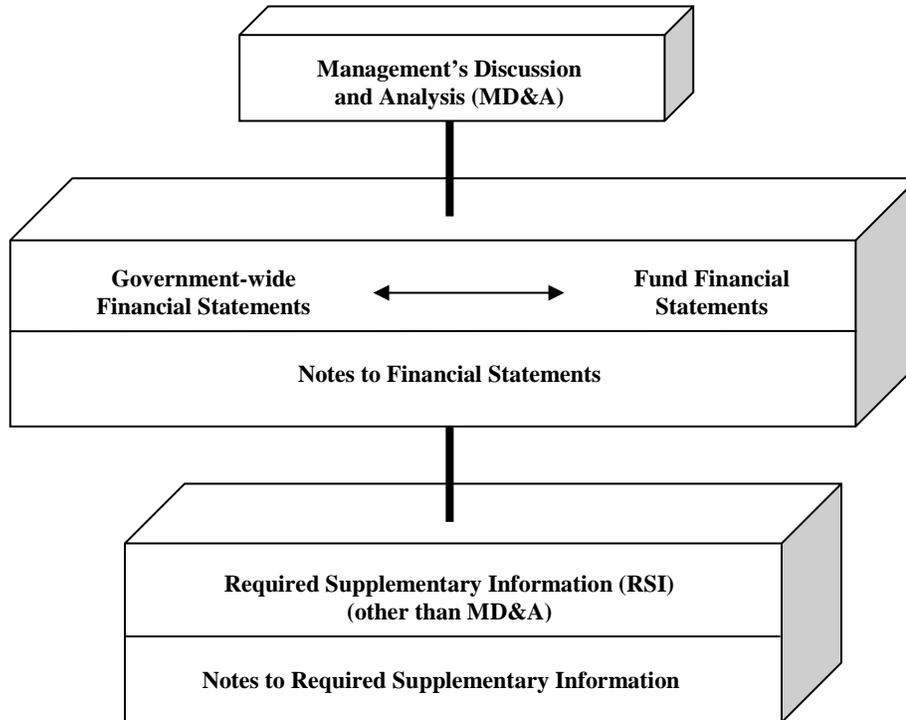
This report contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Figure A
Required Components of City's Financial Statements



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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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, 2017 and 2016

Table I

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2017	2016*	2017	2016	2017	2016*	2016-2017
Assets:							
Current and other assets	\$ 141,216,542	\$ 125,379,789	\$ 30,849,870	\$ 34,102,944	\$ 172,066,412	\$ 159,482,733	7.9 %
Capital assets	232,830,652	220,882,727	81,664,743	77,567,125	314,495,395	298,449,852	5.4
Total assets	374,047,194	346,262,516	112,514,613	111,670,069	486,561,807	457,932,585	6.3
Deferred Outflow of							
Resources	26,160,346	24,228,484	3,133,763	2,961,724	29,294,109	27,190,208	7.7
Liabilities:							
Long-term liabilities							
outstanding	166,451,847	153,853,380	52,163,124	52,021,379	218,614,971	205,874,759	6.2
Other liabilities	24,303,553	22,620,476	9,783,736	8,317,496	34,087,289	30,937,972	10.2
Total liabilities	190,755,400	176,473,856	61,946,860	60,338,875	252,702,260	236,812,731	6.7
Deferred Inflow of							
Resources	39,842,451	38,550,763	791,047	1,059,980	40,633,498	39,610,743	2.6
Net position:							
Net investment in							
capital assets	129,422,307	138,310,542	33,246,970	28,416,350	162,669,277	166,726,892	(2.4)
Restricted							
General government	-	328,199	-	-	-	328,199	(100.0)
Public safety	162,818	606,109	-	-	162,818	606,109	(73.1)
Health and welfare	190,524	163,117	-	-	190,524	163,117	16.8
Conservation and development	25,000	-	-	-	25,000	-	100.0
Nonspendable							
loans receivable	5,500,750	4,728,625	-	-	5,500,750	4,728,625	16.3
permanent fund	162,501	162,501	-	-	162,501	162,501	-
Unrestricted	34,145,789	11,167,288	19,663,499	24,816,588	53,809,288	35,983,876	49.5
Total net position *	\$ 169,609,689	\$ 155,466,381	\$ 52,910,469	\$ 53,232,938	\$ 222,520,158	\$ 208,699,319	6.6

*As restated.

Net position (the difference between assets and liabilities plus deferred outflows of resources less deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. In the case of the City of Charlottesville, the net position was \$222.5 million at the close of fiscal year 2017. The largest portion of the City's net position (73.1%) 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.

Approximately 2.8% of the City's net position is subject to external restrictions or non-spendable. The remaining balance of unrestricted net position (\$34.1 million or 15.4%) may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

The net position of the City's governmental activities increased from \$159.2 million to \$169.6 million.

Business-type Activities

The City's business-type activities net position decreased by \$0.3 million primarily due to an increase in the price of natural gas. Business-type activity resources are not to be used to make up for a net position deficit in the governmental activities. In general, the City can only use the unrestricted net position of business-type activities to finance the continued operations of its enterprise operations, which include the Water, Sewer, Stormwater, Gas and Meadowcreek Golf Course funds.

Statement of Activities

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

City of Charlottesville, Virginia Changes in Net Position For the Years Ended June 30, 2017 and 2016

Table II

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2016-2017
Revenues:							
Program Revenues:							
Charges for services	\$ 39,367,511	\$ 21,807,858	\$ 49,248,896	\$ 49,098,210	\$ 88,616,407	\$ 70,906,068	25.0 %
Operating grants and contributions	58,717,983	23,250,570	270,313	-	58,988,296	23,250,570	153.7
Capital grants and contributions	6,570,156	3,158,946	-	-	6,570,156	3,158,946	108.0
General Revenues:							
Property taxes	68,384,143	62,940,310	-	-	68,384,143	62,940,310	8.6
Other taxes	48,337,457	45,464,787	-	-	48,337,457	45,464,787	6.3
Grants and contributions*	-	30,117,894	-	-	-	30,117,894	(100.0)
Interest and investment earnings	416,625	341,347	101,036	141,362	517,661	482,709	7.2
Total revenues	221,793,875	187,081,712	49,620,245	49,239,572	271,414,120	236,321,284	14.8
Expenses:							
General government	25,116,791	27,127,026	-	-	25,116,791	27,127,026	(7.4)
Public safety	45,118,838	38,827,913	-	-	45,118,838	38,827,913	16.2
Community services	25,259,071	23,003,605	-	-	25,259,071	23,003,605	9.8
Health and welfare	37,155,165	31,493,206	-	-	37,155,165	31,493,206	18.0
Parks, recreation and culture	17,120,453	13,868,610	-	-	17,120,453	13,868,610	23.4
Education	52,714,685	50,053,416	-	-	52,714,685	50,053,416	5.3
Conservation and development	12,626,012	10,244,623	-	-	12,626,012	10,244,623	23.2
Interest on long term debt	1,746,162	2,465,754	-	-	1,746,162	2,465,754	(29.2)
Water	-	-	8,971,472	8,332,731	8,971,472	8,332,731	7.7
Sewer	-	-	10,301,902	10,583,241	10,301,902	10,583,241	(2.7)
Gas	-	-	23,698,603	18,420,330	23,698,603	18,420,330	28.7
Stormwater	-	-	568,234	504,130	568,234	504,130	-
Golf	-	-	966,249	889,812	966,249	889,812	8.6
Total expenses	216,857,177	197,084,153	44,506,460	38,730,244	261,363,637	235,814,397	10.8
Change in net position before transfers	4,936,698	(10,002,441)	5,113,785	10,509,328	10,050,483	506,887	1,882.8
Transfers	5,436,254	5,198,599	(5,436,254)	(5,198,599)	-	-	-
Change in net position	10,372,952	(4,803,842)	(322,469)	5,310,729	10,050,483	506,887	1,882.8
Net position - beginning of year, restated **	159,236,737	160,270,223	53,232,938	47,922,209	212,469,675	208,192,432	2.1
Net position - end of year	\$ 169,609,689	\$ 155,466,381	\$ 52,910,469	\$ 53,232,938	\$ 222,520,158	\$ 208,699,319	6.6

* Not restricted to specific programs.

** FY16 Net position beginning balance was restated due to restatement in several funds (see note 21).

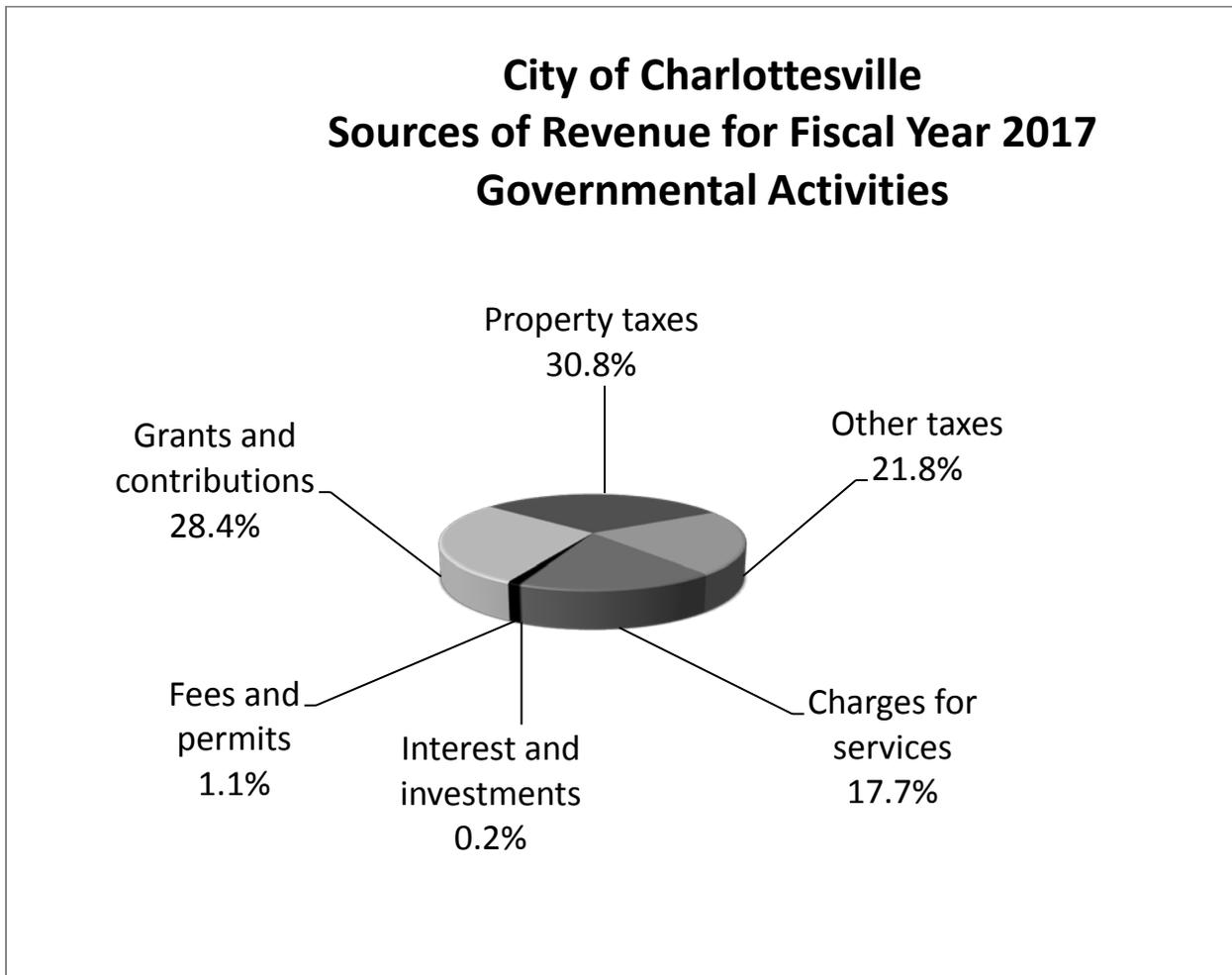
Governmental Activities

The City’s total revenues from governmental activities were \$221.8 million for the fiscal year ended June 30, 2017, an increase of \$34.7 million. The more significant changes are the following:

- Taxes – an increase of \$8.4 million, primarily from meals taxes, lodging taxes, business license taxes, and real estate taxes.
- Intergovernmental – an increase of \$6.7 million.

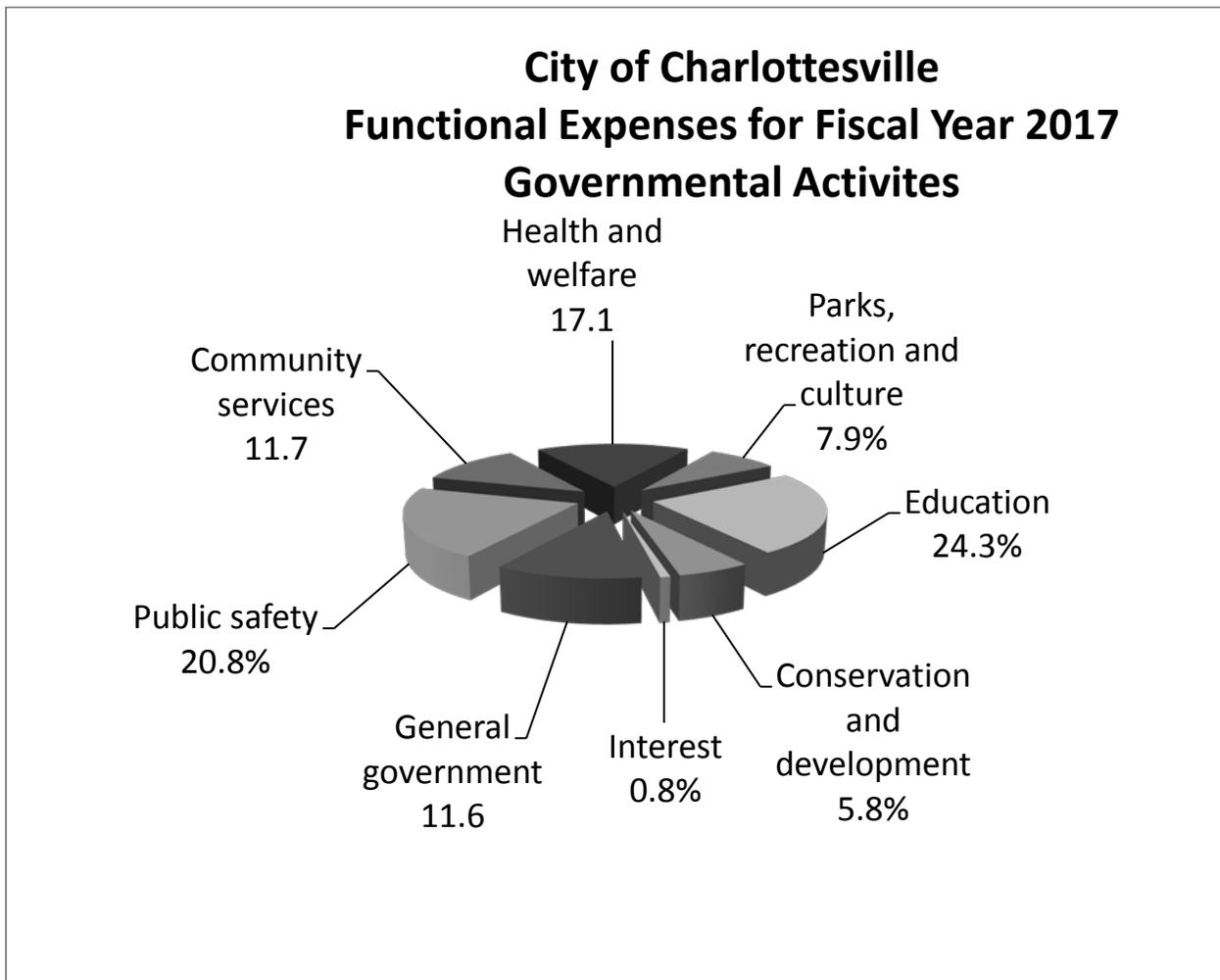
Approximately 52.6% of the City’s revenue from governmental activities comes from property and other taxes (57.9% in 2016).

Revenues by Source – Governmental Activities



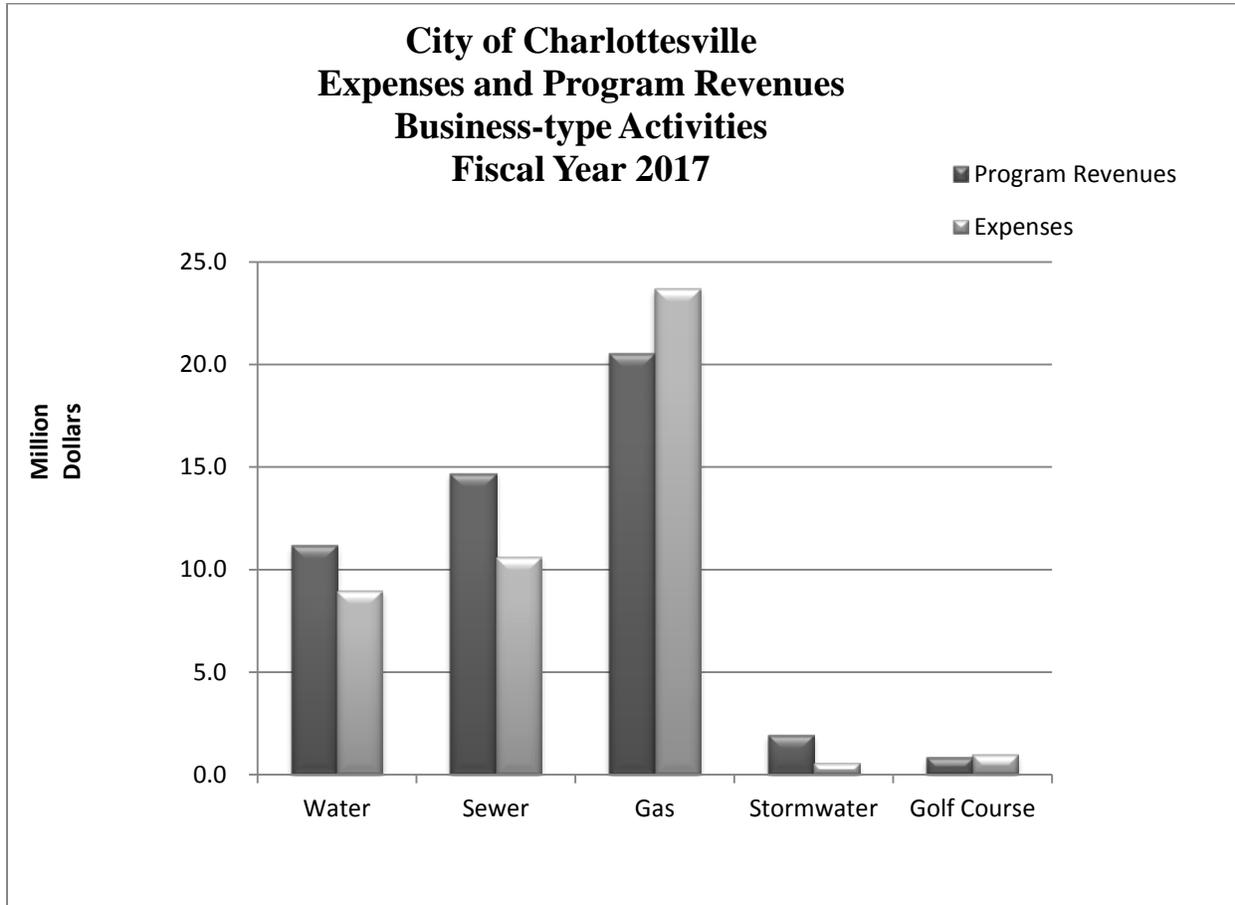
The City's governmental activity expenses increased by \$19.8 million in 2017. Expenses for fiscal year 2017 cover a wide range of services, with 17.1% or \$37.2 million related to health and welfare, 24.3% or \$52.7 million for education (primarily payments to the City's Public Schools, a component unit), and 20.8% or \$45.1 million related to public safety.

Expenses by Function – Governmental Activities



Business-Type Activities

Net position for the City's business-type activities decreased by \$0.3 million, primarily due to increased costs in the Gas fund.



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, 2017, the governmental funds reported combined ending fund balances of \$79.5 million, an increase of \$9.1 million in comparison with the prior year. Included in this are the following major transactions:

- \$17.1 million spent in the Capital Projects Fund for capital outlay to fund Hillsdale Drive extension, Ivy Rd/Fontaine Ave Fire Station, replacement fire trucks, CHS Fire Suppression System, Parks and Recreation Improvements, and bridge, road and sidewalk construction and other projects.
- \$41.1 million contributed by the City's governmental funds to finance the Public Schools' operations.

Approximately \$20.0 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 \$11.9 million committed for debt service. It also includes \$2.0 million for non-major governmental funds.

Nonspendable fund balance is \$5.7 million. This amount represents assets that are not readily available to the City for current expenditures. The City also has \$11.8 million in restricted fund balance. Restricted fund balance represents resources that have restrictions placed on them by an outside party. In this case, the City has received grant funds that must be used for a specific purpose and has also received bond proceeds that have not yet been spent.

The remaining fund balance at June 30, 2017, indicated as unassigned, is \$41.9 million in the General Fund. This amount represents 26.6% of General Fund expenditures and transfers (net) and is a measure of the General Fund's liquidity. Total fund balance of the General Fund increased by \$3.7 million in fiscal year 2017.

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 \$884,982. The Sewer Fund had an increase in net position of \$2,301,644. The Gas Fund had a decrease in net position of \$4,862,075. The Stormwater Fund had an increase in net position of \$1,302,611. The Golf Fund had a increase in net position of \$22,003.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund

For the Year Ended June 30, 2017

Table III

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Real Estate taxes	\$ 57,492,790	\$ 57,492,790	\$ 59,970,801	\$ 2,478,011
Other taxes	53,383,193	53,383,193	56,750,799	3,367,606
Intergovernmental	28,593,732	28,420,373	28,958,987	538,614
Other	9,959,126	10,473,727	10,694,097	220,370
Total	<u>149,428,841</u>	<u>149,770,083</u>	<u>156,374,684</u>	<u>6,604,601</u>
Expenditures and transfers (net)				
Expenditures	131,647,205	140,007,206	131,136,385	8,870,821
Transfers (net)	17,219,752	22,276,616	21,518,829	757,787
Total	<u>148,866,957</u>	<u>162,283,822</u>	<u>152,655,214</u>	<u>9,628,608</u>
Change in Fund Balance	<u>\$ 561,884</u>	<u>\$ (12,513,739)</u>	<u>\$ 3,719,470</u>	<u>\$ 16,233,209</u>

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$2,594,571 for encumbrances re-appropriated from June 30, 2017, as well as continuing appropriations from the prior year totaling \$1,615,144 and \$2,594,571 for Landfill Remediation Reserve.

Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled \$8,360,001. This difference is primarily due to the continuing appropriations from the prior year and supplemental appropriations during the year.

Actual total revenues were greater than the amended budget by \$6,604,601, primarily due to higher than estimated tax revenues. Several of the significant differences between budgeted and actual revenue were in meals tax, lodging tax, real estate tax and personal property tax. Expenditures and transfers were below budget by \$9,628,608.

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, 2017, amounts to \$314.5 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, 2017 and 2016

Table IV

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2016-2017
	2017	2016	2017	2016	2017	2016	2016-2017
Land	\$ 21,725,574	\$ 18,876,799	\$ 2,064,048	\$ 2,064,048	\$ 23,789,622	\$ 20,940,847	13.6 %
Assets under construction	49,198,636	35,118,049		-	49,198,636.00	35,118,049	-
Buildings and improvements	96,790,291	98,510,641	502,573	510,163	97,292,864	99,020,804	(1.7)
Vehicles	9,246,341	10,312,902	1,134,443	1,000,401	10,380,784	11,313,303	(8.2)
Equipment	2,449,950	2,587,054	592,969	706,284	3,042,919	3,293,338	(7.6)
Streets	21,361,255	22,268,737		-	21,361,255	22,268,737	(4.1)
Bridges	2,581,280	2,711,359		-	2,581,280	2,711,359	(4.8)
Infrastructure	29,477,325	30,497,186	2,645,815	1,718,390	32,123,140	32,215,576	(0.3)
Distribution and collection systems	-	-	74,724,895	71,567,839	74,724,895	71,567,839	4.4
Total	<u>\$ 232,830,652</u>	<u>\$ 220,882,727</u>	<u>\$ 81,664,743</u>	<u>\$ 77,567,125</u>	<u>\$ 314,495,395</u>	<u>\$ 298,449,852</u>	5.4

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

- Hillsdale Drive Extension
- Replacement Fire Trucks
- Street and Sidewalk improvements

The City's fiscal year 2017 capital budget provided approximately \$26.1 million for various capital projects. Some of the major categories include \$1.7 million in school related projects, \$11.7 million for street projects, \$1.0 million for parks and recreation facility improvements, \$1.9 million for public safety, \$4.8 million for urban redevelopment and housing, and \$5.0 million for other governmental commitments. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan.

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 \$140.6 million. This entire amount is backed by the full faith and credit of the City and \$46.4 million is being repaid by the City's utilities.

City of Charlottesville's Outstanding Debt General Obligation Bonds and Literary Loans June 30, 2017 and 2016

Table V

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2017	2016	2017	2016	2017	2016	Change
General obligation							
bonds	\$ 94,208,523	\$ 89,930,778	\$ 46,432,260	\$ 47,116,873	\$ 140,640,783	\$ 137,047,651	2.6 %
Literary loans payable	-	10,366	-	-	-	10,366	(100.0)
Total	<u>\$ 94,208,523</u>	<u>\$ 89,941,144</u>	<u>\$ 46,432,260</u>	<u>\$ 47,116,873</u>	<u>\$ 140,640,783</u>	<u>\$ 137,058,017</u>	2.6

Charlottesville's total debt increased by \$3.5 million during the fiscal year. On its most recent bond issue in May 2017, the City's bond rating was reaffirmed by Standard & Poor's Corporation and Moody's Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$674,023,460. This is significantly more than the City's current total outstanding debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The City's unemployment rate has stabilized from its high in 2010 and as of September 2017 is at 2.9%. This compares favorably to the national unemployment rate of 4.1%, and the state's rate of 3.6%.
- City labor force increased slightly from 24,017 in June 2016 to 25,253 in September 2017 based on current Virginia Employment Commission statistics.
- The City has a population of 48,210 according to the Weldon Cooper Center for Public Service.

These indicators were taken into account when adopting the General Fund budget for 2018. Amounts available for appropriation in the General Fund budget for 2018 are \$171.6 million, an increase of 6.0% over the 2017 budget of \$162.0 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash, cash equivalents and investments (note 3)	\$ 77,774,892	\$ 21,275,163	\$ 99,050,055	\$ 7,691,750	\$ 2,549,441
Interest receivable	125,596	-	125,596	-	-
Accounts receivable, net	1,671,451	3,641,579	5,313,030	474,928	-
Taxes receivable, net	36,144,568	-	36,144,568	-	-
Loans receivable (note 5)	7,088,464	-	7,088,464	-	-
Notes receivable	-	-	-	-	904,165
Due from other governments (note 6)	11,333,084	-	11,333,084	2,565,396	-
Internal balances	(1,856,123)	1,856,123	-	-	-
Inventories	132,110	565,691	697,801	22,835	-
Prepaid expenses	136,564	1,728,916	1,865,480	-	-
Prepaid rent	-	-	-	-	19
Net OPEB asset (note 13)	743,963	-	743,963	-	-
Restricted cash and investments (note 3)	7,921,973	1,782,398	9,704,371	-	-
Capital assets (note 8):					
Capital assets not being depreciated	70,924,210	2,064,048	72,988,258	982,889	-
Capital assets being depreciated	161,906,442	79,600,695	241,507,137	25,371,833	-
Total assets	374,047,194	112,514,613	486,561,807	37,109,631	3,453,625
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding resulting in loss transactions	4,275	62,339	66,614	-	-
Deferred charges - pension (notes 11 and 14)	26,156,071	3,071,424	29,227,495	11,206,550	-
Total deferred outflows of resources	26,160,346	3,133,763	29,294,109	11,206,550	-
LIABILITIES					
Accounts payable	3,305,864	3,041,842	6,347,706	348,064	2,236
Accrued liabilities	7,403,781	1,573,074	8,976,855	5,431,491	14,456
Customer deposits	15,291	974,260	989,551	-	65,895
Due to other governments	1,497,355	-	1,497,355	-	-
Unearned revenue	69,377	64,080	133,457	132,615	-
Accrued interest payable	1,085,509	501,957	1,587,466	-	-
Long-term liabilities (note 9):					
Due within one year	10,926,376	3,628,522	14,554,898	789,311	130,000
Due in more than one year	89,069,089	43,011,549	132,080,638	3,351,262	-
Net pension liability (notes 11 and 14)	77,382,758	9,151,576	86,534,334	67,804,541	-
Total liabilities	190,755,400	61,946,860	252,702,260	77,857,284	212,587
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	34,676,230	-	34,676,230	-	-
Deferred charges on refunding resulting in gain transactions	1,282,124	335,128	1,617,252	-	-
Deferred charges - pension (notes 11 and 14)	3,884,097	455,919	4,340,016	3,359,758	-
Total deferred inflows of resources	39,842,451	791,047	40,633,498	3,359,758	-
NET POSITION					
Net investment in capital assets	129,422,307	33,246,970	162,669,277	26,354,722	-
Restricted for: (note 2a)					
Public safety	162,818	-	162,818	-	-
Education	-	-	-	1,907,269	-
Health and welfare	190,524	-	190,524	-	-
Conservation and development	25,000	-	25,000	-	1,250,000
Permanent fund, nonexpendable	5,663,251	-	5,663,251	-	-
Unrestricted	34,145,789	19,663,499	53,809,288	(61,162,852)	1,991,038
Total net position	\$ 169,609,689	\$ 52,910,469	\$ 222,520,158	\$ (32,900,861)	\$ 3,241,038

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		School Board	Economic Development Authority	
					Governmental Activities	Business-type Activities			Total
PRIMARY GOVERNMENT:									
Governmental activities:									
General government	\$ 25,116,791	\$ 7,808,336	\$ 29,242,564	\$ -	\$ 11,934,109	\$ -	\$ 11,934,109		
Public safety	45,118,838	7,130,597	1,636,764	-	(36,351,477)	-	(36,351,477)		
Community services	25,259,071	5,112,907	5,441,190	592,408	(14,112,566)	-	(14,112,566)		
Health and welfare	37,155,165	8,753,432	17,076,168	-	(11,325,565)	-	(11,325,565)		
Parks, recreation and culture	17,120,453	5,350,770	467,158	-	(11,302,525)	-	(11,302,525)		
Education (includes contribution to school board)	52,714,685	1,288,687	347,685	-	(51,078,313)	-	(51,078,313)		
Conservation and development	12,626,012	3,922,782	4,506,454	5,977,748	1,780,972	-	1,780,972		
Interest on long-term debt	1,746,162	-	-	-	(1,746,162)	-	(1,746,162)		
Total governmental activities	216,857,177	39,367,511	58,717,983	6,570,156	(112,201,527)	-	(112,201,527)		
Business-type activities:									
Water	8,971,472	11,189,236	10,916	-	-	2,228,680	2,228,680		
Sewer	10,301,902	14,704,642	76,549	-	-	4,479,289	4,479,289		
Gas	23,698,603	20,544,734	171,491	-	-	(2,982,378)	(2,982,378)		
Stormwater	568,234	1,946,516	-	-	-	1,378,282	1,378,282		
Golf	966,249	863,768	11,357	-	-	(91,124)	(91,124)		
Total business-type activities	44,506,460	49,248,896	270,313	-	-	5,012,749	5,012,749		
TOTAL PRIMARY GOVERNMENT	\$ 261,363,637	\$ 88,616,407	\$ 58,988,296	\$ 6,570,156	(112,201,527)	5,012,749	(107,188,778)		
COMPONENT UNITS:									
Economic Development Authority	\$ 2,834,864	\$ 367,350	\$ -	\$ -				\$ -	\$ (2,467,514)
School Board	72,356,710	3,416,911	9,939,358	-				(59,000,441)	-
TOTAL COMPONENT UNITS	\$ 75,191,574	\$ 3,784,261	\$ 9,939,358	\$ -				(59,000,441)	(2,467,514)
General Revenues:									
General property taxes					68,384,143	-	68,384,143	-	-
Sales tax					11,670,485	-	11,670,485	-	-
Utility tax					4,540,179	-	4,540,179	-	-
Communications tax					3,022,277	-	3,022,277	-	-
Meals tax					11,746,648	-	11,746,648	-	-
Lodgings tax					4,846,549	-	4,846,549	-	-
Business license tax					7,918,093	-	7,918,093	-	-
Other taxes					4,593,226	-	4,593,226	-	-
Grants and contributions not restricted to specific programs					-	-	-	14,955,644	-
Payment from City					-	-	-	42,909,407	1,592,936
Interest and investment earnings					416,625	101,036	517,661	10,992	51,717
Transfers, net					5,436,254	(5,436,254)	-	-	-
Total general revenues and transfers					122,574,479	(5,335,218)	117,239,261	57,876,043	1,644,653
Change in net position					10,372,952	(322,469)	10,050,483	(1,124,398)	(822,861)
Net position - July 1, 2016 restated (note 21)					159,236,737	53,232,938	212,469,675	(31,776,463)	4,063,899
Net position - June 30, 2017					<u>\$ 169,609,689</u>	<u>\$ 52,910,469</u>	<u>\$ 222,520,158</u>	<u>\$ (32,900,861)</u>	<u>\$ 3,241,038</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
ASSETS						
Cash, cash equivalents and investments	\$ 44,914,059	\$ 10,907,152	\$ 11,969,130	\$ 65,997	\$ 2,312,028	\$ 70,168,366
Interest receivable	125,596	-	-	-	-	125,596
Accounts receivable, net	822,830	3,997	-	12,560	21,246	860,633
Taxes receivable, net	36,144,568	-	-	-	-	36,144,568
Due from other governments (note 6)	3,382,314	3,924,668	-	718,097	3,308,006	11,333,085
Due from other funds (note 7)	1,616,575	-	-	-	-	1,616,575
Loans receivable (note 5)	-	5,581,109	-	-	1,507,355	7,088,464
Prepaid expenses	25,583	-	-	-	-	25,583
Total assets	<u>\$ 87,031,525</u>	<u>\$ 20,416,926</u>	<u>\$ 11,969,130</u>	<u>\$ 796,654</u>	<u>\$ 7,148,635</u>	<u>\$ 127,362,870</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 1,303,503	\$ 1,408,334	\$ 3,452	\$ 18,606	\$ 377,924	\$ 3,111,819
Accrued liabilities	3,077,036	2,054,719	85,665	301,052	1,545,431	7,063,903
Due to other governments	-	-	-	-	1,497,355	1,497,355
Due to other funds (note 7)	-	-	-	357,298	1,161,009	1,518,307
Unearned revenue - other	30,551	-	-	-	38,826	69,377
Total liabilities	<u>4,411,090</u>	<u>3,463,053</u>	<u>89,117</u>	<u>676,956</u>	<u>4,620,545</u>	<u>13,260,761</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred tax revenue	<u>34,651,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,651,719</u>
FUND BALANCES (note 2b):						
Nonspendable	-	5,490,749	-	-	172,501	5,663,250
Restricted	-	7,921,723	-	-	378,343	8,300,066
Committed	4,931,956	3,541,401	11,880,013	119,698	-	20,473,068
Assigned	1,102,935	-	-	-	1,977,246	3,080,181
Unassigned	<u>41,933,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,933,825</u>
Total fund balances	<u>47,968,716</u>	<u>16,953,873</u>	<u>11,880,013</u>	<u>119,698</u>	<u>2,528,090</u>	<u>79,450,390</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 87,031,525</u>	<u>\$ 20,416,926</u>	<u>\$ 11,969,130</u>	<u>\$ 796,654</u>	<u>\$ 7,148,635</u>	<u>\$ 127,362,870</u>

(continued)

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

Total fund balances per Balance Sheet for Governmental Funds \$ 79,450,390

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

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation. 232,830,652

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

Property taxes receivable	(24,511)
Net OPEB asset	743,963
Net deferred inflows and outflows of resources for pension charges	22,271,974

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

Internal Service Funds net position, less amounts reflected in capital assets, deferred inflows/outflows, and net pension liabilities	7,734,484
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Some liabilities, including general governmental bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position.

Accrued interest payable	(1,085,509)
Unamortized premium on bonds	(6,110,091)
Bonds payable	(88,098,432)
Net deferred amount of refunding	(1,277,849)
Net pension liability	(77,382,758)
Compensated absences	557,376

Net position of governmental activities	\$ 169,609,689
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The accompanying notes are an integral part of the basic financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
REVENUES						
Taxes	\$ 116,721,600	\$ -	\$ -	\$ -	\$ -	\$ 116,721,600
Fees and permits	2,575,469	-	-	-	-	2,575,469
Intergovernmental	28,958,987	9,007,850	165,032	9,218,806	14,573,733	61,924,408
Charges for services	6,463,814	-	-	530	5,653,326	12,117,670
Fines	481,032	-	-	-	-	481,032
Investment earnings	351,524	-	38,238	-	1,591	391,353
Miscellaneous	822,258	1,366,314	-	14,027	195,979	2,398,578
Total revenues	156,374,684	10,374,164	203,270	9,233,363	20,424,629	196,610,110
EXPENDITURES						
Current:						
General government	16,316,234	1,316,665	-	-	475,075	18,107,974
Public safety	34,654,927	33,489	-	-	392,747	35,081,163
Community service	7,114,600	2,056,527	-	-	8,086,404	17,257,531
Health and welfare	5,187,892	-	-	12,481,599	14,677,435	32,346,926
Parks, recreation and culture	11,402,588	403,789	-	-	106,379	11,912,756
Education	48,723,827	1,661,452	-	-	-	50,385,279
Conservation and development	5,485,760	3,497,818	-	-	636,957	9,620,535
Other activities	289,665	-	-	-	-	289,665
Debt service:						
Retirement of principal	-	-	7,146,882	-	-	7,146,882
Interest	-	-	2,832,293	-	-	2,832,293
Miscellaneous	-	-	123,892	-	-	123,892
Capital outlay	1,960,893	17,117,901	-	38,119	678,372	19,795,285
Total expenditures	131,136,386	26,087,641	10,103,067	12,519,718	25,053,369	204,900,181
Revenues over (under) expenditures	25,238,298	(15,713,477)	(9,899,797)	(3,286,355)	(4,628,740)	(8,290,071)
OTHER FINANCING SOURCES (USES)						
Transfers in (note 7)	5,370,050	9,054,857	9,817,330	3,286,355	4,858,024	32,386,616
Transfers out (note 7)	(26,888,879)	(239,314)	-	-	(38,525)	(27,166,718)
Issuance of debt (note 9)	-	11,140,000	-	-	-	11,140,000
Premium on issuance of debt (note 9)	-	1,076,892	-	-	-	1,076,892
Total other financing sources (uses)	(21,518,829)	21,032,435	9,817,330	3,286,355	4,819,499	17,436,790
Net change in fund balance	3,719,469	5,318,958	(82,467)	-	190,759	9,146,719
FUND BALANCE - JULY 1, 2016 restated	44,249,247	11,634,915	11,962,480	119,698	2,337,331	70,303,671
FUND BALANCE - JUNE 30, 2017	\$ 47,968,716	\$ 16,953,873	\$ 11,880,013	\$ 119,698	\$ 2,528,090	\$ 79,450,390

(continued)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 9,146,719
Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:	
Governmental funds report the cost of equipment and facilities acquired as current expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets.	
Change in capital assets	21,634,978
Depreciation expense	(10,258,832)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(1,123,180)
Net gain/(loss)	(335)
Debt proceeds provide current financing resources to governmental funds but debt issues increase long-term liabilities in the Statement of Net Position. Principal payments are expenditures in governmental funds but reduce long-term liabilities in the Statement of Net Position	
New debt issued	(12,216,892)
Principal payments	7,146,882
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	40,549
Amortization of bond premium	783,560
Amortization of deferred amount of refunding	149,538
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.	
Net pension liability	(4,710,342)
Compensated absences	(557,378)
Change in net OPEB asset	7,194
The change in net position of internal service funds is combined with governmental activities on the Statement of Activities.	<u>330,491</u>
Change in net position of governmental activities	<u>\$ 10,372,952</u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,468,554	\$ 2,941,888	\$ 11,408,405	\$ 3,356,230	\$ 1,100	\$ 21,176,177	\$ 15,627,485
Accounts receivable, net	565,568	405,788	251,840	26,496	-	1,249,692	874,310
Unbilled accounts receivable	765,485	1,031,280	595,122	-	-	2,391,887	-
Inventories	-	-	-	-	24,809	24,809	672,992
Prepaid expenses	-	-	1,728,916	-	-	1,728,916	110,981
Restricted assets:							
Restricted cash and investments	4,278	1,622,808	-	155,312	-	1,782,398	-
Total current assets	4,803,885	6,001,764	13,984,283	3,538,038	25,909	28,353,879	17,285,768
Noncurrent assets:							
Capital assets (note 8):							
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	-	-	1,819,261	1,877,194	48,364
Vehicles	348,582	727,473	1,570,673	82,350	13,732	2,742,810	129,919
Transmission lines and mains	34,772,310	43,475,363	41,552,900	1,016,826	-	120,817,399	-
Storm Drainage	-	-	-	2,701,461	-	2,701,461	-
Equipment	552,415	338,063	1,793,602	19,374	202,556	2,906,010	9,404,474
Total capital assets	35,704,851	44,675,513	45,535,566	3,820,011	3,372,981	133,108,922	9,582,757
Less accumulated depreciation	(12,399,003)	(8,656,308)	(28,663,669)	(169,634)	(1,563,926)	(51,452,540)	(9,351,370)
Net noncurrent assets	23,305,848	36,019,205	16,871,897	3,650,377	1,809,055	81,656,382	231,387
Total assets	28,109,733	42,020,969	30,856,180	7,188,415	1,834,964	110,010,261	17,517,155
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on refunding resulting in loss transactions	4,383	51,682	6,274	-	-	62,339	-
Deferred charges - pension	483,446	447,006	1,867,698	104,911	117,571	3,020,632	1,046,863
Total deferred outflows of resources	487,829	498,688	1,873,972	104,911	117,571	3,082,971	1,046,863
LIABILITIES							
Current liabilities:							
Accounts payable	980,843	752,794	1,181,145	59,310	12,594	2,986,686	443,962
Accrued liabilities	148,838	766,154	230,849	287,863	37,170	1,470,874	3,387,214
Accrued interest payable	163,756	321,694	7,647	8,860	-	501,957	-
Customer deposits	230,781	-	743,479	-	-	974,260	-
Unearned revenue	-	-	-	62,580	1,500	64,080	-
Due to other funds (note 7)	-	-	-	-	98,268	98,268	-
Current portion of long-term liabilities	1,206,466	1,954,777	383,344	80,526	2,859	3,627,972	11,984
Total current liabilities	2,730,684	3,795,419	2,546,464	499,139	152,391	9,724,097	3,843,160
Noncurrent liabilities:							
Long-term liabilities (due in more than one year)	14,814,519	26,167,318	473,260	1,531,404	20,966	43,007,467	87,886
Net pension liability	1,428,598	1,291,020	5,712,550	122,860	451,394	9,006,422	2,898,688
Total noncurrent liabilities	16,243,117	27,458,338	6,185,810	1,654,264	472,360	52,013,889	2,986,574
Total liabilities	18,973,801	31,253,757	8,732,274	2,153,403	624,751	61,737,986	6,829,734
DEFERRED INFLOWS OF RESOURCES							
Deferred charges on refunding resulting in gain transactions	171,702	160,253	3,173	-	-	335,128	-
Deferred charges - pension	79,732	65,073	289,571	(4,625)	18,272	448,023	157,523
Total deferred inflows of resources	251,434	225,326	292,744	(4,625)	18,272	783,151	157,523
NET POSITION							
Net investment in capital assets	7,156,674	6,212,113	16,173,249	1,887,518	1,809,055	33,238,609	231,387
Unrestricted	2,215,653	4,828,461	7,531,885	3,257,030	(499,543)	17,333,486	11,345,374
Total net position	\$ 9,372,327	\$ 11,040,574	\$ 23,705,134	\$ 5,144,548	\$ 1,309,512	\$ 50,572,095	\$ 11,576,761
Net position						\$ 50,572,095	
Allocated internal services:							
Warehouse assets						648,229	
Internal balance						1,856,123	
Warehouse deferred outflows						50,792	
Warehouse liabilities						(208,874)	
Warehouse deferred inflows						(7,896)	
Total allocation of warehouse net position						2,338,374	
Net positions of business-type activities						\$ 52,910,469	

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING REVENUES							
Utility charges	\$10,392,494	\$ 14,992,155	\$ 19,743,492	\$ 1,889,494	\$ -	\$ 47,017,635	\$ -
Other charges for services	237,578	119,206	371,618	19,090	781,479	1,528,971	26,150,339
Total operating revenues	<u>10,630,072</u>	<u>15,111,361</u>	<u>20,115,110</u>	<u>1,908,584</u>	<u>781,479</u>	<u>48,546,606</u>	<u>26,150,339</u>
OPERATING EXPENSES							
Purchases for resale	5,223,879	7,693,466	10,926,813	-	29,896	23,874,054	1,755,432
Personnel costs	1,133,542	1,041,163	4,992,632	350,275	455,702	7,973,314	3,257,957
Materials and supplies	396,473	83,823	790,203	9,359	129,835	1,409,693	955,830
Contractual services and charges	1,310,413	2,052,354	3,194,998	88,205	229,307	6,875,277	1,933,180
Depreciation	916,306	963,567	1,351,081	94,148	30,519	3,355,621	102,770
Claims incurred	-	-	-	-	-	-	15,337,654
Insurance premiums	3,605	-	-	-	-	3,605	2,503,489
Total operating expenses	<u>8,984,218</u>	<u>11,834,373</u>	<u>21,255,727</u>	<u>541,987</u>	<u>875,259</u>	<u>43,491,564</u>	<u>25,846,312</u>
Operating income (loss)	<u>1,645,854</u>	<u>3,276,988</u>	<u>(1,140,617)</u>	<u>1,366,597</u>	<u>(93,780)</u>	<u>5,055,042</u>	<u>304,027</u>
NONOPERATING REVENUES (EXPENSES)							
Gain/Loss on capital asset disposition	-	-	(5,064)	-	-	(5,064)	-
Interest expense	(347,058)	(765,994)	(20,065)	(18,249)	-	(1,151,366)	-
Interest income	15,163	9,877	62,943	13,053	-	101,036	25,274
Bond issuance expense	(19,008)	-	-	(8,829)	-	(27,837)	-
Capacity fees	418,350	695,260	-	-	-	1,113,610	-
Insurance recovery	-	-	-	-	-	-	1,190
Total nonoperating revenues (expenses), net	<u>67,447</u>	<u>(60,857)</u>	<u>37,814</u>	<u>(14,025)</u>	<u>-</u>	<u>30,379</u>	<u>26,464</u>
Income (loss) before contributions and transfers	1,713,301	3,216,131	(1,102,803)	1,352,572	(93,780)	5,085,421	330,491
Transfers in	-	-	-	-	115,783	115,783	216,356
Transfers out	(828,317)	(914,487)	(3,759,272)	(49,961)	-	(5,552,037)	-
Total transfers, net	<u>(828,317)</u>	<u>(914,487)</u>	<u>(3,759,272)</u>	<u>(49,961)</u>	<u>115,783</u>	<u>(5,436,254)</u>	<u>216,356</u>
Change in net position	884,984	2,301,644	(4,862,075)	1,302,611	22,003	(350,833)	546,847
Total net position - July 1, 2016	<u>8,487,343</u>	<u>8,738,930</u>	<u>28,567,209</u>	<u>3,841,937</u>	<u>1,287,509</u>	<u>50,922,928</u>	<u>11,029,914</u>
Total net position - June 30, 2017	<u>\$ 9,372,327</u>	<u>\$ 11,040,574</u>	<u>\$ 23,705,134</u>	<u>\$ 5,144,548</u>	<u>\$ 1,309,512</u>	<u>\$ 50,572,095</u>	<u>\$ 11,576,761</u>
Change in net positions						\$ (350,833)	
Warehouse external sales						49,481	
Expenses associated with warehouse external sales						(47,621)	
Total allocation of warehouse external sales						1,860	
Net internal service fund allocation						26,504	
Changes in net positions of business-type activities						<u>\$ (322,469)</u>	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
OPERATING ACTIVITIES:							
Receipts from customers	\$ 10,641,073	\$ 13,875,834	\$ 20,387,552	\$ 1,915,353	\$ 778,134	\$ 47,597,946	\$ 25,276,027
Payments to suppliers	(6,650,561)	(8,409,358)	(15,223,604)	(114,155)	(447,233)	(30,844,911)	(21,179,284)
Payments to employees	(1,030,868)	(911,880)	(4,567,519)	(318,031)	(427,885)	(7,256,183)	(2,722,108)
Net cash provided by (used for) operating activities	2,959,644	4,554,596	596,429	1,483,167	(96,984)	9,496,852	1,374,635
NONCAPITAL FINANCING ACTIVITIES:							
Insurance recovery	-	-	-	-	-	-	1,190
Transfers in	-	-	-	-	115,783	115,783	216,356
Transfers out	(828,317)	(914,487)	(3,759,272)	(49,961)	-	(5,552,037)	-
Net cash provided by (used) for noncapital financing activities	(828,317)	(914,487)	(3,759,272)	(49,961)	115,783	(5,436,254)	217,546
CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(3,283,472)	(2,146,643)	(1,032,425)	(978,970)	(18,799)	(7,460,309)	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Capacity fees	418,350	695,260	-	-	-	1,113,610	-
Bond proceeds	1,830,000	-	-	850,000	-	2,680,000	-
Bond principal paid	(1,141,192)	(1,932,995)	(367,763)	(40,000)	-	(3,481,950)	-
Bonds redeemed	-	-	-	-	-	-	-
Interest paid	(320,969)	(950,036)	(34,246)	(19,999)	-	(1,325,250)	-
Interest earned	-	-	-	-	-	-	25,274
Bond issuance expenses	(19,008)	-	-	(8,829)	-	(27,837)	-
Premium on bonds issued	176,947	-	-	84,315	-	261,262	-
Net cash provided by (used for) capital and related financing activities	(2,339,344)	(4,334,414)	(1,434,434)	(113,483)	(18,799)	(8,240,474)	25,274
INVESTING ACTIVITIES:							
Interest on investments	15,163	9,877	62,943	13,053	-	101,036	-
Net increase (decrease) in cash and cash equivalents	(192,854)	(684,428)	(4,534,334)	1,332,776	-	(4,078,840)	1,617,455
Balances - July 1, 2016	3,665,686	5,249,125	15,942,539	2,178,766	1,100	27,037,216	14,010,030
Balances - June 30, 2017	\$ 3,472,832	\$ 4,564,697	\$ 11,408,205	\$ 3,511,542	\$ 1,100	\$ 22,958,376	\$ 15,627,485
Reconciliation of operating income (loss) to net cash used in operating activities							
Operating income (loss)	\$ 1,645,854	\$ 3,276,988	\$ (1,140,617)	\$ 1,366,597	\$ (93,780)	\$ 5,055,042	\$ 304,027
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	916,306	963,567	1,351,081	94,148	30,519	3,355,621	102,770
(Increase) decrease in accounts receivable	(33,427)	(67,851)	172,540	6,769	2	78,033	(874,310)
(Increase) in inventories	-	-	-	-	1,869	1,869	6,461
(Increase) decrease in prepaid expenses	-	-	(691,315)	-	-	(691,315)	512,850
Increase (decrease) in accounts payable	283,807	252,609	406,165	(16,592)	(60,064)	865,925	2,837
Increase (decrease) in accrued liabilities	8,000	17,227	13,460	1,907	2,786	43,380	114,473
Increase in customer deposits	44,429	-	73,462	-	-	117,891	-
Increase in unredeemed gift certificates	-	-	-	-	(3,347)	(3,347)	-
Increase in unearned revenue	-	-	-	-	-	-	-
Increase (decrease) in compensated absences	2,361	8,062	18,976	1,392	1,012	31,803	8,145
(Decrease) in insurance claims payable	-	-	-	-	-	-	982,206
Net pension liability change for measurement year	92,314	103,994	392,677	28,946	24,019	641,950	215,176
Net cash provided by (used for) operating activities	\$ 2,959,644	\$ 4,554,596	\$ 596,429	\$ 1,483,167	\$ (96,984)	\$ 9,496,852	\$ 1,374,635

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Retirement Fund</u>	<u>Post-Retirement Benefits Fund</u>	<u>Total Pension Trust</u>
ASSETS			
Cash and cash equivalents (note 3b)	\$ 682,222	\$ (457,120)	\$ 225,102
Interest receivable	251,547	89,865	341,412
Investments (note 3b):			
Common stocks	32,956,448	11,773,741	44,730,189
Corporate fixed income securities	5,212,432	1,862,149	7,074,581
Government and agency fixed income securities	13,052,295	4,662,951	17,715,246
Mutual funds:			
Domestic	21,161,314	7,559,910	28,721,224
International	12,847,066	4,589,633	17,436,699
Alternative Investments			
Agriculture	4,852,061	1,733,406	6,585,467
Real estate	9,959,294	3,557,972	13,517,266
Total investments	<u>100,040,910</u>	<u>35,739,762</u>	<u>135,780,672</u>
Total assets	<u>100,974,679</u>	<u>35,372,507</u>	<u>136,347,186</u>
LIABILITIES			
Accounts payable	<u>20,959</u>	<u>7,487</u>	<u>28,446</u>
NET POSITION			
Restricted for pension benefits	100,953,720	-	100,953,720
Restricted for other post employment benefits	<u>-</u>	<u>35,365,020</u>	<u>35,365,020</u>
Total net position	<u>\$ 100,953,720</u>	<u>\$ 35,365,020</u>	<u>\$ 136,318,740</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Retirement Fund</u>	<u>Post-Retirement Benefits Fund</u>	<u>Pension Trust</u>
ADDITIONS			
Contributions:			
Employer	\$ 7,763,084	\$ 3,928,227	\$ 11,691,311
Plan members	329,599	1,068,293	1,397,892
Total contributions	<u>8,092,683</u>	<u>4,996,520</u>	<u>13,089,203</u>
Investment earnings:			
Net increase in fair value of investments	11,063,767	3,871,325	14,935,092
Interest	768,792	269,008	1,037,800
Dividends	969,107	339,101	1,308,208
Total investment earnings	12,801,666	4,479,434	17,281,100
Less investment expenses	<u>507,574</u>	<u>177,606</u>	<u>685,180</u>
Net investment earnings	<u>12,294,092</u>	<u>4,301,828</u>	<u>16,595,920</u>
Total additions	<u>20,386,775</u>	<u>9,298,348</u>	<u>29,685,123</u>
DEDUCTIONS			
Pension benefits	10,981,411	-	10,981,411
Refund of plan member contributions	47,824	-	47,824
Other post-retirement benefits	-	4,500,181	4,500,181
Administrative expenses	<u>253,335</u>	<u>88,644</u>	<u>341,979</u>
Total deductions	<u>11,282,570</u>	<u>4,588,825</u>	<u>15,871,395</u>
Increase in net position	9,104,205	4,709,523	13,813,728
Net position - July 1, 2016	<u>91,849,515</u>	<u>30,655,497</u>	<u>122,505,012</u>
Net position - June 30, 2017	<u>\$ 100,953,720</u>	<u>\$ 35,365,020</u>	<u>\$ 136,318,740</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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of government-wide financial statements

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

(b) Reporting entity

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

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

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

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

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

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

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

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

(d) Basis of presentation – fund financial statements

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain additional eliminations are made in the preparation of the government-wide financial statements to account for the allocation between governmental and business-type internal service funds. These net amounts are recognized as *internal balances*.

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

transfers in the governmental column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(e) Measurement focus and basis of accounting

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

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

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

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

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

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

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

(f) Cash, cash equivalents and investments

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

(g) Allowance for uncollectibles

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2017, the allowances approximated \$991,086 in the General Fund and \$977,277 in the Proprietary Funds (\$214,843, \$311,691, \$425,561 and \$25,182) for the Water, Sewer, Gas, and Stormwater, respectively.

(h) Inventory of supplies and prepaid items

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

(i) Capital assets

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

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

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

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

(j) Deferred outflows/inflow of resources

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

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

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

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

Pension plan changes for measurement date June 30, 2016 are presented on the Statement of Net Position. Actuarially determined *deferred outflow of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion of beginning net pension liability, and changes in proportions and difference between employer contribution, and proportionate share of contributions. *Deferred inflow of resources* consists of the current year's amortization, actuarially determined change in proportion on beginning net pension liability, changes in proportion between employer contribution, and proportionate share of contribution.

(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, 2017, approximated \$13,758,308 and \$13,093,125 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

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

(o) Implementation of new GASB pronouncements

Effective July 1, 2016, the City adopted provision of GASB Statement 74 *Financial Reporting for Post-Employment Benefit Plans other than Pensions*. This statement replaces statements No. 43, *Financial Reporting for Post-Employment Benefit Plans other than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, statement No. 43 and statement No. 50, *Pension Disclosures*.

Also effective July 1, 2016, the City adopted GASB Statement 77 *Tax Abatement Disclosures*, to assist users of the financial statements in assessing (1) whether the City’s current-year revenues were sufficient to pay for current-year services, (2) whether the City complied with finance-related legal and contractual obligations (3) where the City’s financial resources come from and how it uses them, and (4) the City’s financial position and economic conditions have changed over time. This statement requires disclosure of tax abatement information about (1) the City’s tax abatement agreements, and (2) those entered into by other governments that could reduce the City’s tax revenues.

On July 1, 2016 the City implemented GASB Statement 79 *Certain External Investment Pools and Pool Participants*, which addresses accounting and financial reporting for certain financial external investment pools and pool participants.

2. GOVERNMENT-WIDE AND FUND EQUITY

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

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

(a) Fund Balances:

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

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

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

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

Fund balances are composed of the following at June 30, 2017:

	General Fund	Capital Projects Fund	Debt Service Fund	Social Services Fund	Other Governmental Funds	Total
Nonspendable:						
Loans receivable	\$ -	\$ 5,490,749	\$ -	\$ -	\$ 10,000	\$ 5,500,749
Cemetery perpetual care	-	-	-	-	162,502	162,502
Total nonspendable	-	5,490,749	-	-	172,502	5,663,251
Restricted:						
Unspent bond proceeds	-	7,921,723	-	-	-	7,921,723
Fire programs	-	-	-	-	88,613	88,613
Law enforcement	-	-	-	-	74,205	74,205
Childrens Services Act	-	-	-	-	162,535	162,535
Youth programs	-	-	-	-	27,990	27,990
Conservation and development	-	-	-	-	25,000	25,000
Education programs	-	-	-	-	-	-
Total restricted:	-	7,921,723	-	-	378,343	8,300,066
Committed:						
Nonrecurring vehicle and equipment purchases	1,564,454	-	-	-	-	1,564,454
Building repairs and improvements	772,931	3,541,401	-	-	-	4,314,332
Social services	-	-	-	119,697	-	119,697
Reserve for landfill remediation	2,594,571	-	-	-	-	2,594,571
Future debt service	-	-	11,880,013	-	-	11,880,013
Total committed:	4,931,956	3,541,401	11,880,013	119,697	-	20,473,067
Assigned:						
Purchases on order	1,102,935	-	-	-	-	1,102,935
Human services	-	-	-	-	1,977,246	1,977,246
Subsequent year's budget:						
Appropriation of fund balance	-	-	-	-	-	-
Total assigned:	1,102,935	-	-	-	1,977,246	3,080,181
Unassigned:						
	41,933,825	-	-	-	-	41,933,825
Total fund balance	\$ 47,968,716	\$ 16,953,873	\$ 11,880,013	\$ 119,697	\$ 2,528,091	\$ 79,450,390

(b) Encumbrances

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

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Vehicle and Equipment purchases	\$ 273,629	\$ 537,095	\$ 206,223	\$ 1,016,947
Government Building improvements	93,101	1,126,435	-	1,219,536
School Building improvements	117,604	1,009,281	-	1,126,885
Health and Welfare grants	-	-	75,678	75,678
Park and Recreation	41,525	311,426	25,000	377,951
Redevelopment and Housing	-	1,430,757	190,548	1,621,305
Street Construction and Maintenance	174,808	8,464,001	-	8,638,809
General Programs	402,268	23,967	-	426,235
	<u>\$1,102,935</u>	<u>\$ 12,902,962</u>	<u>\$ 497,449</u>	<u>\$ 14,503,346</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Primary Government

At June 30, 2017, 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	\$ 45,635,126	Various
Cash on hand	6,582	Various
Commonwealth LGIP	1,028,886	AAAm
Money Market Mutual Funds	64,720	AAAm
Commonwealth Non-Arbitrage Program (SNAP)	19,716,815	AAAm
Non-negotiable Certificate of Deposit	1,500,000	Various
Total deposits and investments	<u>\$ 67,952,129</u>	

Investments at Fair Value:

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

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

At June 30, 2017, the fair value hierarchy of Primary Government Investments was as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Credit Rating</u>
Corporate certificate of deposit	\$ -	\$ 4,608,374	\$ -	\$ 4,608,374	Aa3
Corporate notes	-	11,497,446	-	11,497,446	Aaa to A3
U. S. Treasury notes	2,277,139	-	-	2,277,139	Aaa
Federal agency notes	-	22,419,337	-	22,419,337	Aaa
Total fair value investments	<u>\$ 2,277,139</u>	<u>\$38,525,157</u>	<u>\$ -</u>	<u>\$40,802,296</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.

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.

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, 2017, 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, 2017, all investments in the City's portfolio had a maturity of five years or less.

(b) City of Charlottesville Pension Trust Fund

At June 30, 2017, 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	\$ 44,730,189	\$ -	\$ -	\$ 44,730,189	Various
Corp. Fixed Income Securities	7,074,581	-	-	7,074,581	Aaa-Baa3
Government and agency fixed income securities					
Explicitly guaranteed by U. S. government	10,828,826	-	-	10,828,826	Various
Implicitly guaranteed by U. S. government	5,247,942	-	-	5,247,942	Aaa-Aa1
Municipal	1,638,478	-	-	1,638,478	Aaa-Aa1
Mutual Funds - domestic	-	28,721,224	-	28,721,224	Various
Mutual Funds - international	-	17,436,699	-	17,436,699	Various
Total investmetns at fair value	<u>\$ 69,520,016</u>	<u>\$ 46,157,923</u>	<u>\$ -</u>	<u>\$ 115,677,939</u>	
Demand deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,102</u>	
Total demend deposits and investment at fair value				<u><u>\$ 115,903,041</u></u>	

Alternative Investments:

A provision of GASB Statement 72, *Fair Value Measurement and Application*, is to disclose detail pertaining to City's Alternative Investments. The fair value of these investment types has been determined using the Net Asset Value per Share of the City's ownership interest in partners' capital. The City is invested in four unique alternative investments that make up 14.8% of the Pension Trust Fund total investments. There are no unfunded commitments, nor do any of the funds have 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	\$ 3,383,581	Quarterly	60 days
Alternative investments - Ceres Farms	3,201,886	Annually	150 days
Alternative investments - RE PRISA	7,323,473	Quarterly	90 days
Alternative investments - RE PRISA II	6,193,793	Quarterly	90 days
Total alternative investments at fair value	<u>\$ 20,102,733</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, 15% for international equities, and 15% for real assets and authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. 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, 2017:

<u>Investment Type</u>	<u>Rating</u>	<u>% of Total Portfolio</u>
Corporate Bonds	No rating	0.1 %
Corporate Bonds	Aa1-Aa3	1.0
Corporate Bonds	A1-A3	2.1
Corporate Bonds	Baa1-Baa3	2.0
Federal Home Loan Mortgage Corporation	Aaa-Aa1	0.2
Federal National Mortgage Association	Aaa-Aa1	3.5
Tennessee Valley Authority	Aaa-Aa1	0.2
Municipal Bonds	Aaa-Aa1	1.2

Concentration of Credit Risk:

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

Each company securities: Not to exceed 5% of the total fund

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

Interest Rate Risk:

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

At June 30, 2017, the Trust had the following investments and maturities:

	Fair Value	Investment Maturity		
		0-5 Years	6-10 Years	11-50 Years
Corporate fixed income	\$ 7,074,581	\$ 885,628	\$ 3,823,399	\$ 2,365,554
Government fixed income	17,715,246	1,210,443	1,662,097	14,842,706
Total	<u>\$ 24,789,827</u>	<u>\$ 2,096,071</u>	<u>\$ 5,485,496</u>	<u>\$ 17,208,260</u>

Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.71% at June 30, 2017 and -1.8% at June 30, 2016. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

(c) School Board Component Unit

At June 30, 2017, 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	\$ 6,078,823	N/A
Commonwealth LGIP	1,612,927	AAAm
Total deposits and investments	<u>\$ 7,691,750</u>	

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2017, 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, 2017, 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	\$ 2,549,441	N/A

The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. At June 30, 2017, 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.

4. GENERAL PROPERTY TAXES

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

(a) Real Estate

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

Real estate taxes are collected in equal semiannual payments due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2016, assessment due December 5, 2016, and the first half of the January 1, 2017, assessment due June 5, 2017, less an allowance for uncollectible and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2016 and 2017 was \$.95, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2017, and due December 5, 2017, 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, 2017, 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 2017, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2016, assessment due December 5, 2016, and the first half of the January 1, 2017, assessment due June 5, 2017, less an allowance for uncollectible and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2016 and 2017 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2017 and due December 5, 2017, 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, 2017, 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 \$21,016 in outstanding installment loans and \$600,206 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 \$10,000 in an outstanding loan and \$876,133 in deferred payment loans, which are secured by property liens. The \$10,000 loan, made in 2003, to the Albemarle Housing Improvement Program (AHIP) is due in 2018. All loans represent federally-funded monies advanced to low-income qualified property owners under the HOME Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- \$850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.
- \$130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.
- \$1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 104 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 principle balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.
- \$90,360 in a ten-year, non-interest bearing loan to the City Manager, a part of the City Manager’s employment agreement. The original amount borrowed was \$112,859 and \$22,499 has been repaid as of June 30, 2017.
- \$2,960,749 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.

6. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2017, are presented below:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
City Government Activities:				
Major funds:				
General Fund	\$ 18,188	\$ 3,002,899	\$ 361,227	\$ 3,382,314
Capital Projects Fund	-	3,903,816	20,852	3,924,668
Social Services Fund	502	714,072	3,522	718,096
Total major funds	<u>18,690</u>	<u>7,620,787</u>	<u>385,601</u>	<u>8,025,078</u>
Non-major funds	<u>80,366</u>	<u>2,139,977</u>	<u>1,087,663</u>	<u>3,308,006</u>
Total Primary Government	<u>\$ 99,056</u>	<u>\$ 9,760,764</u>	<u>\$ 1,473,264</u>	<u>\$ 11,333,084</u>
Component Unit - Schools	<u>\$ 1,530,494</u>	<u>\$ 771,593</u>	<u>\$ 263,309</u>	<u>\$ 2,565,396</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, 2017, are presented below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General Fund	\$ 1,616,575	\$ -
Social Services Fund	-	357,298
Golf Course Fund	-	98,268
Total major funds	<u>1,616,575</u>	<u>455,566</u>
Non-major funds:		
Special Revenue Funds:		
Community Development Block Grant	-	7,765
Grants Fund	-	29,046
Comprehensive Services Act Fund	-	1,124,198
Total non-major funds	<u>-</u>	<u>1,161,009</u>
Total due to/from other funds	<u>\$ 1,616,575</u>	<u>\$ 1,616,575</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, 2017, consisted of the following:

	<u>Transfers in:</u>							<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Social Services</u>	<u>Nonmajor Government</u>	<u>Proprietary</u>	<u>Internal Services</u>	
Transfers out:								
General fund	\$ -	\$ 8,937,215	\$ 9,817,330	\$3,286,355	\$4,579,195	\$ 115,783	\$ 153,000	\$ 26,888,878
Capital Projects fund	-	-	-	-	175,958	-	63,356	239,314
Nonmajor governmental	-	-	-	-	38,525	-	-	38,525
Water fund	710,676	117,642	-	-	-	-	-	828,318
Sewer fund	914,487	-	-	-	-	-	-	914,487
Gas fund	3,744,887	-	-	-	14,385	-	-	3,759,272
Stormwater Fund	-	-	-	-	49,961	-	-	49,961
Total	<u>\$5,370,050</u>	<u>\$ 9,054,857</u>	<u>\$ 9,817,330</u>	<u>\$3,286,355</u>	<u>\$4,858,024</u>	<u>\$ 115,783</u>	<u>\$ 216,356</u>	<u>\$ 32,718,755</u>

Reconciliation to exhibits:

		<u>Transfers in:</u>	<u>Transfers out:</u>
Governmental Funds	Exhibit D	\$32,386,616	\$27,166,718
Proprietary Funds	Exhibit E-2	115,783	5,552,037
Internal Service Funds	Exhibit L-2	216,356	-
Total		<u>\$32,718,755</u>	<u>\$32,718,755</u>

8. CAPITAL ASSETS

(a) Primary Government

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 15,622,300	\$ 2,848,775	\$ -	\$ 18,471,075
Infrastructure right of way	3,254,499	-	-	3,254,499
Assets under construction	35,118,049	14,080,587	-	49,198,636
Total capital assets not being depreciated	<u>53,994,848</u>	<u>16,929,362</u>	<u>-</u>	<u>70,924,210</u>
Other capital assets:				
Buildings and improvements	152,950,913	2,299,137	-	155,250,050
Vehicles	34,814,033	2,278,047	1,795,223	35,296,857
Furniture and equipment	23,479,761	512,008	564,923	23,426,846
Streets	67,307,667	188,538	-	67,496,205
Bridges	4,653,225	-	-	4,653,225
Infrastructure	56,446,371	-	-	56,446,371
Total other capital assets at historical cost	<u>339,651,970</u>	<u>5,277,730</u>	<u>2,360,146</u>	<u>342,569,554</u>
Less accumulated depreciation:				
Buildings and improvements	54,440,272	4,019,487	-	58,459,759
Vehicles	24,501,131	3,344,273	1,794,888	26,050,516
Furniture and equipment	20,892,707	649,112	564,923	20,976,896
Streets	45,038,930	1,096,020	-	46,134,950
Bridges	1,941,866	130,080	-	2,071,946
Infrastructure	25,949,185	1,019,860	-	26,969,045
Total accumulated depreciation	<u>172,764,091</u>	<u>10,258,832</u>	<u>2,359,811</u>	<u>180,663,112</u>
Other capital assets, net	<u>166,887,879</u>	<u>(4,981,102)</u>	<u>335</u>	<u>161,906,442</u>
Governmental activities capital assets, net	<u>\$ 220,882,727</u>	<u>\$ 11,948,260</u>	<u>\$ 335</u>	<u>\$ 232,830,652</u>

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Business-Type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,921,723	\$ -	\$ -	\$ 1,921,723
Easements	142,325	-	-	142,325
Total capital assets not being depreciated	<u>2,064,048</u>	<u>-</u>	<u>-</u>	<u>2,064,048</u>
Other capital assets:				
Building and improvements	1,858,274	18,920	-	1,877,194
Vehicles	2,506,802	394,392	158,384	2,742,810
Equipment	2,837,926	76,445	-	2,914,371
Stormwater drainage	1,722,491	978,970	-	2,701,461
Transmission lines and main	114,837,518	5,979,881	-	120,817,399
Total other capital assets at historical cost	<u>123,763,011</u>	<u>7,448,608</u>	<u>158,384</u>	<u>131,053,235</u>
Less accumulated depreciation:				
Building and improvements	1,348,111	26,510	-	1,374,621
Vehicles	1,506,401	255,282	153,316	1,608,367
Equipment	2,134,442	186,960	-	2,321,402
Stormwater drainage	4,101	51,545	-	55,646
Transmission lines and main	43,266,879	2,825,625	-	46,092,504
Total accumulated depreciation	<u>48,259,934</u>	<u>3,345,922</u>	<u>153,316</u>	<u>51,452,540</u>
Other capital assets, net	<u>75,503,077</u>	<u>4,102,686</u>	<u>5,068</u>	<u>79,600,695</u>
Business-Type activities capital assets, net	<u>\$ 77,567,125</u>	<u>\$ 4,102,686</u>	<u>\$ 5,068</u>	<u>\$ 81,664,743</u>

(b) School Board Component Unit

	Balance July 1, 2016	Increases	Decreases	Balance July 1, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 982,889	\$ -	\$ -	\$ 982,889
Other capital assets:				
Building and improvements	59,473,244	-	-	59,473,244
Vehicles	231,515	-	-	231,515
Furniture and equipment	4,280,610	49,568	11,652	4,318,526
Total other capital assets at historical cost	<u>63,985,369</u>	<u>49,568</u>	<u>11,652</u>	<u>64,023,285</u>
Less accumulated depreciation:				
Building and improvements	33,406,105	1,364,588	-	34,770,693
Vehicles	145,857	17,839	-	163,696
Furniture and equipment	3,313,863	413,601	10,401	3,717,063
Total accumulated depreciation	<u>36,865,825</u>	<u>1,796,028</u>	<u>10,401</u>	<u>38,651,452</u>
Other capital assets, net	<u>27,119,544</u>	<u>(1,746,460)</u>	<u>1,251</u>	<u>25,371,833</u>
Governmental activities capital assets, net	<u>\$ 28,102,433</u>	<u>\$ (1,746,460)</u>	<u>\$ 1,251</u>	<u>\$ 26,354,722</u>

(c) Allocation of Depreciation Expense

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

Governmental activities:	
General government	\$ 1,485,538
Public safety	1,165,946
Community services, including depreciation of general infrastructure assets	3,872,913
Health and welfare	91,275
Parks, recreation and culture	1,111,098
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	6,294
Education	1,044,993
Conservation and development	1,480,775
Total depreciation expense - governmental activities	<u>\$ 10,258,832</u>
Business-Type activities:	
Water	\$ 916,306
Sewer	963,567
Gas	1,341,382
Stormwater	94,148
Golf course	30,519
Total depreciation expense - business-type activities	<u>\$ 3,345,922</u>

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

Instruction and instruction-related service	\$ 1,059,656
Support services - student based	628,610
Administrative support services	107,762
Total accumulated depreciation	<u>\$ 1,796,028</u>

(d) Tenancy in Common – School Board Capital Assets

In fiscal year 2002, the Commonwealth of Virginia General Assembly passed a law to respond to GASB Statement 34 which established a local option of creating, for financial reporting purposes, a tenancy in common with the local school board when a city or county issues bonds. The sole purpose of the law was to allow cities and counties the ability to record together school assets and related debt liabilities. As a result, certain assets purchased with the City’s general obligation bonds and literary loans are recorded as part of the Primary Government. According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the debt is repaid. Nothing in the law alters the authority or responsibility of the local school board or control of the assets.

9. LONG-TERM LIABILITIES

(a) City

At June 30, 2017, the City’s long-term liabilities consisted of the following:

	<u>Interest Rates</u>	<u>Original Amount of Debt</u>	<u>Principal Amount Outstanding</u>
Governmental Activities:			
General obligation bonds:			
General Improvement Refunding, Series 2008	3.25-5.00	15,617,500	\$ 750,000
General Improvement Refunding, Series 2009	2.00-5.00	15,875,700	1,946,800
General Improvement, Series 2010	2.00-4.38	9,956,200	6,458,800
General Improvement, Series 2011	2.00-5.00	9,425,000	5,575,000
General Improvement Refunding, Series 2012	1.25-4.50	26,870,300	18,721,700
General Improvement, Series 2013	3.00-4.00	5,610,000	4,480,000
General Improvement Refunding, Series 2014	2.125-5.00	7,130,695	5,893,740
General Improvement Refunding, Series 2015	2.00-5.00	23,068,366	22,413,366
General Improvement Refunding, Series 2016	2.00-5.00	11,125,466	10,719,026
General Improvement Series 2017	5.00	11,140,000	<u>11,140,000</u>
Total bonds			<u>88,098,432</u>
Insurance claims payable			3,199,605
Compensated absences			2,588,571
Net pension liability			<u>77,382,758</u>
Total			<u><u>\$ 171,269,366</u></u> *

*Amounts exclude unamortized premium amounts on bonds.

Business-Type Activities:	Interest Rates	Original Amount of Debt	Principal Amount Outstanding
General obligation bonds:			
General Improvement Refunding, Series 2008	3.25-5.00	5,222,500	\$ 385,000
General Improvement Refunding, Series 2009	2.00-5.00	6,494,300	1,633,200
General Improvement, Series 2010	2.00-4.38	4,903,800	3,181,200
General Improvement, Series 2010 (VRA)	2.93	5,030,409	3,836,038
General Improvement, Series 2011	2.00-5.00	8,560,000	5,970,000
General Improvement Refunding, Series 2012	1.25-4.50	7,224,700	4,403,300
General Improvement, Series 2013	3.00-4.00	8,420,000	6,720,000
General Improvement Refunding, Series 2014	2.125-5.00	8,864,304	7,756,261
General Improvement Refunding, Series 2015	2.00-5.00	5,896,634	5,736,634
General Improvement Refunding, Series 2016	2.00-5.00	1,754,534	1,720,974
General Improvement Series 2017	5.00	2,680,000	2,680,000
Total bonds			<u>44,022,607</u>
Compensated absences			306,083
Net pension liability			<u>9,151,576</u>
Total			<u>\$ 53,480,266</u> *

The Water, Sewer, Gas and Stormwater Funds are responsible for \$15,082,220; \$26,801,455; \$658,932 and \$1,480,000 respectively, of the Business-Type Activities bonds payable.

*Amounts exclude unamortized premium amounts on bonds.

(b) School Board Component Unit

At June 30, 2017, the School Board's long-term liabilities consisted of:

Compensated absences	\$ 3,155,391
Capital lease payable	413,860
Net pension liability	67,804,541
Unfunded liability for post-employment medical benefits	<u>571,322</u>
Total	<u>\$ 71,945,114</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, 2017:

	Balance July 1, 2016	Additions	Refunding	Reductions	Balance June 30, 2017	Due Within One Year
Governmental Activities:						
Bonds payable:						
General obligation bonds	\$ 84,094,947	\$ 11,140,000	\$ -	\$ 7,136,515	\$ 88,098,432	\$ 7,508,133
Unamortized premium	<u>5,835,831</u>	<u>1,076,892</u>	-	<u>802,632</u>	<u>6,110,091</u>	-
Total bonds payable	89,930,778	12,216,892	-	7,939,147	94,208,523	7,508,133
State literary loans:						
Burnley Moran School - 1996	<u>10,366</u>	-	-	<u>10,366</u>	-	-
Total literary loans	10,366	-	-	10,366	-	-
Insurance claims payable	2,217,095	16,517,389	-	15,540,751	3,193,733	3,107,058
Compensated absences	2,270,051	2,576,215	-	2,253,057	2,593,209	311,185
Net pension liability	<u>68,914,143</u>	<u>8,468,615</u>	-	-	<u>77,382,758</u>	-
Total governmental activities	<u>\$ 163,342,433</u>	<u>\$ 39,779,111</u>	<u>\$ -</u>	<u>\$ 25,743,321</u>	<u>\$ 177,378,223</u>	<u>\$ 10,926,376</u>

Compensated absences are paid by General Fund, Social Services Fund and non-major governmental funds responsible for salary costs. Insurance claims payable are responsibility for the Risk Management Fund.

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

Net pension liability measurement date is June 30, 2016.

	Balance July 1, 2016	Additions	Refunding	Reductions	Balance June 30, 2017	Due Within One Year
Business-Type Activities:						
Bonds payable:						
General obligation bonds	\$ 44,824,556	\$ 2,680,000	\$ -	\$ 3,383,684	\$ 44,120,872	\$ 3,591,793
Unamortized premium	2,292,317	261,261	-	242,190	2,311,388	-
Total bonds payable	47,116,873	2,941,261	-	3,625,874	46,432,260	3,591,793
Compensated absences	274,367	327,853	-	296,138	306,083	36,729
Net pension liability	8,139,560	1,012,016	-	-	9,151,576	-
Total business-type activities	<u>\$ 55,530,800</u>	<u>\$ 4,281,130</u>	<u>\$ -</u>	<u>\$ 3,922,012</u>	<u>\$ 55,889,919</u>	<u>\$ 3,628,522</u>

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

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

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within one year
School Board:					
Capital lease payable	\$ 825,693.00	\$ -	\$ 411,833	\$ 413,860	\$ 410,664
Compensated absences	3,084,896	117,991	47,495	3,155,391	378,647
Unfunded liability for post-employment medical benefits	467,170	104,152	-	571,322	-
Net pension liability	60,220,261	7,584,280	-	67,804,541	-
Total	<u>\$ 64,598,020</u>	<u>\$ 7,806,423</u>	<u>\$ 459,328</u>	<u>\$ 71,945,114</u>	<u>\$ 789,311</u>

Net pension liability measurement date is June 30, 2016.

(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.

Literary loans from the Commonwealth of Virginia are for the construction or renovation of school buildings and are collateralized by such buildings and are payable by the City from General Fund resources.

The gas, water, 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, 2017, the City had a debt limit of \$674,023,460 which is 10% of assessed value of real property and a legal debt margin of \$553,782,435.

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

(e) General Obligation Public Improvement Bonds

On June 15, 2017, the City issued \$13,820,000 principal amount of General Obligation Public Improvement, Series 2017, at a true interest cost of 2.40%. The full faith and credit and unlimited taxing power of the City are pledged to the punctual payment of the principal and interest on the Bonds as they become due. The bonds will be repaid in semiannual installments of principal and interest beginning September 1, 2017, and ending September 1, 2035.

Funds from the Series 2017 will fund public improvement projects as follows: \$11,140,000 of debt for general government to finance the costs of public improvement capital projects, \$50,000 for stormwater improvement projects, and \$2,630,000 for water improvement capital projects.

(f) Prior Year Defeasance of Debt

In prior years, the City defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. At June 30, 2017, \$20,525,000 of defeased bonds remains outstanding.

(g) Debt Service Requirements to Maturity

General Obligation Bonds:

Fiscal Year <u>Ending June 30.</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 7,417,376	\$ 3,099,780	\$ 3,591,797	\$ 1,469,090
2019	6,902,004	2,893,769	3,327,098	1,358,806
2020	6,856,058	2,666,058	3,343,073	1,251,919
2021	6,570,278	2,401,005	3,238,986	1,126,050
2022 - 2026	30,799,652	8,168,855	14,072,453	4,022,157
2027-2032	21,929,464	3,325,615	13,342,800	1,780,074
2033-2036	7,068,600	459,720	2,976,400	156,021
2037-2041	555,000	8,672	130,000	2,031
Total bonds	<u>\$ 88,098,432</u>	<u>\$ 23,023,474</u>	<u>\$ 44,022,607</u>	<u>\$ 11,166,148</u>

(h) Long-Term Commitments

On July 1, 2015 the City entered into a four year operating lease with DeLage Landen Public Finance LLC, for the operating lease of 60 electric golf carts and 3 utility golf cars. The terms of the lease call for \$311,445 in total rental payments over the leasing period, including \$25,886 total interest paid. Terms call for 48 monthly payments of \$4,557 with a balloon rental payment due August 1, 2019 of \$92,709. Future year payments are shown below:

<u>Fiscal year</u>	<u>Golf Fund</u>
2018	\$ 54,684
2019	54,684
2020	92,709
	<u>\$ 202,077</u>

During fiscal year 2016, the School Board entered into a three year computer lease which was not capitalized due to capitalization policies for a total of \$1,236,357 in lease payments. Future year payments are shown below:

<u>Fiscal Year</u>	<u>Component Unit School Board</u>
2018	\$ 413,576
	<u>\$ 413,576</u>

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

Because the City does not issue a separate financial report of the Defined Benefit Pension Plan, the City must report certain information for the plan as of, and for the year ended, June 30, 2017 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 multiple-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, and employees hired *on or after* July 1, 2012, have different pension provisions and employee contribution rates as follows:

General Employees Pension Plan – Normal Retirement Benefit		
	Before July 1, 2012	On or after July 1, 2012
Normal Retirement Age	Age 65 with 5 years of service	Age 65 with 5 years of service
Early Retirement Age (1/2% reduction for each month the actual retirement date is less than 30 years)	Age 55 with 5 years of service Age 50 with 30 years of service	Age 60 with 5 years of service Age 60 with 30 years of service
Vesting	5 years of service	5 years of service
Employee Contribution for Pension and OPEB Plans	None	3% of base salary
Pension Benefit Formula	Average Final Compensation (AFC) x 1.6% x years of creditable service	Average Final Compensation (AFC) x 1.6% x years of creditable service
Years to Calculate AFC	3 years	5 years

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

Membership in the City’s Pension Plan consists of the following at June 30, 2017, the date of the most recent actuarial valuation:

	<u>City</u>	<u>JMRL</u>	<u>CACVB</u>
	<u>Members</u>	<u>Members</u>	<u>Members</u>
Retirees and beneficiaries currently receiving benefits	561	36	7
Vested terminated employees	404	11	2
Current employees:			
Vested	465	27	3
Nonvested	268	0	2
Total	<u>1,698</u>	<u>74</u>	<u>14</u>

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 not required to contribute. Plan members hired on or after July 1, 2012 must contribute 3% of base pay (annual covered salary) for Pension. The City’s contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2017 are based on the July 1, 2015, actuarial report. The general employee contribution rate for 2017 was 18.43% and the public safety contribution rate was 35.52%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2017 actuarial valuation using the following methods and assumptions:

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

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

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

Net Pension Liability. Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of June 30, 2017 and June 30, 2016 is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Total Pension Liability	\$ 187,488,054	\$ 181,372,831
Fiduciary Net Position	<u>100,953,720</u>	<u>91,212,734</u>
Net Pension Liability	<u>\$ 86,534,334</u>	<u>\$ 90,160,097</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	53.8%	50.3%

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	\$107,410,224	\$86,581,020	\$68,992,906

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, 2017 was 13.71%. The investment return on the smoothed value of assets (actuarial value of assets) was 6.29%. 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%	5.4%
Mid Cap	12.5%	8.0%
Small Cap	7.5%	6.2%
International equity	10.0%	3.4%
Emerging equity	5.0%	5.5%
Real estate	10.0%	6.8%
Farmland	5.0%	9.7%
Fixed income	20.0%	2.3%
Total	100%	4.6%

11. CITY OF CHARLOTTESVILLE - NET PENSION OBLIGATION

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, 2017 are based on a pension plan measurement date of June 30, 2016.

Membership in the City’s Pension Plan consists of the following at June 30, 2016, the date of the most recent actuarial valuation:

	<u>City Members</u>	<u>JMRL Members</u>	<u>CACVB Members</u>
Retirees and beneficiaries currently receiving benefits	536	33	7
Vested terminated employees	415	10	2
Current employees:			
Vested	470	32	1
Nonvested	247	4	3
Total	1,668	79	13

Contributions. The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2016 are based on the July 1, 2014, actuarial report. The general employee contribution rate for 2016 was 13.51% and the public safety contribution rate was 24.07%.

Actuarial methods and assumptions. The actuarial determined contribution (ADC) for the plan was determined as part of the July 1, 2015 actuarial valuation using the following methods and assumptions:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period remaining	20 years
Asset valuation method	4-year smoothed market
Investment return, including inflation	7.5%
Projected salary increases	Range 2.5% - 5.0%
Assumed inflation rate	3.0%
Cost of living adjustment, ad hoc	1%

Net pension liability. The City's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. The following chart is for the plan as a whole. The City's portion of the plan is 95.83%.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2015	\$ 176,497,294	\$ 96,099,075	\$ 80,398,219
Changes for the year:			
Service cost	2,500,699	-	2,500,699
Interest	12,850,577	-	12,850,577
Differences between expected and actual experience	26,647	-	26,647
Changes of assumptions	-	-	-
Contributions - employer	-	7,088,275	(7,088,275)
Contributions - employee	-	342,352	(342,352)
Net investment income	-	(1,546,127)	1,546,127
Benefit payments, including refunds of employee contributions	(10,502,386)	(10,502,386)	-
Administrative expense	-	(268,455)	268,455
Net Changes	<u>4,875,537</u>	<u>(4,886,341)</u>	<u>9,761,878</u>
Balance at June 30, 2016	<u>\$ 181,372,831</u>	<u>\$ 91,212,734</u>	<u>\$ 90,160,097</u>

Changes in Net Pension Liability per participating entity:

	City Net Pension Liability	JMRL Net Pension Liability	CACVB Net Pension Liability	All Entities - Net Pension Liability
Balance at June 30, 2015	\$ 77,045,318	\$ 2,968,515	\$ 384,386	\$ 80,398,219
Employer contributions	(6,803,222)	(255,957)	(29,096)	(7,088,275)
Change in expense	12,753,360	422,626	9,606	13,185,592
Change in deferred outflows of resources	1,487,730	37,525	(8,131)	1,517,124
Change in deferred inflows of resources	2,051,148	82,964	13,325	2,147,437
Balance at June 30, 2016	<u>\$ 86,534,334</u>	<u>\$ 3,255,673</u>	<u>\$ 370,090</u>	<u>\$ 90,160,097</u>

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net Pension Liability	\$106,020,568	\$86,534,334	\$70,092,016

Information on the annual money-weighted rate of return for 2016 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	\$ 3,640,599	\$ -
Prior years changes in proportion and differences between contributions	(57,368)	1,008,886
Prior years impact of change in proportion on beginning NPL	1,104,296	-
Prior years difference between expected and actual investment earnings	2,805,998	7,256,241
Prior years changes in assumptions	13,451,486	-
Prior years amortization	(595,937)	(2,065,088)
Current year amortization	(5,181,349)	(2,057,881)
Differences between expected and actual experience	20,429	-
Impact of change in proportion on beginning NPL	119,710	191,125
Difference between expected and actual investment earnings	6,614,774	-
Deferred changes on refunding resulting in loss transactions	66,614	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(85,834)	6,733
Employer contributions subsequent to the measurement date	7,390,691	-
	<u>\$ 29,294,109</u>	<u>\$ 4,340,016</u>

Deferred outflows of resources amounting to \$7,390,691 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, 2016. 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:	
2018	\$ (4,374,193)
2019	(4,374,193)
2020	(4,374,194)
2021	(4,374,194)
Thereafter	-
Total	<u>\$ (17,496,774)</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, 2017.

At June 30, 2017, there were 227 active City employees and a total of 363 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$758,830 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, 2017, a total of \$679,551 was contributed for 17 active senior management employees. The City contribution rate is 27.86% of eligible compensation.

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

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

Membership in the City’s OPEB Plan consists of the following at June 30, 2017, 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	459	36	7
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	901	94	8
Total	<u>1,360</u>	<u>130</u>	<u>15</u>

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 2017 are based on the July 1, 2016, actuarial report. The general employee contribution rate is 13.03% and the public safety contribution rate is 12.15%.

Net OPEB liability. The City’s net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2017. The following chart is for the plan as a whole.

	<u>Plan</u>
Total OPEB Liability	\$83,493,234
Plan fiduciary net position	(35,365,020)
Net OPEB Liability	<u>\$48,128,214</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>42.36%</u>

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

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

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

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 pension liability for the City calculated using the discount rate of 7.5%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

	1.00% Lower	Current Discount Rate:	1.00% Higher
	6.5%	7.5%	8.5%
Net Pension Liability	\$58,540,719	\$47,625,029	\$38,592,596

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

	1.00% Lower	Current Trend Rate:	1.00% Higher
	7.0%	8.0%	9.0%
Net OPEB Liability	\$39,049,773	\$47,625,029	\$58,045,884

Summary of significant accounting policies – basis of accounting and valuation of investments. The OPEB Fund is accounted for as part of the Pension Trust financial statements, which 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 date of the Pension Trust Statement of Net Position. Securities without an established market value are reported at estimated fair value. The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position are shown in Exhibits F-1 and F-2. See Note 3b for investment policy, the annual money-weighted rate of return, and investment concentration analysis.

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, 2017 was 13.71%. The investment return on the smoothed value of assets (actuarial value of assets) was 6.29%. 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%	5.4%
Mid Cap	12.5%	8.0%
Small Cap	7.5%	6.2%
International equity	10.0%	3.4%
Emerging equity	5.0%	5.5%
Real estate	10.0%	6.8%
Farmland	5.0%	9.7%
Fixed income	20.0%	2.3%
Total	100%	4.6%

Annual OPEB cost. The City has traditionally contributed the annual required contribution (ARC) and thus has never actually had or been required to report a net pension obligation (NPO). In accordance with GAAP, the City calculated the potential for a NPO (asset) and reaffirmed that none existed at June 30, 2017.

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Asset</u>
2017	\$ 3,921,033	100.2 %	\$ (743,963)
2016	5,876,248	100.1	(736,769)
2015	6,055,058	100.2	(728,570)
2014	5,928,254	100.2	(718,628)
2013	5,536,057	100.2	(708,822)

<u>Annual Required Contribution (ARC)</u>	<u>Interest on Net OPEB Asset</u>	<u>Adjustment to the ARC</u>	<u>Increase in Net OPEB Asset</u>	<u>Net OPEB Asset June 30, 2017</u>
\$ 3,928,227	\$55,258	\$ (48,064)	\$ 7,194	\$ 743,963

Please see the Required Supplementary Information (RSI) section for additional schedules of changes in Net OPEB Liability and multi-year trend information showing the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

14. PENSION OBLIGATIONS – SCHOOL BOARD

School Board Component Unit – Virginia Retirement System (VRS)

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

School Board Teachers Cost Sharing Plan

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.

The retirement benefit for teachers 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 months of compensation as a covered employee. The retirement benefit for teachers who became members after June 30, 2010, or became vested after December 31, 2012 (Plan 2 members) 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 before January 1, 2013 for all employees 1.70%. 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 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 member is 55 with at least 5 years of creditable service, or 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% of the Urban Consumers Consumer Price Index plus one half of any excess over 3% up to a maximum COLA of 5%. The COLA for Plan 2 members matches the first 2% with a maximum COLA of 3%.

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. 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 School Board’s contractually required rate for the year ended June 30, 2017 was 14.66% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the School Board plan was 16.32%. 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 were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$5,468,504 and \$5,119,283 for the years ended June 30, 2017 and 2016, respectively.

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

At June 30, 2017, the School Board reported a liability of \$67,535,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating teachers. At June 30, 2016 the School Board's proportion was .48191% as compared to .47828% at June 30, 2015.

For the year ended June 30, 2017, the School Board recognized teacher pension expense of \$5,805,000. Since there was a change in the proportionate share between measurement dates, a portion of the pension expense was related to the deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of the employer contributions.

At June 30, 2017 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	\$ 3,858,000	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,528,000	992,000
Net difference between expected and actual experience	-	2,189,000
Employer contributions subsequent to the measurement date	5,468,504	-
Total	\$ 10,854,504	\$ 3,181,000

Deferred outflows of resources amounting to \$5,468,504 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to teachers' pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2018	\$ (454,000)
2019	(454,000)
2020	1,891,000
2021	1,334,000
2022	(112,000)
Total	\$ 2,205,000

Actuarial assumptions. The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2015, 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, 2016:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 – 5.95%

* 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 GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates were based on the RP-2000 Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a scale AA.

Mortality rates:

Pre-Retirement – RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement – RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement – RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- 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
- Reduce rates of salary increase by 0.25% per year

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, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 44,182,326
Plan Fiduciary Net Position	30,168,211
Employer's Net Pension Liability (Asset)	\$ 14,014,115
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%

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

Asset Class	Target Allocation	Arithmatc Long-term Expected Rate of Return
U.S. Equity	19.5%	6.5%
Developed Non U.S. Equity	16.5%	6.3%
Emerging Market Equity	6.0%	10.0%
Fixed Income	15.0%	0.1%
Emerging Debt	3.0%	3.5%
Rate Sensitive Credit	4.5%	3.5%
Non-rate Sensitive Credit	4.5%	5.0%
Convertibles	3.0%	4.8%
Public Real Estate	2.3%	6.1%
Private Real Estate	12.8%	7.1%
Private Equity	12.0%	10.4%
Cash	1.0%	-1.5%
Total	100.0%	

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the County for its retirement plan and the County Public Schools’ for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, the participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1.00% Lower 6.00%	Current Discount Rate: 7.00%	1.00% Higher 8.00%
Entity’s Net Pension Liability	\$96,272,000	\$67,535,000	\$43,863,000

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued VRS financial report. That report is available at the VRS website at <http://www.varetire.org/Pdf/publications/2016-Annual-Report.pdf>. The fiduciary net position has been determined using the flow of economic resources measurement focus and the accrual basis of accounting, which is the same basis that is used by VRS.

School Board Non-Professional Pension Plan

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

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

members matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Employees covered by benefit terms. The following employees were covered by the benefit terms of the Plan as of the June 30, 2015 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits:	84
Inactive employees entitled to but not yet receiving benefits:	
Vested	2
Non-vested	24
Active elsewhere in VRS	<u>13</u>
Total inactive	39
Active employees:	<u>70</u>
Total covered employees	<u><u>193</u></u>

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

The School Board’s contractually required rate for the year ended June 30, 2017 was 8.47% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2015. 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 \$87,859 and \$172, 211 for the years ended June 30, 2017 and 2016, respectively.

Net pension liability. The School Board’s net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial assumption. The total pension liability was based on an actuarial valuation as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

Mortality rates

14% of deaths are assumed to be service related.

Pre-Retirement – RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement – RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement – RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%
Developed Non U.S. Equity	16.50%	6.28%
Emerging Market Equity	6.00%	10.00%
Fixed Income	15.00%	0.09%
Emerging Debt	3.00%	3.51%
Rate Sensitive Credit	4.50%	3.51%
Non-rate Sensitive Credit	4.50%	5.00%
Convertibles	3.00%	4.81%
Public Real Estate	2.25%	6.12%
Private Real Estate	12.75%	7.10%
Private Equity	12.00%	10.41%
Cash	1.00%	-1.50%
Total	<u>100.00%</u>	

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the County for its retirement plan and the County Public Schools' for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, the participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2015	\$ 10,609,375	\$ 10,587,114	\$ 22,261
Changes for the year:			
Service cost	195,809	-	195,809
Interest	718,672	-	718,672
Differences between expected and actual experience	(226,626)	-	(226,626)
Contributions - employer	-	171,836	(171,836)
Contributions - employee	-	100,765	(100,765)
Net investment income	-	174,795	(174,795)
Benefit payments, including refunds of employee contributions	(685,251)	(685,251)	-
Administrative expense	-	(6,745)	6,745
Other changes	-	(76)	76
Net Changes	<u>2,604</u>	<u>(244,676)</u>	<u>247,280</u>
Balances at June 30, 2016	<u>\$ 10,611,979</u>	<u>\$ 10,342,438</u>	<u>\$ 269,541</u>

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

	1.00% Lower 6.00%	Current Discount Rate: 7.00%	1.00% Higher 8.00%
Net Pension Liability (Asset)	\$1,380,258	\$269,541	\$(673,455)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017 the School Board recognized pension expense of \$(33,446). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2017:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 178,758
Net difference between projected and actual earnings on plan investments	264,187	-
Employer contributions subsequent to the measurement date	87,859	-
	<u>\$ 352,046</u>	<u>\$ 178,758</u>

Deferred outflows of resources amounting to \$87,859 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, 2018. 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,	
2018	(114,637)
2019	(71,058)
2020	160,798
2021	110,326
2022	-
Total	<u>\$ 85,429</u>

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

School Board Component Unit – Post-Employment Medical Plan Subsidy

Plan Description. The medical plan subsidy covers all full-time employees who have met all requirements of the Virginia Retirement System (VRS) that are eligible for full, unreduced retirement benefit if they have 30 years of service credit and have at least 10 consecutive years in a full-time salaried position as of the date of retirement. The retirees are not eligible for Medicare coverage (age 65) at retirement date. Medical benefit subsidies on or before March 15, 2006, is a monthly benefit fixed at \$250 payable to the earlier of: a) is age 65; b) is 60 monthly payments; and c) is the death of the retiree. Employees who retire after June 30, 2010, and have 10 or more consecutive years of service will receive one of the following annual allotments to assist with paying for individual health insurance with Charlottesville City Schools: Category A: \$4,000 for all full-time employees and Category B: \$2,000 for all part-time employees. Employees who are eligible for full retirement and are not eligible for or who do not choose health insurance coverage will receive a one-time payment of \$5,000 (full-time) or \$2,500 (part-time). There are no life insurance benefits. At June 30, 2016, there were 591 active employees under age 65 and 37 retirees for a total plan participation of 628 employees.

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

Annual OPEB cost and net OPEB obligation. The OPEB obligation, as determined by an actuarial valuation performed at June 30, 2016, is as follows for fiscal year ended June 30, 2017.

Annual OPEB cost	\$ 213,580
Less employer contributions	<u>109,429</u>
Increase in net OPEB obligation	104,151
Net OPEB Obligations, June 30, 2016	<u>467,171</u>
Net OPEB Obligations, June 30, 2017	<u><u>\$ 571,322</u></u>

Funding status and funding progress. As of June 30, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,434,516
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 2,434,516</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (annual payroll of active employees covered by the plan)	N/A
UAAL as a percentage of covered payroll	N/A

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

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

The following assumptions were used in the most recent actuarial report dated June 30, 2017:

<u>Method</u>	<u>Assumption</u>
Actuarial cost method	Projected Unit Credit
Remaining amortization period	27
Asset valuation method	Market Value
Investment return	3.25%
Healthcare cost trend rate	8% for 6 years; 7% for 7 years; 6% for 8 years and 5% thereafter

16. 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 \$15,767,084 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

17. 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, 2017, the City paid a total of \$12,904,554 to RWSA. Complete, audited financial statements for RWSA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(b) Rivanna Solid Waste Authority

The City is a participant with Albemarle County in a joint venture to provide drop off recycling services at the McIntire Recycling Center on McIntire Rd. The City and County also entered into a Cost Sharing Agreement for purposes of paying any of the post-closure care and corrective action costs related to the old Ivy Landfill in the event the Rivanna Solid Waste Authority would not have the financial resources to pay such costs. Although the City entered into a Local Government Guarantee on behalf of the Rivanna Solid Waste Authority, the Virginia Department of Environmental Quality (DEQ) has no legal recourse against the City under this guarantee. The City's percentage of these shared costs is 35.5% of the total. The City share of the local guarantee for the 2017 calendar year and for fiscal year 2017 is \$2,594,571. Annual certificates must be filed every December 30th to DEQ. Complete, audited financial statements for RSWA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

(c) Jefferson-Madison Regional Library

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed \$1,730,600 to JMRL for the year ended June 30, 2017. 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, 2017, the City's share of the costs of the Jail was \$4,708,969. 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, 2017, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was \$1,035,193. 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, 2017 the City's share of the costs of the Center was \$1,533,737. Complete, audited financial statements for the Center can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

(g) Charlottesville Albemarle Convention & Visitors Bureau

This is a regional program funded by the City, Albemarle County, Charlottesville Regional Chamber of Commerce and the University of Virginia and revenues generated by the Bureau. Its purpose is to promote tourism in the area. The Bureau is governed by a Management Committee composed of the City Manager, the County Executive, the President of the Charlottesville-Albemarle Chamber of Commerce and one ex-officio, non-voting member from the University of Virginia. The Chamber of Commerce contributes an amount based on its membership dues. The City and the County contributions are based on the year's sales tax and lodging tax for each compared to total. For the year ended June 30, 2017, the City contributed \$791,577 to the Bureau.

(h) Darden Towe Park

The City and County jointly own and operate a park, known as Darden Towe Park (the Park). The Park is governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Park are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2017, the City's share of the Park's operating costs was \$72,542. Complete, audited financial statements for the Park can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

18. RELATED ORGANIZATIONS

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

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

Rivanna Solid Waste Authority
 Rivanna Water and Sewer Authority
 Sister Cities Commission
 Social Services Advisory Board
 Streets That Work / Code Audit Steering Committee
 Thomas Jefferson Planning District Commission
 Towing Advisory Board
 Tree Commission
 Vendor Appeals Board
 Water Resources Protection Program Advisory Committee

19. 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 \$7,613,442 at June 30, 2017, 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 \$650,000 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>2016-2017</u>	<u>2015-2016</u>
Accrued claims, July 1	\$ 2,217,095	\$ 2,549,466
Add claims incurred during the current fiscal year including changes in estimated claim payable	16,517,389	12,902,255
Less payments on claims	<u>(15,540,751)</u>	<u>(13,234,626)</u>
Accrued claims, June 30	<u>\$ 3,193,733</u>	<u>\$ 2,217,095</u>
Claims or judgments due within one year	\$ 3,107,058	\$ 2,026,054
Claims or judgments due in more than one year	<u>86,675</u>	<u>191,041</u>
Total	<u>\$ 3,193,733</u>	<u>\$ 2,217,095</u>

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

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

20. 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.

21. FUND BALANCE/NET POSITION AT JULY 1, 2017 RESTATED

The Capital Improvement Project beginning fund balance was restated due to changes in loan reporting, and capitalizing assets expensed in prior years.

CAPITAL IMPROVEMENT PROJECTS	<u>Governmental</u>	<u>Government-wide</u>
Beginning Fund Balance	\$ 10,765,362	\$ 155,466,381
Change in loan reporting	869,553	869,553
Full accrual - prior year asset adjustments	-	2,900,803
Fund Balance - Restated	<u>\$ 11,634,915</u>	<u>\$ 159,236,737</u>

22. NET POSITION DEFICIT

The Charlottesville School Board had a net position deficit of \$32,900,861 at June 30, 2017. This deficit is due to the long-term net pension liability.

23. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2017 the City had the following budgeted commitments that carried forward into Fiscal Year 2018:

McIntire Park Master Plan Implementation	\$ 1,786,783
Minor Bridge Repairs	2,368,132
Hillsdale Drive Connector Project	8,684,058
West Main Streetscape	3,448,046
Fire Station Headquarters Expansion	1,288,839
Belmont Bridge Replacement	3,225,394
McIntire Park Trail	1,293,679
Skateboard Park Relocation	1,503,748
ECC CAD System	1,183,511
800 MHz Radio System Upgrade	4,686,653
Tonsler Park Master Plan Implementation	1,757,651
Charlottesville Affordable Housing Fund	2,972,678
Fontaine Avenue Project	11,700,000
Emmet Street Project	12,614,641
East High Street Project	5,638,000

24. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2017

The City has one major water and gas customer, the University of Virginia. For the current year, water, wastewater, and gas revenue from this customer was \$1,635,562, \$2,568,301 and \$1,395,461 respectively, which represents 14.59% of water revenue, 17.24% of wastewater revenue, and 7.0% of gas revenue.

25. TAX ABATEMENTS

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

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

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

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

Fiscal Year	Amount
2015	\$ 267,000
2016	78,000
2017	<u>342,936</u>
	\$ 687,936

To date, these agreements have generated nearly 800 jobs and added \$81 million in real estate value within the City.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLOTTESVILLE, VIRGINIA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

BUDGETARY ACCOUNTING

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

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

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

The budgets are integrated into the accounting system and the budgetary data, as presented in the Required Supplementary Information for all major funds with annual budgets, compares the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Social Services Funds present actual expenditures in accordance with GAAP on a basis consistent with legally adopted budgets as amended. Original, final budget and actual revenues and expenditures, including encumbrances, for the General Fund and Social Services Fund are presented on Exhibits G and H-1, H-2, and H-3, respectively.

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual-Budget Basis (see note 1)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real estate	\$ 57,492,709	\$ 57,492,709	\$ 59,970,801	\$ 2,478,092
Personal property	7,668,698	7,668,698	7,958,876	290,178
Public service corporation	1,300,000	1,300,000	1,355,658	55,658
Penalties and interest on delinquent taxes	350,000	350,000	454,466	104,466
Sales and use	11,500,000	11,500,000	11,670,485	170,485
Business license	7,065,523	7,065,523	7,918,093	852,570
Utilities	4,630,386	4,630,386	4,540,179	(90,207)
Communications	3,104,000	3,104,000	3,022,277	(81,723)
Meals	11,300,000	11,300,000	11,746,648	446,648
Lodging	3,966,667	3,966,667	4,846,549	879,882
Franchise	-	-	3,500	3,500
Tax on bank stock	925,000	925,000	1,226,609	301,609
Tax on wills and deeds	520,000	520,000	904,353	384,353
Rolling stock	21,000	21,000	18,870	(2,130)
Short-term rental	32,000	32,000	58,031	26,031
Cigarette	800,000	800,000	748,878	(51,122)
Recordation	200,000	200,000	277,327	77,327
Total taxes	110,875,983	110,875,983	116,721,600	5,845,617
Licenses and permits:				
Vehicle license fees	900,000	900,000	896,636	(3,364)
Dog licenses	15,000	15,000	11,736	(3,264)
Electrical, heating and mechanical permits	250,000	250,000	253,681	3,681
Building and plumbing permits	400,000	400,000	706,989	306,989
Erosion control fees	-	-	27,525	27,525
Sign permits	-	-	9,750	9,750
Other permits	704,000	704,000	669,152	(34,848)
Total licenses and permits	2,269,000	2,269,000	2,575,469	306,469
Intergovernmental revenues:				
Revenue from Federal government	-	15,779	26,226	10,447
Revenue from State agencies:				
State highway assistance	3,905,957	3,905,957	4,064,280	158,323
Reimbursement for constitutional officers	1,605,518	1,605,518	1,547,177	(58,341)
Police assistance	2,093,768	2,093,768	2,077,468	(16,300)
Trailer titling tax	1,200	1,200	3,100	1,900
PPTRA revenue	3,498,256	3,498,256	3,498,256	-
Other State assistance	166,000	184,041	221,120	37,079
Revenue from other local governments:				
Revenue sharing - Albemarle County	15,767,084	15,767,084	15,767,084	-
Fire Department operations	186,000	186,000	217,233	31,233
Juvenile and Domestic Relations Court	124,495	124,495	124,495	-
Court revenue	450,000	500,000	590,398	90,398
Circuit Court reimbursement	-	-	11,386	11,386
University of Virginia service charge	33,000	33,000	42,321	9,321
Other local governments	762,454	505,275	768,443	263,168
Total intergovernmental revenues	28,593,732	28,420,373	28,958,987	538,614

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual-Budget Basis (see note 1)	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Recreation income	1,639,699	1,643,955	1,427,221	(216,734)
Parking meter receipts	20,000	20,000	104,352	84,352
Parking garage revenue	1,400,000	1,546,200	1,659,772	113,572
Solid waste collection fees	900,000	900,000	1,104,933	204,933
Tax abatement application fees	-	-	1,650	1,650
Other charges for services	2,132,867	2,347,866	2,165,886	(181,980)
Total charges for services	6,092,566	6,458,021	6,463,814	5,793
Fines:				
Parking fines	450,000	450,000	481,032	31,032
Investment earnings	365,000	365,000	351,524	(13,476)
Miscellaneous revenues:				
Rent	256,560	256,560	268,086	11,526
Proceeds from drug seizures	-	24,957	59,251	34,294
Contributions	19,000	49,209	117,890	68,681
Refund of prior year expenditures	30,000	30,000	101,935	71,935
Indirect cost recovery	125,000	125,000	126,568	1,568
Other miscellaneous revenues	352,000	445,980	148,528	(297,452)
Total miscellaneous revenues	782,560	931,706	822,258	(109,448)
Total revenues	149,428,841	149,770,083	156,374,684	6,604,601
EXPENDITURES - CURRENT				
General government:				
Legislative:				
Mayor and Council	296,262	410,964	307,214	103,750
Reserve for Council	50,000	804,334	42,876	761,458
First Cities	18,000	18,000	17,194	806
Sister Cities	15,000	75,129	22,309	52,820
Judicial:				
City Circuit Court	808,448	808,448	773,813	34,635
General District Court	23,405	23,405	19,970	3,435
Court Services Unit	7,112	7,112	7,069	43
Juvenile and Domestic Relations Court	326,541	326,541	200,275	126,266
Commonwealth's Attorney	1,146,248	1,209,931	928,064	281,867
City Sheriff	1,085,206	1,408,599	1,109,416	299,183
Executive:				
City Manager	2,056,843	1,785,068	1,618,180	166,888
Human Rights Commission	191,918	196,126	165,159	30,967
Citywide Reserve	-	1,290,165	463,779	826,386
Legal:				
City Attorney	859,509	873,509	912,557	(39,048)
Financial administration:				
Commissioner of Revenue	1,253,938	1,268,799	1,268,712	87
Real Estate Assessor	812,525	820,841	780,858	39,983
Treasurer	1,250,399	1,270,450	1,240,553	29,897
Finance - Administration	1,367,886	1,373,586	1,299,260	74,326
Purchasing	358,237	358,502	360,445	(1,943)
Personnel administration:				
Human Resources Department	1,058,979	1,059,416	951,833	107,583
Elections:				
Office of the Registrar	636,417	653,544	648,341	5,203
General government buildings and plant:				
Public Works - Administration	985,729	1,030,580	953,991	76,589
Custodial	421,878	423,308	431,236	(7,928)
Maintenance	1,373,919	2,680,198	1,941,654	738,544
Total general government	16,404,399	20,176,555	16,464,758	3,711,797

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual-Budget Basis (see note 1)	Variance Positive (Negative)
	Original	Final		
Public safety:				
Police protection:				
Police Department	15,316,199	16,398,624	16,396,221	2,403
Drug investigation	176,000	375,269	215,477	159,792
Fire protection:				
Fire Department	10,273,718	10,569,696	10,571,163	(1,467)
Volunteer Fire Company	26,232	26,232	19,075	7,157
Other protection:				
Contribution - Charlottesville-Albemarle Regional Jail	4,902,473	4,902,473	4,708,969	193,504
Blue Ridge Juvenile Detention Center	1,264,577	1,264,577	1,035,193	229,384
Office of the Magistrate	8,100	8,100	7,635	465
Traffic Engineering	743,830	820,683	843,610	(22,927)
Contribution - Emergency Communications Center	1,533,737	1,533,737	1,533,737	-
Police Explorer Post #606	-	2,601	-	2,601
Total public safety	<u>34,244,866</u>	<u>35,901,992</u>	<u>35,331,080</u>	<u>570,912</u>
Community services				
Highways and streets:				
Public Service - Administration	535,939	537,099	444,691	92,408
Streets and sidewalks	3,250,149	4,413,308	4,167,624	245,684
Public Works - Stormwater	546,005	546,541	462,036	84,505
Street lighting	635,931	680,866	676,282	4,584
Sanitation:				
Refuse collection and disposal	1,806,970	1,949,978	1,803,326	146,652
Contribution to Ivy Landfill	300,000	304,566	237,515	67,051
Transportation:				
Contribution to JAUNT	1,074,006	1,074,008	1,074,008	-
Total community services	<u>8,149,000</u>	<u>9,506,366</u>	<u>8,865,482</u>	<u>640,884</u>
Health and welfare:				
Health:				
Thomas Jefferson Health Department	531,825	531,825	528,158	3,667
Region Ten Community Services Board	1,001,865	1,001,865	1,001,865	-
Society for the Prevention of Cruelty to Animals	248,119	248,119	248,119	-
Offender Aid and Restoration	236,810	236,810	232,649	4,161
Comprehensive Health Investment Project	316,076	316,076	316,076	-
Welfare:				
Tax relief for the elderly	415,000	415,000	361,024	53,976
Rent relief for the elderly	18,000	18,000	18,172	(172)
Tax relief for the disabled	105,000	105,000	115,355	(10,355)
Rent relief for the disabled	180,000	180,000	195,267	(15,267)
Stormwater fee assistance program	15,000	15,000	19,970	(4,970)
Education Extension program	47,778	47,778	41,051	6,727
Contributions to community organizations	2,192,122	2,213,502	2,105,435	108,067
Total health and welfare	<u>5,307,595</u>	<u>5,328,975</u>	<u>5,183,141</u>	<u>145,834</u>

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual-Budget Basis (see note 1)	Variance Positive (Negative)
	Original	Final		
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	1,730,600	1,730,600	1,730,600	-
Contributions to community organizations	183,137	199,390	137,538	61,852
Contributions to festivals	104,720	116,167	66,772	49,395
Recreation:				
Administration	964,763	977,008	975,792	1,216
Athletics	261,015	251,015	197,924	53,091
Aquatics	1,867,772	1,878,016	1,827,952	50,064
Recreation centers	1,704,375	1,772,365	1,683,442	88,923
Special activities	741,455	848,254	759,705	88,549
Therapeutic programs	338,796	393,252	326,483	66,769
First Tee	-	-	54	(54)
Parks:				
Park maintenance	3,849,348	3,992,450	3,679,251	313,199
Contribution to Towe Park operations	77,763	77,763	72,542	5,221
Total parks, recreation and culture	11,823,744	12,236,280	11,458,055	778,225
Education:				
Contribution to School Board component unit	42,909,407	42,909,407	42,909,407	-
School pupil transportation	2,694,065	2,722,066	2,545,140	176,926
School maintenance and energy management	3,680,480	3,856,433	3,748,395	108,038
Piedmont Virginia Community College	11,183	11,183	11,183	-
Lighthouse Studio	8,321	8,321	8,321	-
Schoolyard Garden	19,200	19,200	19,200	-
Total education	49,322,656	49,526,610	49,241,646	284,964
Conservation and development:				
Economic development:				
Office of Economic Development	635,711	709,040	642,489	66,551
Chamber of Commerce	1,575	1,575	1,545	30
Contribution to Convention and Visitors Bureau	791,577	791,577	791,577	-
Urban redevelopment and housing:				
Parking garages	178,525	334,200	283,116	51,084
Parking enterprise	-	500,000	61,636	438,364
Neighborhood Development Services Department	3,505,736	3,932,732	3,398,379	534,353
Historic Preservation Task Force	5,000	36,337	3,139	33,198
Thomas Jefferson Planning District	87,655	87,655	87,655	-
Albemarle Housing Improvement Program	93,364	93,364	93,364	-
Small Business Development Center	12,000	12,000	12,000	-
Total conservation and development	5,311,143	6,498,480	5,374,900	1,123,580
Other activities				
Virginia Municipal League	15,852	15,852	16,275	(423)
Employee benefits	700,000	692,468	249,441	443,027
Corporate training program	335,000	90,678	22,779	67,899
Thomas Jefferson Soil & Water	12,300	12,300	12,300	-
Virginia Institute for Government	2,500	2,500	2,500	-
Alliance for Innovation	2,550	2,550	2,550	-
Streamwatch	10,000	10,000	10,000	-
National League of Cities	5,000	5,000	3,813	1,187
Center for Nonprofit Excellence	600	600	600	-
Total other activities	1,083,802	831,948	320,258	511,690
Total expenditures - budgetary basis	131,647,205	140,007,206	132,239,320	7,767,886
Less open encumbrances at June 30, 2017	-	-	(1,102,935)	1,102,935
Total expenditures	131,647,205	140,007,206	131,136,385	8,870,821
Revenues over expenditures	17,781,636	9,762,877	25,238,299	15,475,422

(continued)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual-Budget Basis (see note 1)	Variance Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in:				
Transfer from Water fund	695,676	710,676	710,676	-
Transfer from Sewer fund	899,487	914,487	914,487	-
Transfer from Gas fund	3,740,809	3,744,887	3,744,887	-
Transfer from Human Services fund	500,000	-	-	-
Total transfers in:	<u>5,835,972</u>	<u>5,370,050</u>	<u>5,370,050</u>	<u>-</u>
Transfers out:				
Transfer to Capital Projects fund	(4,875,164)	(8,937,215)	(8,937,215)	-
Transfer to Social Services fund	(3,502,777)	(3,502,777)	(3,286,355)	216,422
Transfer to Grants fund	-	(3,145)	(3,145)	-
Transfer to Human Services fund	(572,538)	(572,538)	(572,538)	-
Transfer to Community Services Act fund	(2,000,000)	(2,000,000)	(1,717,274)	282,726
Transfer to Transit fund	(2,268,830)	(2,436,462)	(2,177,823)	258,639
Transfer to VA Juvenile Community Crime Control Act fund	(108,415)	(108,415)	(108,415)	-
Transfer to Debt Service fund	(9,728,000)	(9,817,330)	(9,817,330)	-
Transfer to Information Technology fund	-	(153,000)	(153,000)	-
Transfer to Golf fund	-	(115,784)	(115,784)	-
Total transfers out:	<u>(23,055,724)</u>	<u>(27,646,666)</u>	<u>(26,888,879)</u>	<u>757,787</u>
Total other financing sources (uses), net	<u>(17,219,752)</u>	<u>(22,276,616)</u>	<u>(21,518,829)</u>	<u>757,787</u>
Net change in fund balance	<u>\$ 561,884</u>	<u>\$ (12,513,739)</u>	3,719,470	<u>\$ 16,233,209</u>
Fund Balance - July 1, 2016			<u>44,249,247</u>	
Fund Balance - June 30, 2017			<u>\$ 47,968,717</u>	

See accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,614,674	\$ 53,103,832	\$ 9,007,850	\$ (44,095,982)
Miscellaneous	-	909,090	1,366,314	457,224
Total revenues	2,614,674	54,012,922	10,374,164	(43,638,758)
EXPENDITURES				
General government	9,467,102	13,948,243	1,340,632	12,607,611
Public safety	350,755	460,671	269,296	191,375
Community service	6,281,216	6,563,637	3,484,250	3,079,387
Parks, recreation and culture	2,315,744	2,695,728	715,215	1,980,513
Education	3,201,227	3,208,809	2,670,733	538,076
Conservation and development	15,081,688	33,613,710	4,928,575	28,685,135
Capital Outlay	44,441,740	57,662,303	25,581,902	32,080,401
Total expenditures - budgetary basis	81,139,472	118,153,101	38,990,603	79,162,498
Less open encumbrances at June 30, 2017	-	-	(12,902,962)	12,902,962
Total expenditures	81,139,472	118,153,101	26,087,641	92,065,460
Other financing sources				
Transfers in	5,152,164	9,431,857	9,054,857	(377,000)
Transfers out	-	-	(239,314)	(239,314)
Issuance of debt	15,260,322	15,260,322	11,140,000	(4,120,322)
Premium on issuance of debt	-	-	1,076,892	1,076,892
	20,412,486	24,692,179	21,032,435	(3,659,744)
Net change in fund balance	(58,112,312)	(39,448,000)	5,318,958	44,766,958
Fund Balance restated, July 1, 2016	11,634,915	11,634,915	11,634,915	-
Fund Balance, June 30, 2017	<u>\$ (46,477,397)</u>	<u>\$ (27,813,085)</u>	<u>\$ 16,953,873</u>	<u>\$ 44,766,958</u>

See accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 177,168	\$ 165,032	\$ 165,032	\$ -
Investment earnings	-	38,238	38,238	-
Total revenues	177,168	203,270	203,270	-
EXPENDITURES:				
Retirement of principle	7,276,735	7,146,883	7,146,881	2
Interest	3,073,705	2,832,293	2,832,293	-
Miscellaneous	150,000	150,000	123,892	26,108
Total expenditures	10,500,440	10,129,176	10,103,066	26,110
Other financing sources				
Transfers in	9,728,000	9,817,330	9,817,330	-
Net change in fund balance	(595,272)	(108,576)	(82,466)	26,110
Fund Balance, July 1, 2016	11,962,480	11,962,480	11,962,480	-
Fund Balance, June 30, 2017	<u>\$ 11,367,208</u>	<u>\$ 11,853,904</u>	<u>\$ 11,880,014</u>	<u>\$ 26,110</u>

See accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOCIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 9,775,035	\$ 9,918,272	\$ 9,218,806	\$ (699,466)
Charges for services	-	-	530	530
Miscellaneous	-	2,729	14,027	11,298
Total revenues	9,775,035	9,921,001	9,233,363	(687,638)
EXPENDITURES:				
Health and welfare, budgetary basis	14,039,006	14,184,972	12,481,599	1,703,373
Capital outlay	-	-	38,119	(38,119)
Total expenditures	14,039,006	14,184,972	12,519,718	1,665,254
Less open encumbrances at June 30, 2017	-	-	-	-
Total expenditures	14,039,006	14,184,972	12,519,718	1,665,254
Other financing sources - transfers in	4,263,971	4,263,971	3,286,355	(977,616)
Net change in fund balance	-	-	-	-
Fund Balance, July 1, 2016	119,698	119,698	119,698	-
Fund Balance, June 30, 2017	\$ 119,698	\$ 119,698	\$ 119,698	\$ -

See accompanying Note to Required Supplementary Information

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

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

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 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	7,763,084	7,088,275	6,794,772	6,900,872	5,701,673	5,890,831
Contribution deficiency (excess)	\$ -	\$ (700,000)	\$ (700,000)	\$ (700,000)	\$ -	\$ -
Covered-employee payroll	\$ 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-employee payroll	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, 2017 actuarial valuation, expected retirement ages of general and public employees were adjusted to more closely reflect actual experience
Mortality:	In the June 30, 2017 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 I-3

SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS FOR THE YEAR ENDED JUNE 30, 2017

City Other Postemployment Benefits Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded Ratio (b-a)/c</u>
June 30, 2017	\$ 35,868,205	\$ 83,493,234	\$ 47,625,029	43.0 %	\$ 36,800,404	129.4 %
June 30, 2016	31,179,890	78,209,862	47,029,972	39.9	34,820,331	135.1
June 30, 2015	28,831,750	71,184,073	42,352,323	40.5	35,324,742	119.9
June 30, 2014	24,606,450	81,325,328	56,718,878	30.3	34,244,022	165.6
June 30, 2013	17,671,272	79,921,809	62,250,537	22.1	33,540,553	185.6

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2017	\$ 3,928,227	100.0 %
June 30, 2016	5,879,447	100.0
June 30, 2015	6,065,000	100.0
June 30, 2014	5,938,060	100.0
June 30, 2013	5,545,729	100.0

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT I-4

**SCHEDULE OF OPEB PLAN CONTRIBUTIONS
CITY OTHER POST EMPLOYMENT BENEFITS PLAN**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially required contribution	\$ 3,921,033	\$ 5,871,248	\$ 6,055,058	\$ 5,928,254	\$ 5,536,057	\$ 5,039,276
Actual contributions in relation to actuarially determined contribution	3,928,227	5,879,447	6,065,000	5,938,060	5,545,729	5,048,816
Contribution deficiency (excess)	\$ (7,194)	\$ (8,199)	\$ (9,942)	\$ (9,806)	\$ (9,672)	\$ (9,540)
Covered-employee payroll	\$ 33,346,579	\$ 37,785,649	\$ 34,776,376	\$ 33,970,595	\$ 32,488,161	\$ 32,753,040
Actual contributions as a percentage of covered-employee payroll	11.78%	15.56%	17.44%	17.48%	17.07%	15.41%

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
OPEB liability and related ratios are presented for all OPEB 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:	25 years (closed)
Remaining amortization period:	25 years as of June 30, 2016
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
Healthcare cost trend rates	8% initial, decreasing 0.5 percent per year to an ultimate rate of 5%
Salary increases:	2% to 5%
Investment rate of return:	7.5%
Retirement age:	In the June 30, 2017 actuarial valuation, expected retirement ages of general and public employees were adjusted to more closely reflect actual experience
Mortality:	In the June 30, 2017 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 I-5

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

	<u>2017</u>	<u>2016</u>
Total OPEB Liability		
Annual OPEB cost	\$ 3,921,033	\$ 5,871,248
Differences between expected and actual experience	1,362,339	1,154,541
Net change in total pension liability	<u>5,283,372</u>	<u>7,025,789</u>
Total OPEB liability - beginning	78,209,862	71,184,073
Total OPEB liability - ending (a)	<u>83,493,234</u>	<u>78,209,862</u>
Plan fiduciary net position		
Contributions - employer	3,928,227	5,879,447
Contributions - employee	1,068,293	978,365
Net investment income	4,301,828	(496,427)
Benefit payments, including refunds of employee contributions	(4,500,181)	(3,882,895)
Administrative expense	(88,644)	(88,736)
Other	<u>(21,208)</u>	<u>(41,614)</u>
Net change in plan fiduciary net position	4,688,315	2,348,140
Plan fiduciary net position - beginning	31,179,890	28,831,750
Plan fiduciary net position - ending	<u>\$ 35,868,205</u>	<u>\$ 31,179,890</u>
Total net pension liability - ending	<u>\$ 47,625,029</u>	<u>\$ 47,029,972</u>
City Portion of Total net pension liability - ending	\$ 43,033,976	\$ 42,496,283
JMRL (Library) Portion of total net pension liability - ending	4,114,803	4,063,390
CACVB (Visitors Bureau) portion of net pension liability - ending	476,250	470,300
	<u>\$ 47,625,029</u>	<u>\$ 47,029,972</u>
Plan fiduciary net position as a percentage of total pension liability	42.96%	39.87%
Covered employee payroll	\$ 36,800,404	\$ 34,820,331
Net OPEB liability as a percentage of covered employee payroll	129.41%	135.06%

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 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 OPEB plan investments, net of plan investment expense expresses investment performance adjusted for the changing amounts invested as follows:

<u>2017</u>	<u>2016</u>
13.71%	-1.80%

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.



SUPPLEMENTARY SECTION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

PERMANENT FUND

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT J

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds						Permanent Fund	Total
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual Care	
ASSETS								
Cash and cash equivalents	\$ -	\$ 56,524	\$ 1,826,948	\$ 1,974	\$ -	\$ 264,201	\$ 162,381	\$ 2,312,028
Accounts receivable	-	-	-	-	1,579	19,547	120	21,246
Due from other governments	14,367	343,552	463,270	-	2,477,215	9,602	-	3,308,006
Loans receivable	621,222	886,133	-	-	-	-	-	1,507,355
Total assets	<u>\$ 635,589</u>	<u>\$ 1,286,209</u>	<u>\$ 2,290,218</u>	<u>\$ 1,974</u>	<u>\$ 2,478,794</u>	<u>\$ 293,350</u>	<u>\$ 162,501</u>	<u>\$ 7,148,635</u>
LIABILITIES AND FUND BALANCE								
Accounts payable	\$ 4,004	\$ 130,502	\$ 187,560	\$ -	\$ -	\$ 55,858	\$ -	\$ 377,924
Accrued liabilities	2,598	20,055	125,412	1,974	1,192,061	203,331	-	1,545,431
Due to other governments	621,222	876,133	-	-	-	-	-	1,497,355
Due to other funds	7,765	29,046	-	-	1,124,198	-	-	1,161,009
Unearned revenue	-	4,665	-	-	-	34,161	-	38,826
Total liabilities	<u>635,589</u>	<u>1,060,401</u>	<u>312,972</u>	<u>1,974</u>	<u>2,316,259</u>	<u>293,350</u>	<u>-</u>	<u>4,620,545</u>
FUND BALANCE								
Nonspendable	-	10,000	-	-	-	-	162,501	172,501
Restricted	-	215,808	-	-	162,535	-	-	378,343
Assigned	-	-	1,977,246	-	-	-	-	1,977,246
Total fund balance	<u>-</u>	<u>225,808</u>	<u>1,977,246</u>	<u>-</u>	<u>162,535</u>	<u>-</u>	<u>162,501</u>	<u>2,528,090</u>
Total liabilities and fund balance	<u>\$ 635,589</u>	<u>\$ 1,286,209</u>	<u>\$ 2,290,218</u>	<u>\$ 1,974</u>	<u>\$ 2,478,794</u>	<u>\$ 293,350</u>	<u>\$ 162,501</u>	<u>\$ 7,148,635</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds						Permanent Fund	Total
	CDBG	Grants	Human Services	VJCCCA	CSA	Transit	Cemetery Perpetual Care	
REVENUES								
Intergovernmental	\$ 204,986	\$ 2,175,493	\$ 81,256	\$ 344,289	\$ 6,182,550	\$ 5,585,159	\$ -	\$ 14,573,733
Charges for services	-	12,500	4,834,534	-	-	806,292	-	5,653,326
Interest	-	660	-	-	-	-	931	1,591
Miscellaneous	3,489	72,855	82,488	-	-	37,147	-	195,979
Total revenues	208,475	2,261,508	4,998,278	344,289	6,182,550	6,428,598	931	20,424,629
EXPENDITURES								
Current:								
General government	-	475,075	-	-	-	-	-	475,075
Public safety	-	392,747	-	-	-	-	-	392,747
Community services	-	-	-	-	-	8,086,404	-	8,086,404
Health and welfare	54,808	1,048,949	5,262,138	452,704	7,857,905	-	931	14,677,435
Parks, recreation and culture	-	106,379	-	-	-	-	-	106,379
Conservation and development	153,667	483,290	-	-	-	-	-	636,957
Capital outlay	-	-	17,089	-	-	661,283	-	678,372
Total expenditures	208,475	2,506,440	5,279,227	452,704	7,857,905	8,747,687	931	25,053,369
Revenues over (under) expenditures	-	(244,932)	(280,949)	(108,415)	(1,675,355)	(2,319,089)	-	(4,628,740)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	140,708	572,538	108,415	1,717,274	2,319,089	-	4,858,024
Transfers out	-	-	(38,525)	-	-	-	-	(38,525)
Total other financing sources, net	-	140,708	534,013	108,415	1,717,274	2,319,089	-	4,819,499
Net change in fund balance	-	(104,224)	253,064	-	41,919	-	-	190,759
FUND BALANCE - JULY 1, 2016	-	330,032	1,724,182	-	120,616	-	162,501	2,337,331
FUND BALANCE - JUNE 30, 2017	\$ -	\$ 225,808	\$ 1,977,246	\$ -	\$ 162,535	\$ -	\$ 162,501	\$ 2,528,090

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 643,975	\$ 643,975	\$ 204,986	\$ (438,989)
Miscellaneous	-	1,000	3,489	2,489
Total revenues	643,975	644,975	208,475	(436,500)
EXPENDITURES				
Health and welfare	58,321	59,321	54,808	4,513
Conservation and development	573,106	573,106	153,667	419,439
Total expenditures	631,427	632,427	208,475	423,952
Revenues over (under) expenditures	12,548	12,548	-	(12,548)
Net change in fund balance	12,548	12,548	-	(12,548)
Fund Balance - July 1, 2016	-	-	-	-
Fund Balance - June 30, 2017	\$ 12,548	\$ 12,548	\$ -	\$ (12,548)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,628,284	\$ 2,628,284	\$ 2,175,493	\$ (452,791)
Charge for service	17,500	17,500	12,500	(5,000)
Interest	-	-	\$ 660	660
Miscellaneous	-	-	72,855	72,855
Total revenues	<u>2,645,784</u>	<u>2,645,784</u>	<u>2,261,508</u>	<u>(384,276)</u>
EXPENDITURES				
General government	\$ 537,869	537,869	\$ 475,075	62,794
Public safety	569,983	569,983	392,747	177,236
Community services	-	-	-	-
Health and welfare	1,288,866	1,288,866	1,048,949	239,917
Parks, recreation and culture	181,874	181,874	106,379	75,495
Conservation and development	647,453	647,453	483,290	164,163
Total expenditures	<u>3,226,045</u>	<u>3,226,045</u>	<u>2,506,440</u>	<u>719,605</u>
Revenues over (under) expenditures	<u>(580,261)</u>	<u>(580,261)</u>	<u>(244,932)</u>	<u>335,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>260,229</u>	<u>260,229</u>	<u>140,708</u>	<u>(119,521)</u>
Total other financing sources (uses), net	<u>260,229</u>	<u>260,229</u>	<u>140,708</u>	<u>(119,521)</u>
Net change in fund balance	<u>(320,032)</u>	<u>(320,032)</u>	<u>(104,224)</u>	<u>215,808</u>
Fund Balance - July 1, 2016	<u>330,032</u>	<u>330,032</u>	<u>330,032</u>	<u>-</u>
Fund Balance - June 30, 2017	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 225,808</u>	<u>\$ 215,808</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HUMAN SERVICES FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 102,406	\$ 102,406	\$ 81,256	\$ (21,150)
Charges for service	5,042,561	5,042,561	4,834,534	(208,027)
Miscellaneous	85,741	94,741	82,488	(12,253)
Total revenues	<u>5,230,708</u>	<u>5,239,708</u>	<u>4,998,278</u>	<u>(241,430)</u>
EXPENDITURES				
Health and welfare	5,901,912	5,910,912	5,262,138	648,774
Capital outlay	-	-	17,089	(17,089)
	<u>5,901,912</u>	<u>5,910,912</u>	<u>5,279,227</u>	<u>631,685</u>
Revenues over (under) expenditures	<u>(671,204)</u>	<u>(671,204)</u>	<u>(280,949)</u>	<u>390,255</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	677,754	677,754	572,538	(105,216)
Transfers out	(11,229)	(11,229)	(38,525)	(27,296)
Total other financing sources (uses), net	<u>666,525</u>	<u>666,525</u>	<u>534,013</u>	<u>(132,512)</u>
Net change in fund balance	(4,679)	(4,679)	253,064	257,743
Fund Balance - July 1, 2016	1,724,182	1,724,182	1,724,182	-
Fund Balance - June 30, 2017	<u>\$ 1,719,503</u>	<u>\$ 1,719,503</u>	<u>\$ 1,977,246</u>	<u>\$ 257,743</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VIRGINIA JUVENILE COMMUNITY CRIME CONTROL ACT
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 344,289	\$ 344,289	\$ 344,289	\$ -
EXPENDITURES				
Health and welfare	452,704	452,704	452,704	-
Revenues over (under) expenditures	(108,415)	(108,415)	(108,415)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	108,415	108,415	108,415	-
Net change in fund balance	-	-	-	-
Fund Balance - July 1, 2016	-	-	-	-
Fund Balance - June 30, 2017	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILDREN'S SERVICES ACT FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,234,256	\$ 6,234,256	\$ 6,182,550	\$ (51,706)
EXPENDITURES				
Health and welfare	8,234,256	8,234,256	7,857,905	376,351
Revenues over (under) expenditures	(2,000,000)	(2,000,000)	(1,675,355)	324,645
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	1,717,274	(282,726)
Net change in fund balance	-	-	41,919	41,919
Fund Balance - July 1, 2016	-	-	120,616	120,616
Fund Balance - June 30, 2017	\$ -	\$ -	\$ 162,535	\$ 162,535

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSIT FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,295,091	\$ 5,913,803	\$ 5,585,159	\$ (328,644)
Charges for services	935,535	935,535	806,292	(129,243)
Miscellaneous	21,349	21,349	37,147	15,798
Total revenues	<u>6,251,975</u>	<u>6,870,687</u>	<u>6,428,598</u>	<u>(442,089)</u>
EXPENDITURES				
Community services	7,441,931	8,344,433	8,086,404	258,029
Capital outlay	<u>2,157,538</u>	<u>2,031,839</u>	<u>661,283</u>	<u>1,370,556</u>
	<u>9,599,469</u>	<u>10,376,272</u>	<u>8,747,687</u>	<u>1,628,585</u>
Revenues over (under) expenditures	<u>(3,347,494)</u>	<u>(3,505,585)</u>	<u>(2,319,089)</u>	<u>1,186,496</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,287,592</u>	<u>3,455,226</u>	<u>2,319,089</u>	<u>(1,136,137)</u>
Net change in fund balance	<u>(59,902)</u>	<u>(50,359)</u>	<u>-</u>	<u>50,359</u>
Fund Balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2017	<u>\$ (59,902)</u>	<u>\$ (50,359)</u>	<u>\$ -</u>	<u>\$ 50,359</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017**

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,982,683	\$ 428,334	\$ 98,986	\$ 10,117,482	\$ 15,627,485
Accounts receivable, net	-	-	-	874,310	874,310
Inventories	-	132,110	540,882	-	672,992
Prepaid expenses	-	-	-	110,981	110,981
Total current assets	<u>4,982,683</u>	<u>560,444</u>	<u>639,868</u>	<u>11,102,773</u>	<u>17,285,768</u>
Noncurrent assets:					
Capital assets:					
Building and improvements	-	48,364	-	-	48,364
Vehicles	-	129,919	-	-	129,919
Equipment	<u>9,108,368</u>	<u>276,039</u>	<u>20,067</u>	<u>-</u>	<u>9,404,474</u>
Total capital assets	9,108,368	454,322	20,067	-	9,582,757
Less accumulated depreciation	<u>(8,887,342)</u>	<u>(452,322)</u>	<u>(11,706)</u>	<u>-</u>	<u>(9,351,370)</u>
Net noncurrent assets	<u>221,026</u>	<u>2,000</u>	<u>8,361</u>	<u>-</u>	<u>231,387</u>
Total assets	<u>5,203,709</u>	<u>562,444</u>	<u>648,229</u>	<u>11,102,773</u>	<u>17,517,155</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges - pension	<u>602,864</u>	<u>343,864</u>	<u>50,792</u>	<u>49,343</u>	<u>1,046,863</u>
LIABILITIES					
Current liabilities:					
Accounts payable	105,716	71,126	55,150	211,970	443,962
Accrued liabilities	73,143	37,506	3,932	3,272,633	3,387,214
Current portion of long-term liabilities	<u>5,483</u>	<u>5,681</u>	<u>556</u>	<u>264</u>	<u>11,984</u>
Total current liabilities	<u>184,342</u>	<u>114,313</u>	<u>59,638</u>	<u>3,484,867</u>	<u>3,843,160</u>
Noncurrent liabilities:					
Long-term liabilities (due in more than one year)	40,206	41,659	4,082	1,939	87,886
Net pension liability	<u>1,628,906</u>	<u>1,077,064</u>	<u>145,154</u>	<u>47,564</u>	<u>2,898,688</u>
Total noncurrent liabilities	<u>1,669,112</u>	<u>1,118,723</u>	<u>149,236</u>	<u>49,503</u>	<u>2,986,574</u>
Total liabilities	<u>1,853,454</u>	<u>1,233,036</u>	<u>208,874</u>	<u>3,534,370</u>	<u>6,829,734</u>
DEFERRED INFLOW OF RESOURCES					
Deferred charges - pension	<u>93,232</u>	<u>52,091</u>	<u>7,896</u>	<u>4,304</u>	<u>157,523</u>
NET POSITION					
Net investment in capital assets	221,026	2,000	8,361	-	231,387
Unrestricted	<u>3,638,861</u>	<u>(380,819)</u>	<u>473,890</u>	<u>7,613,442</u>	<u>11,345,374</u>
Total net position	<u>\$ 3,859,887</u>	<u>\$ (378,819)</u>	<u>\$ 482,251</u>	<u>\$ 7,613,442</u>	<u>\$ 11,576,761</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Information Technology	Departmental Services	Warehouse	Risk Management	Total
OPERATING REVENUES					
Charges for services	\$ 4,129,487	\$ 2,143,775	\$ 1,000,229	\$ 18,876,848	\$ 26,150,339
Total operating revenues	<u>4,129,487</u>	<u>2,143,775</u>	<u>1,000,229</u>	<u>18,876,848</u>	<u>26,150,339</u>
OPERATING EXPENSES					
Purchases for resale	-	942,710	812,722	-	1,755,432
Personnel costs	1,850,479	932,110	111,436	363,932	3,257,957
Materials and supplies	816,932	135,928	1,433	1,537	955,830
Contractual services and charges	780,802	267,164	44,265	840,949	1,933,180
Depreciation	100,420	343	2,007	-	102,770
Claims incurred	-	-	-	15,337,654	15,337,654
Insurance premiums	-	-	-	2,503,489	2,503,489
Total operating expenses	<u>3,548,633</u>	<u>2,278,255</u>	<u>971,863</u>	<u>19,047,561</u>	<u>25,846,312</u>
Operating income (loss)	<u>580,854</u>	<u>(134,480)</u>	<u>28,366</u>	<u>(170,713)</u>	<u>304,027</u>
NONOPERATING REVENUES					
Interest Income	-	-	-	25,274	25,274
Insurance recovery	-	-	-	1,190	1,190
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,464</u>	<u>26,464</u>
Profit/(Loss) before transfers	<u>580,854</u>	<u>(134,480)</u>	<u>28,366</u>	<u>(144,249)</u>	<u>330,491</u>
TRANSFERS					
Transfers in	216,356				216,356
Total transfers, net	<u>216,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,356</u>
Change in net position	<u>797,210</u>	<u>(134,480)</u>	<u>28,366</u>	<u>(144,249)</u>	<u>546,847</u>
Total net position - July 1, 2016	<u>3,062,677</u>	<u>(244,339)</u>	<u>453,885</u>	<u>7,757,691</u>	<u>11,029,914</u>
Total net position - June 30, 2017	<u>\$ 3,859,887</u>	<u>\$ (378,819)</u>	<u>\$ 482,251</u>	<u>\$ 7,613,442</u>	<u>\$ 11,576,761</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
OPERATING ACTIVITIES					
Receipts from customers	\$ 4,129,488	\$ 2,143,774	\$ 1,000,229	\$ 18,002,536	\$ 25,276,027
Payments to suppliers	(1,549,478)	(1,324,927)	(862,988)	(17,441,891)	(21,179,284)
Payments to employees	(1,716,774)	(849,378)	(100,657)	(55,299)	(2,722,108)
Net cash provided by (used in) operating activities	<u>863,236</u>	<u>(30,531)</u>	<u>36,584</u>	<u>505,346</u>	<u>1,374,635</u>
NONCAPITAL FINANCING ACTIVITIES					
Insurance recovery	-	-	-	1,190	1,190
Transfers in	216,356	-	-	-	216,356
Net cash provided by noncapital financing activities	<u>216,356</u>	<u>-</u>	<u>-</u>	<u>1,190</u>	<u>217,546</u>
INVESTING ACTIVITIES					
Interest on investments	-	-	-	25,274	25,274
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,274</u>	<u>25,274</u>
Net increase (decrease) in cash and cash equivalents	1,079,592	(30,531)	36,584	531,810	1,617,455
Cash and cash equivalents, July 1, 2016	<u>3,903,091</u>	<u>458,865</u>	<u>62,402</u>	<u>9,585,672</u>	<u>14,010,030</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 4,982,683</u>	<u>\$ 428,334</u>	<u>\$ 98,986</u>	<u>\$ 10,117,482</u>	<u>\$ 15,627,485</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 580,854	\$ (134,480)	\$ 28,366	\$ (170,713)	\$ 304,027
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation expense	100,420	343	2,007	-	102,770
(Increase) decrease in accounts receivable	-	-	-	(874,310)	(874,310)
(Increase) decrease in inventories	-	22,467	(16,006)	-	6,461
(Increase) decrease in prepaid expenses	-	-	-	512,850	512,850
Increase (decrease) in accounts payable	48,256	(1,592)	11,437	(55,264)	2,837
Increase (decrease) in accrued liabilities	7,261	6,664	490	100,058	114,473
Increase (decrease) in compensated absences	3,167	4,885	(87)	180	8,145
(Decrease) in insurance claims payable	-	-	-	982,206	982,206
Net pension liability change for measurement year	123,277	71,182	10,377	10,340	215,176
Net cash provided by (used in) operating activities	<u>\$ 863,235</u>	<u>\$ (30,531)</u>	<u>\$ 36,584</u>	<u>\$ 505,347</u>	<u>\$ 1,374,635</u>

**SCHEDULE TO ASSIGN INTERNAL SERVICE FUND ASSETS AND LIABILITIES
IN THE STATEMENT OF NET POSITION
JUNE 30, 2017**

	Total Internal Service Funds	ASSIGNED TO	
		Business-type Activities *	Governmental Activities *
ASSETS			
Cash and cash equivalents	\$ 15,627,485	\$ 98,986	\$ 15,528,499
Accounts receivables (net)	874,310	-	874,310
Internal balances	-	1,856,123	(1,856,123)
Inventories	672,992	540,882	132,110
Prepaid expenses	110,981	-	110,981
Capital assets, net of accumulated depreciation	231,387	8,361	223,026
Total assets	17,517,155	2,504,352	15,012,803
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges - pension	1,046,863	50,792	996,071
LIABILITIES			
Accounts payable	443,962	55,150	388,812
Accrued liabilities	3,387,214	3,932	3,383,282
Long-term liabilities (current)	11,984	556	11,428
Long-term liabilities (due in more than one year)	87,886	4,082	83,804
Net pension liability	2,898,688	145,154	2,753,534
Total liabilities	6,829,734	208,874	6,620,860
DEFERRED INFLOW OF RESOURCES			
Deferred credits - pension	157,523	7,896	149,627
NET POSITION			
Net investment in capital assets	231,387	8,361	223,026
Unrestricted	11,345,374	2,330,013	9,015,361
Total net position	\$ 11,576,761	\$ 2,338,374	\$ 9,238,387

* The allocated assets, liabilities, deferred outflows/inflows, and net positions are included in Exhibit A. This increases the overall net position of City financials.



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Financial Statements

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,691,750
Accounts receivable, net	474,928
Due from other governments	2,565,396
Inventories	22,835
Capital assets:	
Land	982,889
Depreciable assets, net	<u>25,371,833</u>
Total assets	<u>37,109,631</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges - pension	<u>11,206,550</u>
LIABILITIES	
Accounts payable	348,064
Accrued liabilities	5,431,491
Unearned revenue	132,615
Long-term liabilities:	
Amounts due within one year	789,311
Amounts due in more than one year	3,351,262
Net pension liability	<u>67,804,541</u>
Total liabilities	<u>77,857,284</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred credits - pension	<u>3,359,758</u>
NET POSITION	
Net investment in capital assets	26,354,722
Restricted	1,907,269
Unrestricted	<u>(61,162,852)</u>
Total net position	<u><u>\$ (32,900,861)</u></u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction and instruction related services	\$ 47,340,210	\$ 2,729,775	\$ 9,939,358	\$ -	\$ (34,671,077)
Support services - student based	20,920,198	347,829	-	-	(20,572,369)
Administrative support services	4,096,302	339,307	-	-	(3,756,995)
Total School Board	<u>\$ 72,356,710</u>	<u>\$ 3,416,911</u>	<u>\$ 9,939,358</u>	<u>\$ -</u>	<u>(59,000,441)</u>

General Revenues:

State aid - formula grants	14,955,644
Payment from City	42,909,407
Interest and investment earnings	10,992
Total general revenues	<u>57,876,043</u>
Change in net position	(1,124,398)
Net position - July 1, 2016	<u>(31,776,463)</u>
Net position - June 30, 2017	<u>\$ (32,900,861)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Grant and Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 5,091,213	\$ 205,818	\$ 5,297,031
Accounts receivable, net	457,052	17,876	474,928
Due from other governments	-	2,565,396	2,565,396
Inventory of supplies	-	22,835	22,835
Total assets	\$ 5,548,265	\$ 2,811,925	\$ 8,360,190
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 277,409	\$ 70,655	\$ 348,064
Accrued liabilities	4,463,420	782,826	5,246,246
Due to other funds	100,000	-	100,000
Unearned revenue	81,440	51,175	132,615
Total liabilities	4,922,269	904,656	5,826,925
Fund Balance			
Nonspendable	-	22,835	22,835
Restricted	-	1,884,434	1,884,434
Unassigned	625,996	-	625,996
Total fund balances	625,996	1,907,269	2,533,265
Total liabilities and fund balances	\$ 5,548,265	\$ 2,811,925	\$ 8,360,190
Total fund balances per Balance Sheet for Governmental Funds			\$ 2,533,265

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.	26,354,722
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the governmental funds are not included in the fund balance. Net deferred inflow and outflows of resources for pension changes	7,846,792
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of the Healthcare Fund are included in governmental activities in the Statement of Net Position. Internal Service Fund net position	2,309,474
Some liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position	
Capital lease	(413,860)
Compensated absences	(3,155,391)
Net pension liability	(67,804,541)
Unfunded liability for postemployment medical benefits	(571,322)
Net position of governmental activities	\$ (32,900,861)

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Grant and Other Governmental Funds	Totals
REVENUES			
City contribution (net of contactual services)	\$ 40,409,823	\$ 2,499,584	\$ 42,909,407
Intergovernmental	14,955,644	9,939,358	24,895,002
Charges for services	884,516	573,695	1,458,211
Miscellaneous	339,307	1,619,394	1,958,701
Total revenues	<u>56,589,290</u>	<u>14,632,031</u>	<u>71,221,321</u>
EXPENDITURES			
Current:			
Instruction and instruction related services	46,284,663	-	46,284,663
Support services - student based	6,277,004	14,066,590	20,343,594
Administrative support services	3,984,786	-	3,984,786
Debt Service:			
Principal	-	411,833	411,833
Interest	-	2,922	2,922
Total expenditures	<u>56,546,453</u>	<u>14,481,345</u>	<u>71,027,798</u>
REVENUES OVER EXPENDITURES	<u>42,837</u>	<u>150,686</u>	<u>193,523</u>
Net change in fund balance	42,837	150,686	193,523
FUND BALANCE - JULY 1, 2016	<u>583,159</u>	<u>1,756,583</u>	<u>2,339,742</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 625,996</u>	<u>\$ 1,907,269</u>	<u>\$ 2,533,265</u>
Net change in fund balances - total governmental funds			\$ 193,523

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)	49,568
City's loss on disposition of capital assets, net of depreciation, for which debt has been repaid	(1,251)
Depreciation expense	(1,796,028)

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	(70,495)
Change in unfunded liability for postemployment medical benefits	(104,152)
Change in pension outflows and inflows	7,368,431
Change in net pension liability	(7,584,280)

Governmental funds report the proceeds from the issuance of capital leases as revenue, while the government-wide statements report this as a liability. In addition, the principal payments in the lease are not reflected as an expense on the statement of activities.

411,833

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

408,453

Change in net position of governmental activities

\$ (1,124,398)

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2017**

	<u>Healthcare</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,394,719</u>
Total assets	<u>2,394,719</u>
ACCRUED LIABILITIES	
Accrued liabilities	<u>85,245</u>
Total liabilities	<u>85,245</u>
NET POSITION	
Unrestricted	<u>2,309,474</u>
Total net position	<u><u>\$ 2,309,474</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, 2017**

	<u>Healthcare</u>
OPERATING REVENUES	
Charges for services	\$ 6,880,212
Total operating revenues	<u>6,880,212</u>
 OPERATING EXPENSES	
Claims incurred and related charges	6,482,751
Total operating expenses	<u>6,482,751</u>
 Operating income	<u>397,461</u>
 NONOPERATING REVENUES	
Interest income	<u>10,992</u>
 Change in net position	408,453
 Total net position - July 1, 2016	<u>1,901,021</u>
 Total net position - June 30, 2017	<u><u>\$ 2,309,474</u></u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Healthcare</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 6,880,212
Payments to suppliers	<u>(7,006,742)</u>
Net cash used in operating activities	<u>(126,530)</u>
 INVESTING ACTIVITIES	
Interest income	<u>10,992</u>
Net cash provided by investing activities	<u>10,992</u>
 Net decrease in cash and cash equivalents	(115,538)
Cash and cash equivalents, July 1, 2016	<u>2,510,257</u>
Cash and cash equivalents, June 30, 2017	<u><u>\$ 2,394,719</u></u>
 Reconciliation of operating loss to net cash provided by operating activities	
Operating income	\$ 397,461
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease in accrued liabilities	<u>(523,991)</u>
Net cash used in operating activities	<u><u>\$ (126,530)</u></u>



**CHARLOTTESVILLE SCHOOL BOARD
COMPONENT UNIT**

Required Supplementary Information

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 195,809	\$ 196,210	\$ 213,920
Interest	718,672	713,114	700,933
Differences between exoected and actual experience	(226,626)	-	-
Changes of assumptions	-	(853,779)	(748,708)
Benefit payments, including refunds of employee contributions	(685,251)	-	-
Net change in total pension liability	2,604	55,545	166,145
Total pension liability - beginning	10,609,375	10,553,830	10,387,685
Total pension liability - ending	<u>\$ 10,611,979</u>	<u>\$ 10,609,375</u>	<u>\$ 10,553,830</u>
Plan fiduciary net position			
Contributions - employer	171,836	164,445	172,171
Contributions - employee	100,765	96,590	95,584
Net investment income	174,795	472,412	1,476,650
Benefit payments, including refunds of employee contributions	(685,251)	(732,971)	(748,708)
Administrative expense	(6,745)	(6,848)	(8,295)
Other	(76)	(98)	78
Net change in plan fiduciary net position	(244,676)	(6,470)	987,480
Plan fiduciary net position - beginning	10,587,114	10,593,584	9,606,104
Plan fiduciary net position - ending	<u>\$ 10,342,438</u>	<u>\$ 10,587,114</u>	<u>\$ 10,593,584</u>
Total net pension liability - beginning	<u>\$ 22,261</u>	<u>\$ (39,754)</u>	<u>\$ 781,581</u>
Total net pension liability - ending	<u>\$ 269,541</u>	<u>\$ 22,261</u>	<u>\$ (39,754)</u>
Plan fiduciary net position as a percentage of total pension liability	2.54%	0.21%	-0.38%
Covered employee payroll	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Net pension liability as a percentage of covered employee payroll	13.09%	1.13%	-1.99%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 169,265	\$ 174,395	\$ 167,035	\$ 169,072
Contributions in relation to actuarially determined contribution	169,265	272,601	261,035	267,755
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (98,206)</u>	<u>\$ (94,000)</u>	<u>\$ (98,683)</u>
Covered-employee payroll	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Contributions as a percentage of covered-employee payroll	8.47%	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, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 –Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- increase in rates of withdrawal
- Decrease in male and female rates of disability

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Board's proportion of the Virginia Retirement System net pension liability (asset) (%)	0.4819%	0.4783%	0.4655%
School Board's proportion of the net pension liability (asset) (\$)	\$ 67,535,000	\$ 60,198,000	\$ 56,251,000
School Board's covered-employee payroll	\$ 36,749,269	\$ 35,536,803	\$ 24,299,798
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	183.7724%	169.3962%	231.4875%
Plan fiduciary net position as a percentage of the total pension liability	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 N-4

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

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

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

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- 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
- Reduce rates of salary increase by 0.25% per year

CITY OF CHARLOTTESVILLE, VIRGINIA

EXHIBIT N-5

**SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2017**

School Board Component Unit - Other Postemployment Medical Benefit Plan Subsidy

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Ratio (b-a)/c
June 30, 2017		\$ 2,434,516	\$ 2,434,516	0.0 %	N/A	N/A %
June 30, 2016	-	2,114,768	2,114,768	0.0	N/A	N/A
June 30, 2014	-	2,123,365	2,123,365	0.0	N/A	N/A
June 30, 2012	-	2,247,007	2,247,007	0.0	N/A	N/A
June 30, 2010	-	2,639,024	2,639,024	0.0	N/A	N/A

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

Fiscal Year Ended	Annual OPEB Cost	Estimated Employer Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 213,580	\$ 109,429	51.2	\$ 571,322
June 30, 2016	205,843	109,429	53.2	467,171
June 30, 2015	207,698	147,937	71.2	332,248
June 30, 2014	213,703	147,937	69.2	272,487
June 30, 2013	213,825	206,908	96.8	206,721



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

Tables 1 - 4

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

Revenue Capacity

Tables 5 - 10

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

Debt Capacity

Tables 11 - 14

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

Economic and Demographic Information

Tables 15 - 17

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

Operating Information

Tables 18 - 20

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

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 1

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 129,422,307	\$ 138,310,542	\$ 132,554,513	\$ 139,313,423	\$ 105,462,444	\$ 122,164,890	\$ 116,844,116	\$ 133,087,240	\$ 117,881,979	\$ 115,142,637
Restricted For:										
Expendable	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164	10,000	10,000	10,000	10,000
Nonexpendable	5,663,251	4,891,126	162,501	162,501	162,501	162,501	162,501	162,501	162,501	162,501
Unrestricted	34,145,789	11,167,288	23,465,667	67,085,400	85,110,590	60,401,741	72,528,272	66,615,278	62,894,787	54,793,780
Total governmental activities net position	<u>\$ 169,609,689</u>	<u>\$ 155,466,381</u>	<u>\$ 158,382,992</u>	<u>\$ 209,002,760</u>	<u>\$ 192,927,182</u>	<u>\$ 189,131,296</u>	<u>\$ 189,544,889</u>	<u>\$ 199,875,019</u>	<u>\$ 180,949,267</u>	<u>\$ 170,108,918</u>
Business-type activities:										
Net investment in capital assets	\$ 33,246,970	\$ 28,416,350	\$ 26,407,757	\$ 25,036,215	\$ 37,760,064	\$ 21,862,917	\$ 21,900,131	\$ 21,576,238	\$ 20,928,347	\$ 20,644,310
Restricted-expendable	-	-	-	-	-	-	27,817	-	-	-
Unrestricted	19,663,499	24,816,588	21,070,253	25,377,815	11,374,395	24,882,257	24,327,004	22,368,111	21,883,741	20,455,061
Total business-type activities net position	<u>\$ 52,910,469</u>	<u>\$ 53,232,938</u>	<u>\$ 47,478,010</u>	<u>\$ 50,414,030</u>	<u>\$ 49,134,459</u>	<u>\$ 46,745,174</u>	<u>\$ 46,254,952</u>	<u>\$ 43,944,349</u>	<u>\$ 42,812,088</u>	<u>\$ 41,099,371</u>
Primary Government:										
Net investment in capital assets	\$ 162,669,277	\$ 166,726,892	\$ 158,962,270	\$ 164,349,638	\$ 143,222,508	\$ 144,027,807	\$ 138,744,247	\$ 154,663,478	\$ 138,810,326	\$ 135,786,947
Restricted For:										
Expendable	378,342	1,097,425	2,200,311	2,441,436	2,191,647	6,402,164	37,817	10,000	10,000	10,000
Nonexpendable	5,663,251	4,891,126	162,501	162,501	162,501	162,501	162,501	162,501	162,501	162,501
Unrestricted	53,809,288	35,983,876	44,535,920	92,463,215	96,484,985	85,283,998	96,855,276	88,983,389	84,778,528	75,248,841
Total primary government net position	<u>\$ 222,520,158</u>	<u>\$ 208,699,319</u>	<u>\$ 205,861,002</u>	<u>\$ 259,416,790</u>	<u>\$ 242,061,641</u>	<u>\$ 235,876,470</u>	<u>\$ 235,799,841</u>	<u>\$ 243,819,368</u>	<u>\$ 223,761,355</u>	<u>\$ 211,208,289</u>

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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 25,116,791	\$ 27,127,026	\$ 26,796,174	\$ 24,270,356	\$ 23,535,445	\$ 22,483,608	\$ 23,634,491	\$ 20,411,765	\$ 25,817,176	\$ 23,238,056
Public safety	45,118,838	38,827,913	33,615,196	33,358,970	32,597,684	32,258,520	30,545,681	30,547,357	30,527,165	30,542,176
Community services	25,259,071	23,003,605	22,323,559	20,704,251	20,052,677	23,670,432	22,348,563	21,293,487	20,577,112	17,349,631
Health and welfare	37,155,165	31,493,206	31,115,213	29,785,968	30,274,966	30,034,547	30,820,530	31,358,502	30,161,585	29,401,150
Parks, recreation and culture	17,120,453	13,868,610	12,782,459	12,666,217	12,368,616	11,256,003	10,053,398	9,546,796	9,561,694	9,481,960
Education	52,714,685	50,053,416	52,968,559	45,368,328	51,677,155	42,460,291	57,974,958	41,990,709	41,558,411	44,572,403
Conservation and development	12,626,012	10,244,623	9,501,823	8,870,158	10,373,102	14,171,433	7,743,918	6,985,191	8,588,251	9,829,820
Interest on long-term debt	1,746,162	2,465,754	3,604,179	2,241,591	2,359,980	5,100,955	2,733,665	2,454,390	2,235,928	1,937,644
Total governmental activities	<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>	<u>181,435,789</u>	<u>185,855,204</u>	<u>164,588,197</u>	<u>169,027,322</u>	<u>166,352,840</u>
Business-type activities:										
Water	8,971,472	8,332,731	8,988,566	8,834,334	8,162,082	8,417,556	8,321,515	8,009,139	7,416,972	7,376,301
Sewer	10,301,902	10,583,241	10,770,341	11,503,795	9,858,802	9,829,643	8,416,888	8,840,500	7,090,366	5,812,810
Gas	23,698,603	18,420,330	26,493,000	28,239,126	23,788,374	22,288,691	24,869,854	25,111,699	34,388,021	36,170,500
Other enterprise funds	1,534,483	1,393,942	1,341,548	1,038,023	871,628	912,244	617,357	1,198,157	1,210,638	1,358,023
Total business-type activities	<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>	<u>41,448,134</u>	<u>42,225,614</u>	<u>43,159,495</u>	<u>50,105,997</u>	<u>50,717,634</u>
Total Primary Government Expenses	\$ 261,363,637	\$ 235,814,397	\$ 240,300,617	\$ 226,881,117	\$ 225,920,511	\$ 222,883,923	\$ 228,080,818	\$ 207,747,692	\$ 219,133,319	\$ 217,070,474
Program Revenues										
Governmental activities:										
Charges for Services										
General government	\$ 7,808,336	\$ 13,289,075	\$ 13,365,582	\$ 14,156,093	\$ 14,000,028	\$ 12,718,913	\$ 11,509,211	\$ 10,624,798	\$ 11,048,283	\$ 10,862,338
Public safety	7,130,597	12,349	16,206	10,969	29,778	29,919	31,416	42,850	44,907	49,754
Community services	5,112,907	1,968,282	1,808,948	1,820,062	1,843,964	1,840,737	1,786,899	1,945,796	2,122,384	2,224,251
Health and welfare	8,753,432	4,653,306	4,588,956	4,203,244	3,923,086	3,950,369	4,305,042	2,719,628	1,912,596	1,961,441
Parks, recreation and culture	5,350,770	1,630,679	1,744,910	1,785,912	1,610,587	1,372,958	1,214,220	943,705	808,869	811,586
Education	1,288,687	214,120	243,413	273,615	208,988	229,949	203,713	228,853	272,643	228,591
Conservation and development	3,922,782	40,047	34,496	27,506	21,321	28,322	23,487	27,685	43,045	46,424
Operating Grants and Contributions										
General government	29,242,564	151,621	2,212,016	2,275,679	1,762,119	1,643,234	2,022,303	2,099,757	2,161,567	2,156,436
Public safety	1,636,764	718,675	889,252	2,647,082	1,675,385	1,906,155	1,632,513	1,554,604	1,597,459	1,530,559
Community services	5,441,190	5,028,690	11,009,042	8,184,560	8,107,968	9,074,860	8,839,499	7,947,633	7,010,934	6,758,618
Health and welfare	17,076,168	16,730,096	17,046,746	15,664,102	16,278,179	16,481,533	17,810,096	18,163,600	18,456,403	18,272,330
Parks, recreation and culture	467,158	218,771	142,942	265,890	904,083	76,725	45,382	51,953	100,635	77,396
Education	347,685	217,188	269,716	232,043	562,087	566,776	566,566	224,203	527,281	-
Conservation and development	4,506,454	185,529	133,588	63,905	238,338	344,349	459,922	-	74,216	71,141
Capital Grants and Contributions										
General government	-	-	-	-	-	350,876	11,728	630,275	4,171,078	1,374,433
Public safety	-	-	-	-	12,825	383,584	-	-	-	-
Community services	592,408	3,039,031	6,948,100	13,486,069	6,776,156	5,070,874	1,990,553	13,285,028	7,526,581	7,052,770
Parks, recreation and culture	-	-	-	-	-	-	-	-	-	29,760
Education	-	119,915	144,700	-	-	456,441	113,912	22,432	44,327	408,075
Conservation and development	5,977,748	-	33,162	16,839	59,500	115,398	-	-	-	-
Total governmental activities	<u>104,655,650</u>	<u>48,217,374</u>	<u>60,631,775</u>	<u>65,113,570</u>	<u>58,014,392</u>	<u>56,641,972</u>	<u>52,566,462</u>	<u>60,512,800</u>	<u>57,923,208</u>	<u>53,915,903</u>
Business-type activities:										
Charges for Services										
Water	11,189,236	10,311,760	9,868,917	9,163,447	9,064,161	8,923,040	9,244,578	9,134,985	9,333,610	8,302,627
Sewer	14,704,642	13,254,116	11,970,322	11,338,460	10,554,384	9,121,471	9,066,402	8,952,616	9,043,516	7,439,184
Gas	20,544,734	22,813,188	30,826,233	33,856,411	29,779,891	27,619,960	30,360,501	29,860,371	36,868,759	43,961,558
Other enterprise funds	2,810,284	2,719,146	2,818,345	1,780,508	842,787	939,797	949,264	1,064,929	1,035,709	1,113,089
Operating Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	17,105	54,667	58,838	106,429
Capital Grants and Contributions										
Other enterprise funds	-	-	68,552	-	-	18,800	-	-	-	-
Total business-type activities	<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>	<u>46,623,068</u>	<u>49,637,850</u>	<u>49,067,568</u>	<u>56,340,432</u>	<u>60,922,887</u>
Total Primary Government Revenues	\$ 153,904,546	\$ 97,315,584	\$ 116,184,144	\$ 121,252,396	\$ 108,255,615	\$ 103,265,040	\$ 102,204,312	\$ 109,580,368	\$ 114,263,640	\$ 114,838,790

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense) Revenue										
Governmental activities:										
General government	\$ 11,934,109	\$ (13,686,330)	\$ (11,218,576)	\$ (7,838,584)	\$ (7,773,298)	\$ (7,770,585)	\$ (10,091,249)	\$ (7,056,935)	\$ (8,436,248)	\$ (8,844,849)
Public safety	(36,351,477)	(38,096,889)	(32,709,738)	(30,700,919)	(30,879,696)	(29,938,862)	(28,881,752)	(28,949,903)	(28,884,799)	(28,961,863)
Community services	(14,112,566)	(12,967,602)	(2,557,469)	2,786,440	(3,324,589)	(7,683,961)	(9,731,612)	1,884,970	(3,917,213)	(1,313,992)
Health and welfare	(11,325,565)	(10,109,804)	(9,479,511)	(9,918,622)	(10,073,701)	(9,602,645)	(8,705,392)	(10,475,274)	(9,792,586)	(9,167,379)
Parks, recreation and culture	(11,302,525)	(12,019,160)	(10,894,607)	(10,614,415)	(9,853,946)	(9,806,320)	(8,793,796)	(8,551,138)	(8,652,190)	(8,563,218)
Education	(51,078,313)	(49,502,193)	(52,310,730)	(44,862,670)	(50,906,080)	(41,207,125)	(57,090,767)	(41,515,221)	(40,714,160)	(43,935,737)
Conservation and development	1,780,972	(10,019,047)	(9,300,577)	(8,761,908)	(10,053,943)	(13,683,364)	(7,260,509)	(6,957,506)	(8,470,990)	(9,712,255)
Other activities	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	(1,746,162)	(2,465,754)	(3,604,179)	(2,241,591)	(2,359,980)	(5,100,955)	(2,733,665)	(2,454,390)	(2,235,928)	(1,937,644)
Total governmental activities	<u>(112,201,527)</u>	<u>(148,866,779)</u>	<u>(132,075,387)</u>	<u>(112,152,269)</u>	<u>(125,225,233)</u>	<u>(124,793,817)</u>	<u>(133,288,742)</u>	<u>(104,075,397)</u>	<u>(111,104,114)</u>	<u>(112,436,937)</u>
Business-type activities:										
Water	2,217,764	1,979,029	880,351	329,113	902,079	505,484	923,063	1,125,846	1,916,638	926,326
Sewer	4,402,740	2,670,875	1,199,981	(165,335)	695,582	(708,172)	649,514	112,116	1,953,150	1,626,374
Gas	(3,153,869)	4,392,858	4,333,233	5,617,285	5,991,517	5,331,269	5,490,647	4,748,672	2,480,738	7,791,058
Other enterprise funds	1,275,801	1,325,204	1,545,349	742,485	(28,841)	46,353	349,012	(78,561)	(116,091)	(138,505)
Total business-type activities	<u>4,742,436</u>	<u>10,367,966</u>	<u>7,958,914</u>	<u>6,523,548</u>	<u>7,560,337</u>	<u>5,174,934</u>	<u>7,412,236</u>	<u>5,908,073</u>	<u>6,234,435</u>	<u>10,205,253</u>
Total Primary Government Net Expense	\$ (107,459,091)	\$ (138,498,813)	\$ (124,116,473)	\$ (105,628,721)	\$ (117,664,896)	\$ (119,618,883)	\$ (125,876,506)	\$ (98,167,324)	\$ (104,869,679)	\$ (102,231,684)
General Revenues and Other Changes in Net Position										
Governmental activities:										
General Revenues										
General property taxes	\$ 68,384,143	\$ 62,940,310	\$ 59,566,818	\$ 58,158,711	\$ 56,060,959	\$ 55,819,958	\$ 55,401,204	\$ 55,625,137	\$ 57,299,828	\$ 52,783,908
Sales tax	11,670,485	11,466,250	10,767,263	10,747,757	9,901,299	9,995,523	8,956,683	9,312,664	9,588,558	10,221,226
Utility tax	4,540,179	4,478,748	4,614,299	4,539,149	4,422,168	4,252,785	4,491,361	4,419,303	4,644,592	4,466,584
Communications tax	3,022,277	3,098,436	3,192,960	3,221,105	3,276,861	3,268,192	3,352,581	3,335,988	3,338,662	3,674,556
Meals tax	11,746,648	11,320,042	8,703,398	8,156,709	8,103,257	7,378,230	6,861,066	6,454,663	6,522,572	6,741,885
Lodging tax	4,846,549	3,664,156	3,166,309	2,933,227	2,932,367	2,807,326	2,460,055	2,475,914	2,286,843	2,476,572
Other taxes	4,593,226	4,511,753	4,319,279	4,139,312	4,022,679	4,059,205	4,317,180	3,762,710	3,596,854	3,742,319
Business license tax	7,918,093	6,925,402	6,788,971	6,442,386	6,880,942	6,491,428	6,061,192	6,502,949	7,295,646	5,953,851
Grants and contributions not restricted	-	30,117,894	23,502,728	24,353,298	27,910,750	24,887,083	25,229,997	25,160,421	21,166,672	20,083,095
Interest and investment earnings	416,625	341,347	365,070	259,548	276,657	373,961	538,029	918,853	1,435,592	1,904,366
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain from sale of assets	-	-	-	-	-	252,742	-	-	-	-
Total governmental activities	<u>117,138,225</u>	<u>138,864,338</u>	<u>124,987,095</u>	<u>122,951,202</u>	<u>123,787,939</u>	<u>119,586,433</u>	<u>117,652,755</u>	<u>117,985,195</u>	<u>117,175,819</u>	<u>112,048,362</u>
Business-type activities:										
Interest and investment earnings	101,036	141,362	113,151	32,668	62,128	109,079	204,224	240,142	246,926	409,406
Total business-type activities	<u>101,036</u>	<u>141,362</u>	<u>113,151</u>	<u>32,668</u>	<u>62,128</u>	<u>109,079</u>	<u>204,224</u>	<u>240,142</u>	<u>246,926</u>	<u>409,406</u>
Total Primary Government Revenues	\$ 117,239,261	\$ 139,005,700	\$ 125,100,246	\$ 122,983,870	\$ 123,850,067	\$ 119,695,512	\$ 117,856,979	\$ 118,225,337	\$ 117,422,745	\$ 112,457,768
Change in net position										
Governmental Activities	\$ 10,372,952	\$ (4,803,942)	\$ (1,773,911)	\$ 16,075,578	\$ 3,795,886	\$ (413,593)	\$ (10,330,130)	\$ 18,452,691	\$ 10,840,349	\$ 4,362,677
Business-type Activities	\$ (322,469)	\$ 5,310,729	\$ 2,757,684	\$ 1,279,571	\$ 2,389,285	\$ 490,222	\$ 2,310,603	\$ 1,132,261	\$ 1,634,617	\$ 5,863,407
Total change in net position	\$ 10,050,483	\$ 506,787	\$ 983,773	\$ 17,355,149	\$ 6,185,171	\$ 76,629	\$ (8,019,527)	\$ 19,584,952	\$ 12,474,966	\$ 10,226,084

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,180,647	\$ 643,413	\$ 1,368,723
Unreserved:										
Designated	-	-	-	-	-	-	-	10,363,172	4,651,197	6,376,108
Undesignated	-	-	-	-	-	-	-	24,271,261	27,150,245	19,563,961
Total General Fund	\$ -	\$ 35,815,080	\$ 32,444,855	\$ 27,308,792						
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,555,925	\$ 30,741,006	\$ 18,829,365
Unreserved:										
Capital Projects Funds	-	-	-	-	-	-	-	6,866,651	(3,843,863)	9,286,536
Social Service Funds	-	-	-	-	-	-	-	483,543	483,439	484,529
Special Revenue Funds	-	-	-	-	-	-	-	1,328,208	1,566,636	1,018,241
Debt Service Funds	-	-	-	-	-	-	-	9,547,048	9,156,884	7,927,132
Permanent Fund	-	-	-	-	-	-	-	162,501	162,501	162,501
Total All Other Governmental Funds	\$ -	\$ 32,943,876	\$ 38,266,603	\$ 37,708,304						
General Fund										
Restricted	\$ -	\$ 656,777	\$ 728,278	\$ 725,441	\$ 545,723	\$ 472,056	\$ 462,244	\$ -	\$ -	\$ -
Committed	4,931,956	6,732,612	6,363,639	7,004,685	6,737,955	8,206,185	7,880,345	-	-	-
Assigned	1,102,935	7,804,945	5,130,563	3,786,220	3,633,160	4,542,491	5,945,930	-	-	-
Unassigned	41,933,825	29,054,913	28,251,814	27,291,468	26,989,410	26,861,656	25,855,782	-	-	-
Total General Fund	\$ 47,968,716	\$ 44,249,247	\$ 40,474,294	\$ 38,807,814	\$ 37,906,248	\$ 40,082,388	\$ 40,144,301	\$ -	\$ -	\$ -
All Other Governmental Funds										
Nonspendable	\$ 5,663,250	\$ 4,891,126	\$ 1,260,860	\$ 1,542,501	\$ 1,272,501	\$ 3,316,211	\$ 3,380,174	\$ -	\$ -	\$ -
Restricted	8,300,066	440,648	6,159,927	4,216,750	9,486,035	15,949,126	20,687,703	-	-	-
Committed	15,541,112	12,082,178	11,745,744	15,202,070	14,768,068	11,252,983	9,508,177	-	-	-
Assigned	1,977,246	7,770,919	5,928,263	1,364,421	1,303,256	1,906,602	1,681,261	-	-	-
Total All Other Governmental Funds	\$ 31,481,674	\$ 25,184,871	\$ 25,094,794	\$ 22,325,742	\$ 26,829,860	\$ 32,424,922	\$ 35,257,315	\$ -	\$ -	\$ -

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

Note: Fiscal years 2008 through 2010 have not been restated per GASB 54.

Schedule prepared using the modified accrual basis of accounting

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
General property taxes	\$ 116,721,600	\$ 108,365,439	\$ 101,869,696	\$ 98,699,930	\$ 95,714,241	\$ 94,311,894	\$ 92,111,297	\$ 92,251,458	\$ 94,490,618	\$ 90,392,806
Fee and permits	2,575,469	2,169,777	2,283,546	1,966,895	2,464,889	2,042,063	1,825,729	1,640,727	1,836,514	1,915,907
Intergovernmental	61,924,408	55,268,548	60,955,964	66,426,300	60,215,042	61,026,601	58,235,118	67,888,839	62,127,824	57,515,459
Charges for services	12,117,670	11,701,232	11,685,158	10,920,381	10,607,302	10,065,910	10,201,768	8,068,430	7,348,673	7,655,338
Fines and forfeitures	481,032	481,630	476,632	393,398	392,763	552,075	567,027	392,515	383,480	475,064
Miscellaneous	2,789,931	2,386,349	2,296,159	2,226,308	5,056,883	2,036,426	2,011,104	2,724,433	2,753,583	2,883,321
Total governmental revenues	196,610,110	180,372,975	179,567,155	180,633,212	174,451,120	170,034,969	164,952,043	172,966,402	168,940,692	160,837,895
Expenditures										
General government	18,107,974	17,206,445	18,446,310	14,825,220	15,352,223	15,117,332	14,653,299	13,844,581	17,980,145	16,701,263
Public safety	35,081,163	36,357,223	33,290,687	32,609,199	31,987,432	32,231,433	30,460,236	30,760,038	29,927,240	30,623,911
Community services	17,257,531	18,470,598	20,824,429	21,796,529	18,524,126	23,573,132	21,264,573	21,000,353	22,183,823	16,398,832
Health and welfare	32,346,926	30,975,824	31,318,573	29,948,939	31,196,387	30,211,972	30,929,233	31,483,056	30,082,148	29,361,163
Parks, recreation and culture	11,912,756	13,023,170	12,152,256	11,739,822	12,229,739	10,586,859	9,870,613	9,123,591	9,386,707	9,209,286
Education	50,385,279	49,397,353	46,999,266	44,279,012	45,526,167	41,983,543	41,068,749	41,104,359	40,957,870	41,048,697
Conservation and development	9,620,535	10,710,688	8,928,892	7,469,535	8,764,632	13,711,905	7,109,914	6,395,913	7,957,922	9,203,474
Debt service										
Principal	7,146,882	6,379,799	6,084,318	6,685,521	6,430,175	6,611,249	6,236,895	5,926,396	5,241,154	4,780,080
Interest	2,832,293	2,591,814	2,660,459	2,725,366	2,452,754	2,855,961	2,550,831	2,407,670	2,029,199	1,926,049
Miscellaneous	123,892	172,063	384,966	100,571	87,599	196,062	94,848	107,867	146,910	122,388
Other activities	289,665	1,055,402	1,052,619	975,456	266,562	255,994	298,737	276,671	375,443	460,951
Capital outlay	19,795,285	5,613,733	11,713,606	23,165,369	21,380,655	11,213,317	9,882,212	28,702,858	17,694,234	7,129,337
Total governmental expenditures	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451	188,548,759	174,420,140	191,133,353	183,962,795	166,965,431
Revenues over (under) expenditures	(8,290,071)	(11,581,137)	(14,289,226)	(15,687,327)	(19,747,331)	(18,513,790)	(9,468,097)	(18,166,951)	(15,022,103)	(6,127,536)
Other financing sources (uses)										
Transfers in	32,386,616	30,657,532	29,059,645	29,291,985	31,047,043	31,879,012	27,888,963	30,642,076	26,846,844	31,768,783
Transfers out	(27,166,718)	(25,140,392)	(22,880,748)	(23,356,855)	(25,108,773)	(26,698,163)	(22,054,595)	(24,733,114)	(21,669,705)	(27,046,086)
Issuance of debt	11,140,000	7,250,000	11,405,000	5,740,000	5,610,000	9,133,200	9,650,400	10,211,600	15,017,552	12,434,520
Refunding bonds issued	-	3,875,466	11,663,366	1,390,695	-	17,737,100	-	-	1,325,700	3,547,500
Premium on issuance of debt	1,076,892	1,282,326	2,261,124	417,486	427,859	3,411,666	616,989	93,887	575,073	305,527
Payment to refunded bond escrow agent	-	(4,365,996)	(13,096,411)	(1,506,186)	-	(20,195,331)	-	-	(1,378,999)	(3,644,368)
Sale of capital assets	-	-	312,782	107,650	-	352,000	9,000	-	-	-
Total other financing sources (uses)	17,436,790	13,558,936	18,724,758	12,084,775	11,976,129	15,619,484	16,110,757	16,214,449	20,716,465	17,365,876
Net change in fund balances	\$ 9,146,719	\$ 1,977,799	\$ 4,435,532	\$ (3,602,552)	\$ (7,771,202)	\$ (2,894,306)	\$ 6,642,660	\$ (1,952,502)	\$ 5,694,362	\$ 11,238,340
Debt service as a percentage of noncapital expenditures										
Total debt service expenditures	\$ 10,103,067	\$ 8,971,613	\$ 8,744,777	\$ 9,410,887	\$ 8,882,929	\$ 9,467,210	\$ 8,787,726	\$ 8,334,066	\$ 7,270,353	\$ 6,706,129
Total governmental expenditures	204,900,181	191,954,112	193,856,381	196,320,539	194,198,451	188,548,759	174,420,140	191,133,353	183,962,795	166,965,431
Change in capital assets	(21,634,978)	(9,215,151)	(16,487,414)	(27,697,576)	(22,573,753)	(15,554,651)	(14,212,438)	(32,444,266)	(22,765,689)	(9,371,741)
Noncapital expenditures	\$ 183,265,203	\$ 182,738,961	\$ 177,368,967	\$ 168,622,963	\$ 171,624,698	\$ 172,994,108	\$ 160,207,702	\$ 158,689,087	\$ 161,197,106	\$ 157,593,690
Debt service as a percentage of noncapital expenditures	5.45%	4.91%	4.93%	5.58%	5.18%	5.47%	5.49%	5.25%	4.51%	4.26%

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

Schedule prepared using the modified accrual basis of accounting

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

Fiscal Year	Total Taxes	Property Taxes (1)	Sales and Use Taxes	Utility and Communications Taxes (2)	Meals Tax	Lodging Tax	Business License Tax	Franchise Taxes (2)	Tax on Bank Stock	Tax on Wills and Deeds	Other Taxes
2017	\$ 116,721,600	\$ 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	\$ 1,103,106
2016	108,365,439	64,620,157	11,466,250	7,577,184	11,320,042	3,664,156	6,925,402	3,500	1,138,188	585,246	1,065,314
2015	101,869,696	62,020,045	10,767,263	7,807,259	8,703,398	3,166,309	6,788,971	3,500	982,185	554,805	1,075,961
2014	98,699,930	60,203,592	10,747,757	7,760,254	8,156,709	2,933,227	6,442,386	7,000	923,869	565,320	959,816
2013	95,714,241	57,894,427	9,901,299	7,699,029	8,103,257	2,932,367	6,880,942	13,880	851,638	604,597	832,805
2012	94,311,894	57,774,887	9,995,523	7,520,977	7,378,230	2,807,326	6,491,428	10,440	1,051,723	493,248	788,112
2011	92,111,297	57,336,116	8,956,683	7,827,349	6,861,066	2,460,055	6,061,192	26,402	1,358,812	436,709	786,913
2010	92,251,458	57,520,194	9,312,664	7,771,884	6,454,663	2,475,914	6,502,949	3,500	975,779	403,918	829,993
2009	93,490,618	58,750,030	8,588,558	7,983,254	6,522,572	2,286,843	7,295,646	12,397	639,849	473,913	937,556
2008	90,392,806	54,596,231	10,221,226	8,141,140	6,741,885	2,476,572	5,953,851	8,843	605,562	665,969	981,527

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
2017	\$ 6,740,234,600	\$ 143,303,198	\$ 6,883,537,798	\$ 0.95	\$ 1,746,952,600	\$ 8,630,490,398
2016	5,953,910,000	140,924,014	6,094,834,014	0.95	1,135,055,400	7,229,889,414
2015	5,704,217,700	142,650,296	5,846,867,996	0.95	1,027,382,800	6,874,250,796
2014	5,503,669,500	137,745,380	5,641,414,880	0.95	1,017,616,600	6,659,031,480
2013	5,281,021,000	138,256,036	5,419,277,036	0.95	1,012,716,900	6,431,993,936
2012	5,222,661,300	138,241,036	5,360,902,336	0.95	1,016,573,300	6,377,475,636
2011	5,282,859,100	135,463,526	5,418,322,626	0.95	1,016,346,400	6,434,669,026
2010	5,257,182,700	135,809,935	5,392,992,635	0.95	1,053,205,500	6,446,198,135
2009	5,251,290,000	116,776,088	5,368,066,088	0.95	1,045,198,200	6,413,264,288
2008	5,181,954,900	114,181,608	5,296,136,508	0.95	885,548,300	6,181,684,808

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)	
2017	\$ 0.95	\$ 4.20	\$ 4.20	\$ 9.35	\$ 0.95	\$ 4.20	\$ 5.15
2016	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2015	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2014	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2013	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2012	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2011	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2010	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2009	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2008	0.95	4.20	4.20	9.35	0.95	4.20	5.15

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, 2017

Taxpayer	Type of Business	2017 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)	2008 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)
Federal Realty Investment Trust	Shopping Center	\$ 166,813,200	\$ 1,584,725	1	2.47 %	\$ 78,920,200	\$ 749,742	1	1.52 %
Madison Loft, LLC	Apartments	73,864,600	701,714	2	1.10	-	-	-	-
Pavilion UVA, LLC & Pavilion UVA II, LLC	Apartments	66,431,300	631,097	3	0.99	-	-	-	-
Pavilion, LLC	Apartments	65,843,800	625,516	4	0.98	39,912,100	379,165	5	0.77
Dominion Virginia Power Company	Public Utilities	63,324,704	601,585	5	0.94	40,812,247	387,716	4	0.79
Campus Investor 1000 West Main, LLC	Apartments	55,589,800	528,103	6	0.82	-	-	-	-
Coal Tower Associates, LLC	Apartment/Office Building	52,370,200	497,517	7	0.78	-	-	-	-
Neighborhood Investment - UVA, LP	Apartment	42,900,400	407,554	8	0.64	-	-	-	-
Charlottesville Operations Hub, LLC	Office Building	34,057,000	323,542	9	0.51	-	-	-	-
University of Virginia Foundation (Taxable)	Real Estate	39,382,500	374,134	10	0.58	-	-	-	-
Dogwood Properties of Charlottesville	Real Estate	-	-	-	-	69,797,700	663,078	2	1.35
Caton, Douglas E.	Real Estate	-	-	-	-	42,825,200	406,839	3	0.83
Cherry Hills, Inc.	Real Estate	-	-	-	-	39,863,300	378,701	6	0.77
Piedmont Hospital, LLC	Real Estate	-	-	-	-	39,439,100	374,671	7	0.76
CenturyLink/Embark	Public Utility	-	-	-	-	36,973,883	351,252	8	0.71
Wade Apartments	Apartments	-	-	-	-	36,363,400	345,452	9	0.70
Towers Limited Partnership, ETAL	Real Estate	-	-	-	-	36,350,700	345,332	10	0.70
		<u>\$ 660,577,504</u>	<u>\$ 6,275,486</u>		<u>9.80 %</u>	<u>\$ 461,257,830</u>	<u>\$ 4,381,949</u>		<u>8.20 %</u>

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

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

(2) Tax rate of \$0.95 in 2017; Tax rate of \$0.95 in 2008

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
2017	\$ 72,719,621	\$ 71,754,804	98.67 %	\$ -	\$ 71,754,804	98.67 %
2016	67,585,352	66,151,569	97.88	1,229,595	67,381,164	99.70
2015	64,696,884	63,168,684	97.64	1,410,020	64,578,704	99.82
2014	62,244,715	61,010,246	98.02	671,075	62,147,123	99.84
2013	60,538,454	59,304,770	97.96	811,795	60,459,070	99.87
2012	60,132,379	58,573,010	97.41	1,146,674	60,082,238	99.92
2011	60,231,991	58,308,249	96.81	1,306,712	60,186,665	99.92
2010	60,201,656	58,243,180	96.75	1,329,491	60,179,770	99.96
2009	60,264,200	57,725,159	95.79	1,693,964	60,261,282	99.99
2008	55,670,857	53,115,813	95.41 %	2,738,960	55,854,773	100.33 %

Source: Treasurer of the City of Charlottesville

(1) Collections in Subsequent Years prior to 2009 include receipts collected within the fiscal year for all prior year levies. Collections in Subsequent Years in fiscal years 2009 and later include only the current year tax levy and receipts collected in subsequent years.

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 10

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Federal	\$ 31,919,100	\$ 23,817,800	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 21,652,500	\$ 18,828,200
State and regional	450,963,700	306,883,300	279,103,600	278,984,600	288,908,100	278,983,600	324,752,400	323,065,400	323,065,400	414,912,500
Local	362,990,800	214,399,600	194,685,500	192,076,800	191,927,100	181,085,000	192,885,400	190,835,500	188,028,700	221,429,200
Religious, charitable, educational and other	901,079,000	589,954,700	531,941,200	524,902,700	510,229,200	534,852,200	477,056,100	517,652,100	512,451,600	230,378,400
Total	\$ 1,746,952,600	\$ 1,135,055,400	\$ 1,027,382,800	\$ 1,017,616,600	\$ 1,012,716,900	\$ 1,016,573,300	\$ 1,016,346,400	\$ 1,053,205,500	\$ 1,045,198,200	\$ 885,548,300

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

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

Fiscal Year	Population (1)	Real Estate Assessed Value	Total Bonded Governmental 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
2017	48,210	\$ 6,740,234,600	\$ 132,121,039	\$ 44,022,607	\$ 7,417,376	\$ 152,655,215	1.96 %	\$ 2,741	4.86 %
2016	47,783	5,953,910,000	128,929,869	44,824,556	9,489,053	139,577,852	2.17	2,698	6.80
2015	47,783	5,704,217,700	130,376,506	48,052,860	9,121,289	139,577,852	2.29	2,729	6.53
2014	46,623	5,503,669,500	126,266,932	48,149,184	8,682,449	138,100,498	2.29	2,708	6.29
2013	45,073	5,281,021,000	122,474,814	43,325,574	6,938,939	137,559,888	2.32	2,717	5.04
2012	44,471	5,222,661,300	117,731,642	37,762,227	6,681,506	134,117,472	2.25	2,647	4.98
2011	43,475	5,282,859,100	114,532,934	36,693,311	6,847,707	127,413,032	2.17	2,634	5.37
2010	40,745	5,257,182,700	99,713,452	25,212,952	6,397,748	127,775,530	1.90	2,447	5.01
2009	40,745	5,251,290,000	92,495,597	22,187,636	6,165,039	124,813,778	1.76	2,270	4.94
2008	40,745	5,181,954,900	81,971,073	20,874,169	5,450,961	127,423,919	1.58	2,012	4.28

Note: The City has no overlapping debt.

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

(2) Governmental debt due within next fiscal year.

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

Fiscal Year	Principal	Interest	Total Debt Service	General Governmental Expenditures and Transfers	Ratio of Debt Service to General Governmental Expenditures
2017	\$ 7,146,882	\$ 2,832,293	\$ 9,979,175	\$ 205,739,944	4.85 %
2016	6,379,799	2,591,814	8,971,613	195,491,554	4.59
2015	6,084,318	2,660,459	8,744,777	191,875,061	4.56
2014	6,685,521	2,725,366	9,410,887	190,189,617	4.95
2013	6,430,175	2,452,754	8,882,929	188,150,305	4.72
2012	6,611,249	2,855,961	9,467,210	188,952,877	5.01
2011	6,236,895	2,550,831	8,787,726	178,268,372	4.93
2010	5,926,396	2,407,670	8,334,066	178,323,894	4.67
2009	5,241,154	2,029,199	7,270,353	174,450,273	4.17
2008	4,780,080	1,926,049	6,706,129	172,263,608	3.89

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percent of Personal Income	Per Capita Debt
	General Obligation Bonds (1)	Literary Loans	Notes Payable	Total Governmental Debt	General Obligation Notes	Notes Payable			
2017	\$88,098,432	\$ -	\$ -	\$ 88,098,432	\$44,022,607	\$ -	\$ 132,121,039	* %	\$ 2,692
2016	84,094,947	10,366	-	84,105,313	44,824,556	-	128,929,869	*	2,674
2015	82,293,261	30,385	-	82,323,646	48,052,860	-	130,376,506	4.53	2,729
2014	78,067,345	50,403	-	78,117,748	48,149,184	-	126,266,932	4.55	2,708
2013	78,676,333	70,421	402,486	79,149,240	43,325,574	-	122,474,814	5.00	2,717
2012	78,918,183	90,439	960,793	79,969,415	37,762,227	-	117,731,642	5.11	2,647
2011	76,002,100	118,343	1,641,771	77,762,214	36,693,311	77,409	114,532,934	5.50	2,634
2010	72,117,050	144,861	2,086,798	74,348,709	25,212,952	151,791	99,713,452	5.02	2,447
2009	67,492,366	171,379	2,399,760	70,063,505	22,187,636	244,456	92,495,597	4.75	2,270
2008	57,575,833	197,897	2,955,229	60,728,959	20,874,169	367,945	81,971,073	4.18	2,012

* 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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed value of real property	<u>\$ 6,740,234,600</u>	<u>\$ 5,953,910,000</u>	<u>\$ 5,704,217,700</u>	<u>\$ 5,503,669,500</u>	<u>\$ 5,281,021,000</u>	<u>\$ 5,222,661,300</u>	<u>\$ 5,282,859,100</u>	<u>\$ 5,257,182,700</u>	<u>\$ 5,251,290,000</u>	<u>\$ 5,181,954,900</u>
Debt limit - 10% of assessed value	\$ 674,023,460	\$ 595,391,000	\$ 570,421,770	\$ 550,366,950	\$ 528,102,100	\$ 522,266,130	\$ 528,285,910	\$ 525,718,270	\$ 525,129,000	\$ 518,195,490
Amount of debt applicable to debt limit	<u>132,121,039</u>	<u>128,929,869</u>	<u>119,460,105</u>	<u>114,398,907</u>	<u>110,304,028</u>	<u>106,478,659</u>	<u>104,947,348</u>	<u>90,014,613</u>	<u>83,094,257</u>	<u>73,675,998</u>
Legal debt margin	<u>\$ 541,902,421</u>	<u>\$ 466,461,131</u>	<u>\$ 450,961,665</u>	<u>\$ 435,968,043</u>	<u>\$ 417,798,072</u>	<u>\$ 415,787,471</u>	<u>\$ 423,338,562</u>	<u>\$ 435,703,657</u>	<u>\$ 442,034,743</u>	<u>\$ 444,519,492</u>
Total net debt applicable to the limit as a percentage of debt limit	19.60%	21.65%	20.94%	20.79%	20.89%	20.39%	19.87%	17.12%	15.82%	14.22%

Note: The City has no overlapping debt.

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

Fiscal Year	Institutional and other Construction (1)		Commercial Construction (1)		Residential Construction (1)		Bank deposits (2) (in thousands)	Calendar Year	Property Values (3)	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value			Taxable	Nontaxable
2017	17	\$1,204,091	467	\$128,400,704	1,653	\$ 63,999,554	\$ 2,476,231	2017	\$ 6,740,234,600	\$ 1,746,952,600
2016	19	2,300,978	582	88,939,069	1,383	48,684,124	2,366,694 (4)	2016	5,953,910,000	1,135,055,400
2015	22	8,635,285	469	63,025,855	1,420	51,009,735	2,328,209 (4)	2015	5,704,217,700	1,027,382,800
2014	49	5,519,838	514	49,726,636	1,261	50,124,989	2,158,543	2014	5,503,669,500	1,017,616,600
2013	41	17,037,847	545	73,204,061	1,510	117,781,757	2,042,744	2013	5,281,021,000	1,012,716,900
2012	39	53,543,285	494	42,252,061	1,171	53,442,553	2,038,433	2012	5,222,661,300	1,016,573,300
2011	26	14,429,867	428	27,563,274	1,025	34,580,411	2,070,183	2011	5,282,859,100	1,016,346,400
2010	14	1,865,091	396	39,852,193	977	28,812,651	2,171,455	2010	5,257,182,700	1,053,205,500
2009	5	866,130	411	51,963,024	1,303	44,220,891	2,029,918	2009	5,251,290,000	1,045,198,200
2008	19	1,591,554	437	57,477,674	1,877	64,651,771	2,033,978	2008	5,181,954,900	885,548,300

- (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
2017	49,071	4,210	3.6	*	*	*	*
2016	48,210	4,134	3.4	*	*	\$ 1,006,304	20,873
2015	47,783	4,101	3.7	\$9,182,721	\$ 60,294	959,435	20,079
2014	46,623	4,022	4.3	8,795,194	58,603	942,421	20,214
2013	45,073	3,945	4.9	7,764,329	52,693	864,748	19,186
2012	44,471	3,914	5.9	7,493,869	51,255	819,390	18,425
2011	43,475	3,874	7.1	6,778,562	47,052	822,681	18,923
2010	40,745	3,915	6.9	6,463,200	45,282	814,017	19,978
2009	40,745	3,997	6.4	6,330,202	46,163	830,895	20,393
2008	40,745	4,089	3.9	6,383,281	46,969	867,331	21,287

* Information not available at this time.

Source:

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

**PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2017**

Employer	2017		2008	
	Rank	Number of Employee	Rank	Number of Employees
University of Virginia Medical Center	1	1000+	1	1000+
City of Charlottesville	2	1000+	3	1000+
UVA Health Services Foundation	3	1000+		
Charlottesville City School Board	4	500 to 999	4	500 to 999
Lakeland Tours	5	500 to 999		
Servicelink Management Com Inc.	6	500 to 999		
Aramark Campus LLC	7	500 to 999	5	500 to 999
SNL Security LP	8	250 to 499	9	250 to 499
Association for Investment Management	9	250 to 499		
Rmc Events	10	250 to 499		
Martha Jefferson Hospital			2	1000+
Region Ten Community Services			6	500 to 999
Pharmaceutical Research Association			7	250 to 499
United State Postal Service			8	250 to 499
Matthew Bender & Company			10	250 to 499

Source: Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2016

Note: 2008 employer rank/number of employees received from 4th quarter 2007 Virginia Employment Commission Labor Market Information

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

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Management										
Council/Clerk of Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office/Administration and Communications	11.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	9.00
Office of Economic Development	6.00	6.00	5.50	4.00	5.00	5.00	4.00	4.00	4.00	4.00
Office of the City Manager/Parking Enterprise Fund	1.00	-	-	-	-	-	-	-	-	-
City Attorney	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Voting Registrar	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50
Total	28.00	25.00	24.50	23.00	23.00	23.00	21.50	21.50	21.50	22.50
Internal Services										
Finance Department: Purchasing/Risk Management/Warehouse	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Technology	19.00	19.00	19.00	19.00	19.00	19.00	18.00	18.00	18.00	18.00
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total	33.00	33.00	33.00	33.00	33.00	33.00	32.00	32.00	32.00	32.00
Financial Services										
Commissioner of Revenue	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Finance Department: Management/Real Estate Assessment/Utility Billing Office	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	33.00
Treasurer	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Total	60.00	59.00								
Healthy Families & Community										
Charlottesville/Albemarle Visitors Bureau ⁽¹⁾	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Department of Human Services	35.50	35.50	34.25	34.25	35.25	34.25	34.25	33.00	26.00	26.00
Children & Youth Commission/CCF	-	-	-	-	-	-	-	1.00	1.00	1.00
Department of Social Services	102.50	102.25	99.98	99.85	100.85	100.85	99.85	98.85	104.93	106.18
Neighborhood Development Services	37.50	37.50	36.00	33.00	32.00	32.00	32.00	32.00	32.00	31.00
Office of Human Rights/Human Rights Commission	1.50	2.00	2.00	2.00	-	-	-	-	-	-
Parks and Recreation/Parks Maintenance	39.00	39.00	37.00	37.00	37.00	37.00	37.00	38.00	39.00	40.00
Parks & Rec/Recreation and Programs	27.50	27.50	28.50	28.75	29.75	28.75	26.75	25.25	25.50	26.00
Parks & Rec/Golf Fund	4.00	4.00	4.00	4.75	7.00	7.00	8.00	8.00	9.00	9.00
CDBG/HOME Grant Coordinator (Grant Funded)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Weed and Seed Grant	-	-	-	-	-	-	-	-	0.50	0.50
Total	258.50	258.75	252.73	250.60	252.85	250.85	248.85	247.10	248.93	250.68
Infrastructure/Transportation										
Public Works: Administration, Facilities Development	21.86	21.86	16.73	15.73	16.73	15.69	16.00	16.25	16.25	16.25
Public Works: School Building Maintenance	19.28	19.28	18.28	18.28	18.28	18.28	16.00	16.00	14.00	14.00
Public Works: Fleet Management	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00
Public Works: Public Service	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00
Charlottesville Area Transit (CAT)	69.00	68.00	68.00	68.00	77.50	77.50	78.00	78.00	81.50	70.50
Public Works: Pupil Transportation	28.50	28.50	28.50	28.00	27.50	27.50	28.50	28.50	32.00	32.00
Public Utilities: Gas, Water, Wastewater	92.00	92.00	92.00	92.00	93.00	93.00	93.00	93.00	93.00	90.00
Public Utilities: Stormwater Utility	4.00	4.00	4.00	4.00	-	-	-	-	-	-
Total	296.64	295.64	289.51	288.01	296.01	294.97	294.50	294.75	299.75	285.75
Public Safety & Justice										
City Sheriff	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Commonwealth's Attorney	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Courts and Other Support Service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Department	91.00	91.00	91.00	89.00	89.00	89.00	89.00	89.00	89.00	89.00
Police Department	156.00	154.00	154.00	146.00	146.00	146.00	146.00	146.00	146.43	146.43
Total	282.50	280.50	280.50	270.50	270.50	270.50	270.50	270.50	270.93	270.93
City-Wide Total	958.64	952.89	940.24	925.11	935.36	932.32	927.35	925.85	933.11	920.86

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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Date of incorporation	1888	1888	1888	1888	1888	1888	1888	1888	1888	1888
Form of government	Council-Mgr									
Area	10.4 sq miles									
Bond rating:										
Moody's Investor Services	Aaa									
Standard & Poor's Corporation	AAA									
Number of employees:										
City (full-time)	958.6	952.9	940	925	935	932	927	925.9	933.1	919.9
School Board	767	797	772	767	765	783	784	795	796	793
Elections:										
Number of registered voters:										
Last general election - November, 2016	35,725	31,630	32,273	32,290	33,150	28,670	28,126	27,643	28,678	23,506
Last municipal election - November, 2015	31,630	31,630	32,291	32,290	28,670	28,670	N/A	23,506	23,506	23,506
Number of votes cast in:										
Last general election	22,652	6,077	10,816	12,494	21,797	7,522	13,862	20,122	20,122	6,086
Last municipal election	6,077	6,077	12,560	11,045	6,624	6,627	N/A	6,086	6,086	6,086
Percentage of registered voters voting in:										
Last general election	63.4%	19.2%	33.5%	38.7%	65.8%	26.2%	49.3%	72.8%	70.2%	25.9%
Last municipal election	19.2%	19.2%	38.9%	34.2%	23.1%	23.1%	N/A	25.9%	25.9%	25.9%
Public Safety										
Fire protection:										
Number of firefighters and officers (exclusive of volunteer firefighters)	88	88	88	86	86	86	86	86	87	87
Police protection:										
Number of police officers	129	127	127	119	119	117	117	117	117	117
Number of arrests	2,763	2,639	2,741	3,018	4,417	5,043	4,700	5,514	5,773	5,910
Traffic Citations Issued	5,912	4,978	5,740	5,459	4,299	4,429	6,793	4,887	5,036	4,229
911 calls received	44,481	40,504	43,512	45,581	43,111	46,059	48,008	47,883	48,776	51,250
Cases investigated	5,287	4,962	5,198	5,443	2,846	1,110	1,076	1,140	1,268	1,202
Parking Violations										
Violations written	16,637	18,734	17,647	12,633	15,813	20,657	21,898	15,501	15,624	19,338
Building permits issued										
	2,137	1,984	1,911	1,824	2,096	1,704	1,479	1,387	1,719	2,333
Education										
Schools:										
Number of teachers	440	429	421	415	424	434	423	429	431	420
Number of students	4,210	4,134	4,101	4,022	3,945	3,914	3,874	3,915	3,997	4,089
Pupil: teacher ratio	9.56:1	9.64:1	10.26:1	9.69:1	9.31:1	9.02:1	9.16:1	9.13:1	9.27:1	9.74:1
Public Utilities										
Municipal utilities:										
Gas:										
Number of customers	20,467	20,043	19,849	19,454	19,077	18,655	18,699	18,062	17,851	17,662
Average daily consumption	7,562 DTH	6,802 DTH	8,487 DTH	8,688 DTH	6,601 DTH	6,492 DTH	6,894 DTH	7,245 DTH	7,318 DTH	7,938 DTH
Water:										
Number of customers	14,756	14,692	14,652	14,554	14,446	14,377	14,395	13,814	13,748	13,660
Average daily consumption	579.2 MCF	569.4 MCF	569.3 MCF	569.1 MCF	577.8 MCF	587.9 MCF	604 MCF	601 MCF	602 MCF	579 MCF
Sewer:										
Number of customers	14,626	14,558	14,511	14,406	14,294	14,251	14,243	13,688	13,598	13,490
Average daily treatment	564.6 MCF	502.8 MCF	505.6 MCF	520.7 MCF	524.2 MCF	537.6 MCF	556 MCF	598 MCF	597 MCF	529 MCF
Public Works										
Refuse disposed at Zion's Transfer Station (City totals):										
Number of customers	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Tons of domestic refuse	6,532	6,435	6,281	6,694	6,528	6,996	6,706	6,681	7,022	7,659
Tons of curbside recycling	3,666	3,647	3,557	3,254	3,342	2,471	3,331	3,330	3,370	3,149
Tons of stumps, demolition material & street sweeping ⁽¹⁾	1,160	2,117	1,048	2,063	1,654	1,532	1,505	1,423	1,250	1,213

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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Miles of streets	158.45	158.1	157	156	156	156	156	156	156	156
Number of streetlights	6,070	6,040	6,025	6,016	6,016	6,010	5,985	5,960	5,960	5,960
Public Safety										
Fire protection:										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	8	4	4	4	5	6	6	6	5	5
Number of vehicular patrol units	64	68	67	63	55	64	64	64	64	64
Total vehicles	128	122	123	123	134	126	126	126	126	126
Motor Cycles	8	8	6	8	8	6	6	6	6	6
Unmarked cars	53	46	50	52	52	52	42	42	42	42
Bicycle patrol	14	24	17	17	18	15	15	15	15	15
Education										
Number of schools	9	9	9	9	9	9	9	9	9	9
Parks, Recreation, & Culture										
Number of parks ⁽¹⁾	36	36	31	31	30	31	26	26	26	26
Acres of park land ⁽²⁾	900	902	872	822	785	1,979	987	987	987	987
Number of golf courses	1	1	1	2	2	2	2	2	2	2
Number of swimming pools	4	4	4	6	5	5	5	5	4	6
Number of recreation centers	5	5	5	5	5	5	6	6	5	6
Number of libraries	3	3	3	3	3	3	3	3	3	3
Public Utilities										
Gas:										
Miles of gas main lines	330	329	328	319	318	317	316	315	314	308
Miles of gas service lines	270	274	272	226	223	221	219	217	214	211
Water:										
Water treatment plant capacity (millions of gallons per day)	19 MGD									
Miles of water lines	180	180	180.8	180	180	180.0	178.3	177.7	177	176
Number of fire hydrants	1,050	1,047	1,031	1,026	1,007	1,005	991	988	975	967
Sewer:										
Sewer treatment plant capacity (millions of gallons per day)	15	15	15	15	15	15	15	15	15	15
Miles of sanitary sewers	170	166	170	166	165	167	167	167	166	164

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

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