



# City of Charlottesville

## Annual Comprehensive Financial Report



# 2023

For the Year Ended June 30, 2023

# **CITY OF CHARLOTTESVILLE, VIRGINIA**

**Annual Comprehensive Financial Report**

**Fiscal Year Ended June 30, 2023**

**Prepared by  
Department of Finance**

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**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**INTRODUCTORY SECTION**

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

Office of the Director of Finance

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



December 13, 2023

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

Dear Citizens and Council Members:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Charlottesville (the City) for the fiscal year ended June 30, 2023.

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

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

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

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

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

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

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

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

## **FINANCIAL CONDITION AND OUTLOOK**

For Fiscal Year 2023 (completed June 30, 2023): The economic rebound from COVID 19 that began in fiscal year 2022 continued in fiscal year 2023. Despite record high interest rates and inflation, the City's largest revenues performed above projected budget amounts. Real Estate Taxes performed above projection as real estate prices continued to increase. Continued increases in consumer spending coupled with higher prices resulted in better performance for Sales and Use Taxes, Lodging Taxes, Meals Taxes, Personal Property Taxes, and Business Licenses. Interest Income from the City's investment of its idle cash also performed significantly above budget projections as a result of higher interest rates.

The majority of City departments spent less than budgeted resulting in significant budget savings. Similar to fiscal year 2022, the majority of savings were in salaries and benefits from vacant positions. In addition to salary savings, these vacancies result in additional savings from fewer purchases of related supplies, equipment, tools, etc used by employees in those positions. It should be noted that halfway through fiscal year 2023, the then Interim City Manager publicly noted these vacancies and directed departments to make filling these positions a priority. A notable example of this renewed emphasis is the City's Police Department recently graduated its largest and most diverse class of 14 new police officers from the training academy.

The Combined General Fund finished fiscal year 2023 with a positive result as revenues exceeded expenditures by \$5.9 million; The total combined fund balance increased from \$66.3 million at the end of fiscal year 2022 to \$72.1 million at the end of fiscal year 2023. When restricted uses of fund balance are netted out (including the City's 17% fund balance policy), the General Fund finished with \$21.7 million of unrestricted funds in fund balance.

The City has been focused on the long-term financial sustainability of the City's retirement plan and Other Post-Employment Benefits (OPEB). The funded status of the City's pension plan steadily increased from 53.7% in fiscal year 2017 to 62.2% fiscal year 2023. Similarly, the funded status of the City's OPEB plan has increased from 43.0% in fiscal year 2017 to 90.3% in fiscal year 2023. As part of its AAA-rated financial management, the City has traditionally funded 100% of its required Actuarially Determined Contribution (ADC) for pension costs and OPEB and plans to continue do so in the future. In addition, the City has benefited from long-term market performance in excess of our 7.5% assumed rate of return.

For Fiscal Year 2024 (beginning July 1, 2023): The Adopted Budget for the General Fund for fiscal year 2024 totals \$228.4 million (a 7.3% increase over the fiscal year 2023 budget). The City continues to make investments in several of its Strategic Plan Priority Areas, including:

Affordable Housing: This budget includes \$8.4M in FY 2024, and over \$34 million in the five-year capital program for several affordable housing initiatives, including redevelopment of public housing sites, housing rehabilitation, supplemental rental assistance, Friendship Court redevelopment, and the MACAA and Park Street apartment projects. \$1.4 million is budgeted for the Charlottesville Housing Assistance Program (CHAP) and an additional \$1.3 million is budgeted for the elderly and disabled tax and rent relief programs. Funding for a new Homelessness Coordinator position is provided. This position will help track and advance efforts to address homelessness.

Race and Equity: Provides additional funding to add a new position to the Office of Equity and Inclusion. The new REDI Coordinator will help advance citywide REDI initiatives.

Workforce Development and Economic Development: The budget continues to invest in the various programs that support both of these priorities, including the Downtown Job Center, Growing Opportunities (GO) workforce development programs, and work done by staff to encourage entrepreneurship, maintain healthy businesses and assist with pandemic recovery.

Safety and Security: \$514,074 in new funding is provided to create 6 new firefighter positions within the Charlottesville Fire Department. The analysis from the Master Plan Study indicated the need for a relief factor of 3.4 to ensure adequate staffing service delivery. Currently, the department does not meet the recommended staffing levels. Having sufficient personnel reduces the need for overtime to maintain minimum staffing to support our emergency response plan. For the last five years, the department has used nearly a million dollars annually to maintain the necessary staffing to keep fire and EMS units in service. Having sufficient personnel reduces the need for overtime to maintain minimum staffing. \$499,143 is budgeted to create the City's first Office of Emergency Management. The budget includes 2 FTEs - an Emergency Coordinator and the Physical Security Specialist which was previously housed in the City Police Department. This budget continues funding for the Police Civilian Oversight Board to provide an objective and independent civilian-led oversight of the Charlottesville Police Department.

Compensation and Benefits: This budget maintains the City's commitment to the living wage which will remain at \$15.00 an hour. The budget includes a 6% cost of living (COLA) increase for employees. A 3% COLA is also funded for retirees. The Health Care Fund continues strong performance and no changes or premium increases to employee health care are included. However, the City is contributing an additional \$437,000 to offset the increased plan costs for FY 24. The gyms subsidy program and all other benefit programs remain funded for FY 2024.

Education: This budget continues a very strong commitment to the City Schools. This proposed budget fully funds the School Board's operating request of \$67.1 million. Through the City's Capital Improvement Program (CIP), the FY 24 budget provides \$88.8 million in funding to continue the \$1.25 million a year in an unallocated fund that the schools can use for priority capital improvement initiatives of their choice, \$541,060 for the CHS roof replacement, over \$2.1 million for general capital improvement dollars and HVAC replacement and \$84.8 million dollars is provided to fully fund the Buford Reconfiguration project. A total of \$109.6 million is allocated in the 5-year CIP for school related projects.

## **ECONOMIC CONDITION AND OUTLOOK**

As noted earlier, the City's economy in fiscal year 2023 continued its strong performance from the previous fiscal year.

The City's unemployment rate decreased from 2.8% in July 2022 to 2.4% in July 2023. This is lower than both the national unemployment rate of 3.8%, and the state's rate of 2.7%.

For tax year (calendar) 2023, the total value of real property (both existing and new construction) increased in value by 12.3%. Residential properties increased in value by 12.9%

while the value of commercial properties increased by 11.9%. The majority of the increase in real estate values is from existing properties. The increase attributable to new construction is 0.6%

Capital investment in the City continued unabated by the pandemic. In fiscal year 2023, 413 commercial/institutional construction permits were issued with an investment value of \$66.0 million. Residential construction permits totaled 1,340 with a value of \$68.6 million.

## **OTHER INFORMATION**

Independent Audit: State law requires that the financial statements of the City be audited annually by a certified public accounting firm selected by City Council. An audit of the financial records of the City has been performed by the accounting firm of Robinson, Farmer, Cox Associates, for the year ended June 30, 2023. 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, 2022. This was the forty third (43) 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.

## **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. I thank them for their dedication and professionalism.

Citizen of Charlottesville, Honorable Mayor and Members  
of the City Council  
December 13, 2023

I would also 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 sustainable and equitable manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Christopher V. Cullinan". The signature is fluid and cursive, written in a professional style.

Christopher V. Cullinan  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Charlottesville  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**JUNE 30, 2023**

**ELECTED OFFICIALS**

**Council Members:**

Lloyd Snook	Mayor
Juandiego Wade	Vice-Mayor
Michael Payne	Council Member
Brian Pinkston	Council Member
Leah Puryear	Council Member

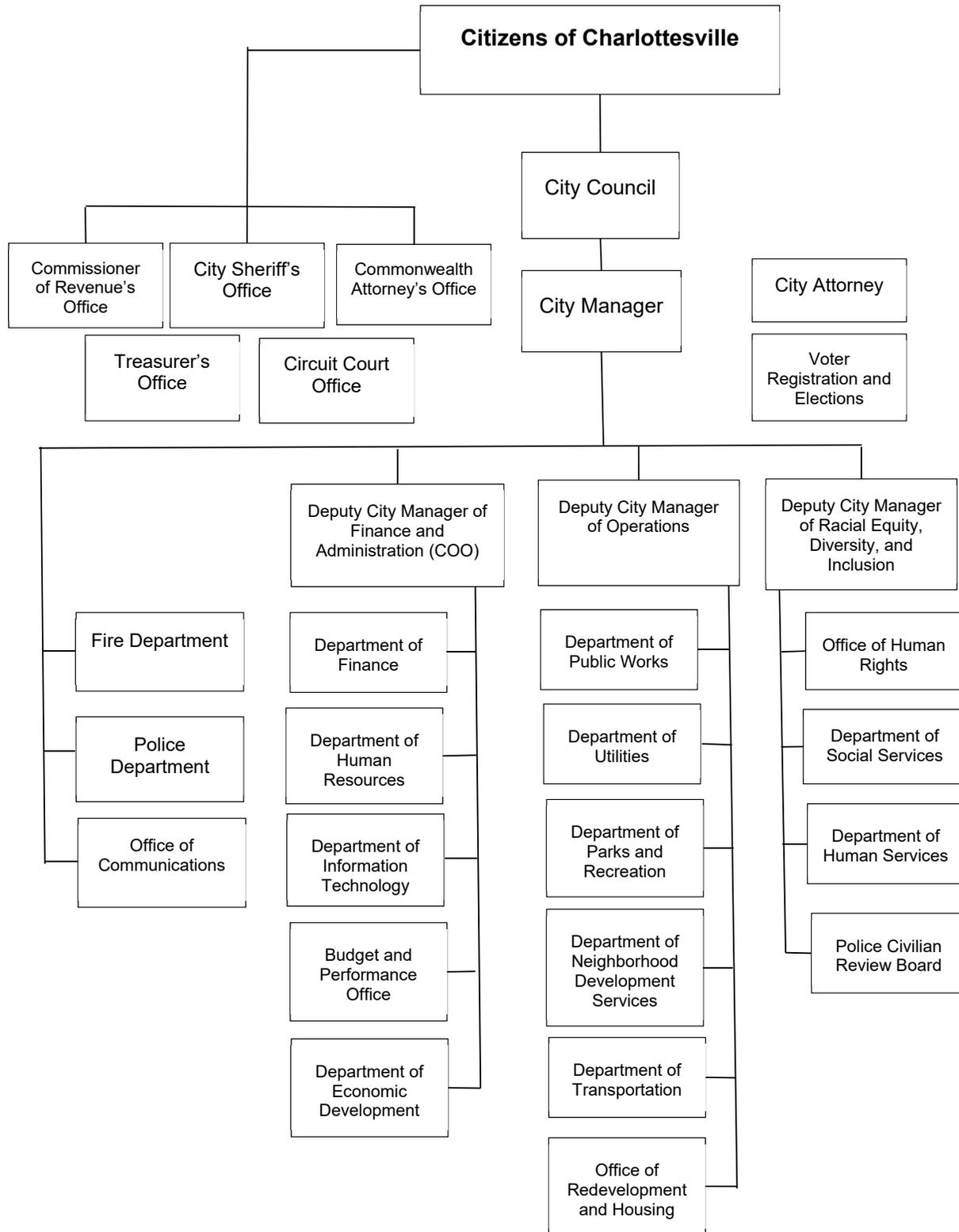
**Constitutional Officers:**

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

**APPOINTED OFFICIALS**

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

# City Organizational Chart





**FINANCIAL SECTION**



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**Independent Auditors' Report**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

We did not audit the financial statements of the School Activity Funds, which represent 2.20 percent, 1.22 percent, and 1.24 percent, respectively, of the governmental fund assets, governmental activities assets, and revenues of the discretely presented component unit - Charlottesville School Board as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Charlottesville, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As described in Note 28 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement Nos. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinion is not modified with respect to this matter.

### ***Restatement of Beginning Balances***

As described in Note 30 to the financial statements, in 2023, the City restated beginning balances to correct errors in prior year capital assets and a transfer from the discretely presented component unit - Charlottesville School Board. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Charlottesville, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Charlottesville, Virginia's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Charlottesville, Virginia's basic financial statements. The accompanying supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the supplementary section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of City of Charlottesville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Charlottesville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Charlottesville, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 12, 2023

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

---

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, 2023. 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 \$298.8 million as of June 30, 2023.
- The City's net position for the combined governmental and business-type activities, increased by \$59.9 million over the prior year. This increase is the sum of a \$60.0 million, as restated, for the governmental net position and a \$80.4 thousand decrease in business-type net position. A portion of the increase is related to the restatement due to assets under construction that should have been capitalized in prior years. Expenditure savings came from vacant positions.

#### Government Funds

- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$126.7 million, an increase of \$15.1 million over the prior year, primarily due to increased spending on capital improvement projects. Approximately 87.8 percent, or \$63.3 million, of this amount is unassigned.
- The General Fund, on a current financial resource measurement focus and the modified accrual basis of accounting, reported revenues \$4.1 million over budget. Several tax revenues (real estate, personal property tax, meals, and lodging) performed better than expected. The expenditures and other financing sources (net) finished out the year \$21.6 million under budget primarily due to vacancies. In addition, City departments continued diligently monitoring their budgets.

#### Long-term Liabilities

- The City's total long-term liabilities, consisting of general obligation bonds, compensated absences, pension, leases, and OPEB obligations increased by \$33.8 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*.

# CITY OF CHARLOTTESVILLE, VIRGINIA

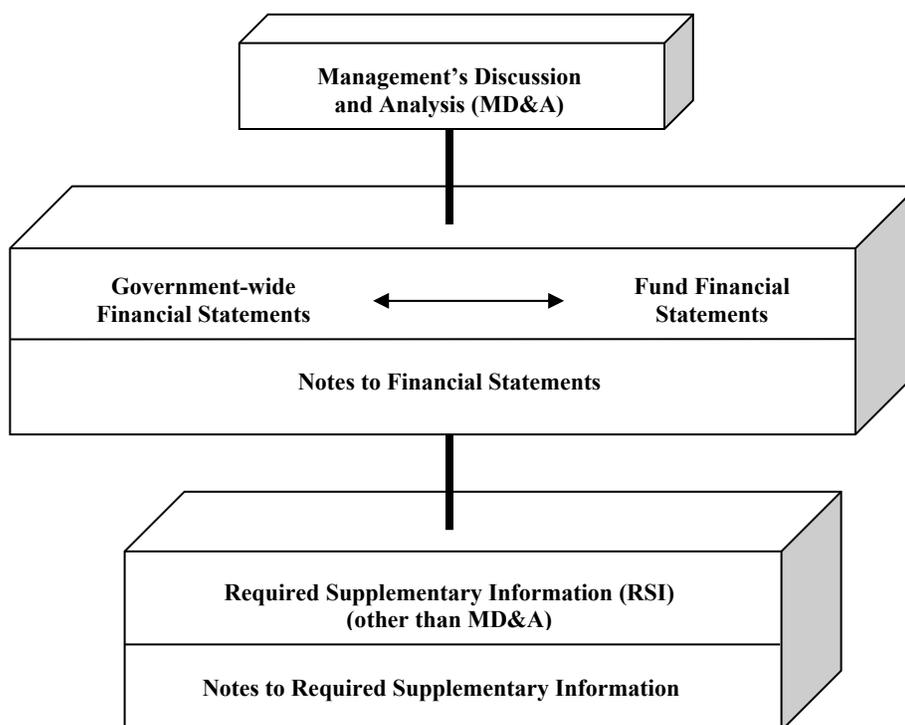
## Management's Discussion and Analysis Year Ended June 30, 2023

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- 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.

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

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### 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, gas and stormwater 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

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

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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*. The General, American Rescue Plan Act and Social Service are major funds. Their budget and actual reports are presented on a budgetary reporting basis as Exhibits G-1, G-2 and G-3. Progress in funding its obligations to provide pension and other post-employment benefits (OPEB) plans to its employees is provided as Exhibits H-1, H-2, H-3, H-4, and H-5.

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

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

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

### 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, 2023 and 2022

Table I

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 252,799,296	\$ 233,640,356	\$ 36,343,925	\$ 49,856,231	\$ 28,913,221	\$ 282,496,587
Capital assets	289,786,028	247,698,208	107,379,956	102,814,537	397,164,984	350,512,745
Total assets	542,585,324	481,338,564	143,723,881	152,670,768	686,309,205	634,009,332
Deferred Outflow of resources	55,329,133	22,785,150	5,806,997	2,614,864	61,136,130	254,000,014
<b>Liabilities:</b>						
Long-term liabilities	270,432,166	182,288,158	74,721,105	70,590,735	345,153,271	252,878,893
Other liabilities	12,821,400	63,493,813	4,842,658	13,730,157	17,664,058	77,223,970
Total liabilities	283,253,566	245,781,971	79,563,763	8,432,089	362,817,329	330,102,863
Deferred inflow of resources	82,310,970	86,839,183	3,530,038	4,447,261	85,841,008	91,286,444
<b>Net Position:</b>						
Net investment in capital assets	189,196,275	146,771,789	50,437,386	44,909,801	239,663,661	191,681,590
General government	202,604	191,551	-	-	202,604	191,551
Public safety	494,068	645,099	-	-	494,068	645,099
Health and welfare	459,781	281,456	-	-	459,781	281,456
Parks, recreation and culture	81,475	99,597	-	-	81,475	99,597
Conservation and development	10,000	10,000	-	-	10,000	10,000
Nonspendable premanent fund	162,502	162,502	-	-	162,502	162,502
Unrestricted	41,743,216	23,331,106	15,969,691	21,607,679	57,712,907	44,938,785
Total net position	\$ 232,349,921	\$ 171,493,100	\$ 66,437,077	\$ 66,517,480	\$ 298,786,998	\$ 238,010,580

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 \$298.8 million at the close of fiscal year 2023. The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less accumulated depreciation, less any related outstanding debt and adding unspent proceeds from debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

#### Governmental Activities

The net position of the City's governmental activities increased from \$171.5 million to \$232.3 million.

#### Business-type Activities

The City's business-type activities net position decreased by \$80.4 thousand due to an decrease in net position for 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

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

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, 2023 and 2022

Table II

	Governmental		Business-type		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
<b>Revenues:</b>							
Program revenues							
Charges for services	\$ 21,742,526	\$ 20,012,594	\$ 62,326,063	\$ 67,246,196	\$ 84,068,589	\$ 87,258,790	-3.66%
Operating grants and contributions	40,653,468	32,728,882	19,613	50,915	40,673,081	32,779,797	24.08%
Capital grants and contributions	6,865,626	3,112,320	-	-	6,865,626	3,112,320	120.60%
General revenues							
Property taxes	110,208,465	97,568,094	-	-	110,208,465	97,568,094	12.96%
Other taxes	52,836,231	49,604,138	-	-	52,836,231	49,604,138	6.52%
Grants/contributions	37,425,989	45,108,421	-	-	37,425,989	45,108,421	-17.03%
Miscellaneous	1,594,719	1,678,536	402,311	1,752,473	1,997,030	3,431,009	-41.79%
Use of money/property	4,047,623	539,105	193,754	84,494	4,241,377	623,599	580.14%
<b>Total revenues</b>	<b>275,374,647</b>	<b>250,352,090</b>	<b>62,941,741</b>	<b>69,134,078</b>	<b>338,316,388</b>	<b>319,486,168</b>	<b>5.89%</b>
<b>Expenses:</b>							
General government	29,628,675	40,219,990	-	-	29,628,675	40,219,990	-26.33%
Public safety	41,402,137	37,098,350	-	-	41,402,137	37,098,350	11.60%
Community services	29,215,029	21,951,554	-	-	29,215,029	21,951,554	33.09%
Health and welfare	35,020,443	35,027,830	-	-	35,020,443	35,027,830	-0.02%
Parks, recreation and culture	15,972,266	15,212,695	-	-	15,972,266	15,212,695	4.99%
Education	65,924,088	66,009,065	-	-	65,924,088	66,009,065	-0.13%
Conservation and development	14,602,408	17,443,746	-	-	14,602,408	17,443,746	-16.29%
Interest on long-term debt	2,342,281	1,694,940	-	-	2,342,281	1,694,940	38.19%
Water	-	-	12,552,647	11,441,564	12,552,647	11,441,564	9.71%
Sewer	-	-	12,894,454	12,305,110	12,894,454	12,305,110	4.79%
Gas	-	-	28,831,476	28,114,095	28,831,476	28,114,095	2.55%
Stormwater	-	-	1,577,874	1,429,656	1,577,874	1,429,656	10.37%
Golf	-	-	1,165,889	1,046,115	1,165,889	1,046,115	11.45%
<b>Total expenses</b>	<b>234,107,327</b>	<b>234,658,170</b>	<b>57,022,340</b>	<b>54,336,540</b>	<b>291,129,667</b>	<b>288,994,710</b>	<b>0.74%</b>
Change in net position before transfers	41,267,320	15,693,920	5,919,401	14,797,538	47,186,721	30,491,458	54.75%
Transfers	5,999,804	6,127,857	(5,999,804)	(6,137,857)	-	-	-
<b>Change in net position</b>	<b>47,267,124</b>	<b>21,821,777</b>	<b>(80,403)</b>	<b>8,659,681</b>	<b>47,186,721</b>	<b>30,491,458</b>	
Net position - beginning	185,081,797	165,367,181	66,517,480	62,800,845	251,599,277	228,168,026	10.27%
<b>Net position - end of year</b>	<b>\$ 232,348,921</b>	<b>\$ 187,188,958</b>	<b>\$ 66,437,077</b>	<b>\$ 71,460,526</b>	<b>\$ 298,785,998</b>	<b>\$ 258,659,484</b>	<b>10.27%</b>

### Governmental Activities

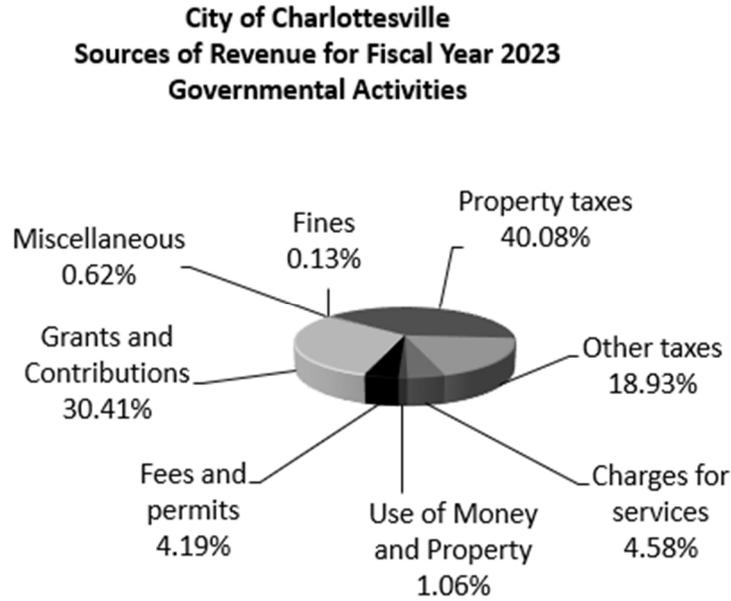
The City's total revenues from governmental activities were \$298.8 million for the fiscal year ended June 30, 2023. Approximately 59.01% of the City's revenue from governmental activities comes from property and other taxes (59.79% in 2022).

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management’s Discussion and Analysis Year Ended June 30, 2023

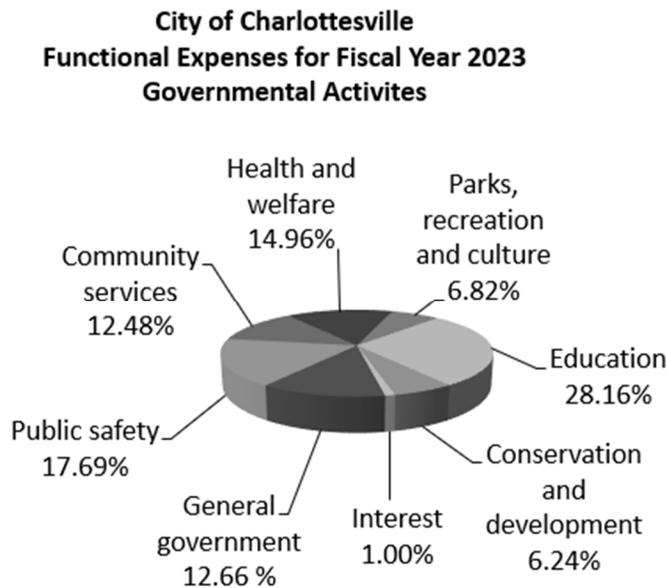
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### Revenues by Source – Governmental Activities



The City's governmental activity expenses increased by \$47.3 million in 2023. Expenses for fiscal year 2023 cover a wide range of services, with 14.96% or \$35.0 million related to health and welfare, 28.16% or \$65.9 million for education (primarily payments to the City’s Public Schools, a component unit), and 17.69% or \$41.4 million related to public safety.

### Expenses by Function – Governmental Activities



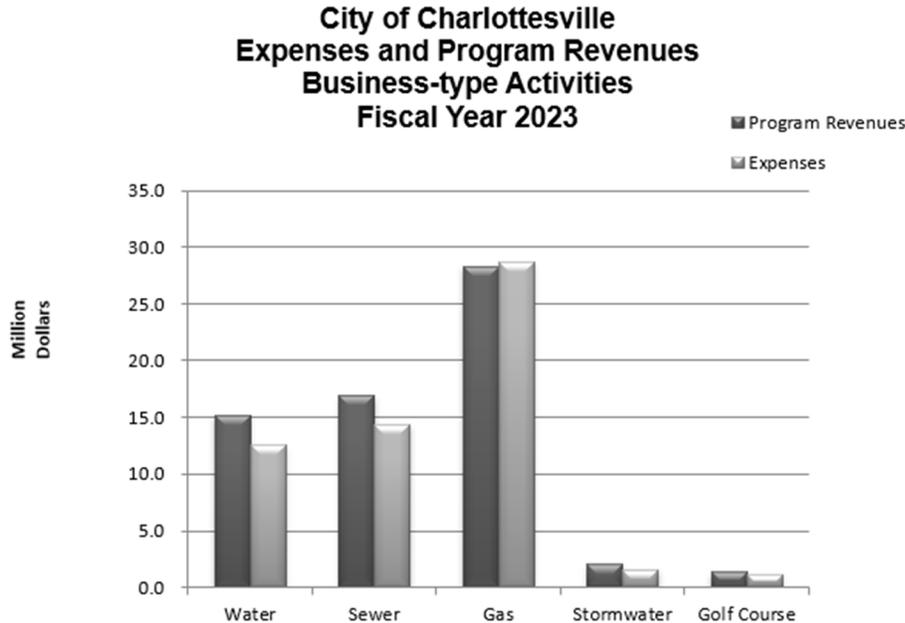
### Business-Type Activities

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

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Net position for the City's business-type decreased by \$80.4 thousand.



### Proprietary Funds

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

The Water Fund had an increase in net position of \$1,720,811. The Sewer Fund had an increase in net position of \$1,901,875. The Gas Fund had a decrease in net position of \$4,660,343. The Stormwater Fund had an increase in net position of \$452,015. The Golf Fund had an increase in net position of \$520,459.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

This section of the MD&A discusses the City's fund financial statements.

#### Governmental Funds

The City of Charlottesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of Charlottesville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City reports fund balance in accordance with generally accepted accounting principles (GAAP), which categorizes fund balance into five classifications based upon constraints placed on the use of resources. Note 2 provides additional information on the fund balance categories.

For the fiscal year ended June 30, 2023, the governmental funds reported combined ending fund balances of \$126.7 million, an increase of \$14.7 million. The increase was mostly due to taxes collected and intergovernmental revenue received for road and bridge projects.

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

Approximately \$61.9 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 \$23.3 million committed for debt service.

Nonspendable fund balance is \$162.5 thousand in the Cemetery Permanent Fund. This amount represents assets that are not readily available to the City for current expenditures.

The City also has \$1.3 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 contributions and grant funds that must be used for specific purposes but have not yet been spent.

The remaining fund balance as of June 30, 2023, indicated as unassigned, is \$63.4 million in the General Fund. This amount represents 38.0% 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 \$5.9 million in fiscal year 2023.

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### General Fund For the Year Ended June 30, 2023

Table III

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Real Estate taxes	\$ 89,487,993	\$ 89,487,993	\$ 94,957,084	\$ 5,469,091
Other taxes	60,822,126	60,842,126	67,304,285	6,462,159
Licenses/permits	11,370,000	11,370,000	11,376,498	6,498
Intergovernmental	38,825,331	38,225,331	30,152,239	(8,673,092)
Charges for services	9,242,320	9,242,320	8,368,710	(873,610)
Other revenues	1,752,153	1,782,336	3,466,128	1,683,792
Total	<u>211,499,923</u>	<u>211,550,106</u>	<u>215,624,944</u>	<u>4,074,838</u>
Expenditures and net transfers				
Expenditures	189,284,819	190,578,028	167,045,184	23,532,844
Transfers (net)	26,559,163	45,217,350	42,706,108	2,511,242
	<u>215,843,982</u>	<u>235,795,378</u>	<u>209,751,292</u>	<u>26,044,086</u>
Change in Fund Balance	<u>\$ (4,344,059)</u>	<u>\$ 24,245,272</u>	<u>\$ 5,873,652</u>	<u>\$ 30,118,924</u>

#### Factors to explain economic performance for FY2023:

The City's budget ordinance includes, as part of the original budget for expenditures, the amount of \$1,908,229 for encumbrances re-appropriated from June 30, 2023, as well as continuing appropriations from the prior year totaling \$1,780,001 for equipment and facilities as well as \$2,325,756 for the Landfill Remediation Reserve. Differences between the original and the final amended budget for the City's General Fund for expenditures, totaled \$18,951,396. This difference is due to supplemental appropriations during the year.

Actual total revenues were higher than the amended budget by \$4,074,838. Significant positive variances between budgeted and actual revenue were in real estate tax, personal property tax, meals tax, lodging tax and business licenses. Some revenues underperformed their budgeted amounts, namely parking garage, and recreation charges. Expenditures and transfers were below budget by \$2,044,086 resulting from vacant positions and lower expenses.

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2023

### 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, 2023, amounts to \$397.2 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, 2023 and 2022

Table IV

	Governmental		Business-type		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
Land	\$ 22,057,286	\$ 22,057,286	\$ 2,064,048	\$ 2,064,048	\$ 24,121,334	\$ 24,121,334	0.00%
Assets under construction	45,972,349	21,546,737	-	-	45,972,349	21,546,737	113.36%
Building and improvements	102,703,659	94,368,706	324,594	351,104	103,028,253	94,719,810	8.77%
Vehicles	7,873,159	8,340,128	1,985,857	1,782,255	9,859,016	10,122,383	-2.60%
Equipment	3,853,797	4,494,432	230,141	293,981	4,083,938	4,788,413	-14.71%
Streets	47,099,445	49,486,453	-	-	47,099,445	49,486,453	-4.82%
Bridges	25,976,548	13,185,171	-	-	25,976,548	13,185,171	97.01%
Infrastructure	23,373,419	24,390,264	102,708,350	98,199,329	126,081,769	122,589,593	2.85%
Lease	8,875,864	9,829,031	65,966	120,820	8,941,830	9,949,851	-10.13%
Subscription	2,000,503	-	-	-	2,000,503	-	100.00%
Total	<u>\$ 289,786,029</u>	<u>\$ 247,698,208</u>	<u>\$ 107,378,956</u>	<u>\$ 102,811,537</u>	<u>\$ 397,164,985</u>	<u>\$ 350,509,745</u>	13.31%

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

- Belmont Bridge Replacement Project
- Circuit Court Renovations
- Purchase of Charlottesville-Albemarle Technical Education Center
- School Priority Projects

The City's fiscal year 2023 capital project fund provided approximately \$50.3 million for various capital projects. Some of the major categories include \$3.1 million in school related projects, \$13.6 million for street, sidewalk and bridge projects, \$6.6 million for housing, and 2.5 million for building improvements. General obligation bonds have been issued for a portion of the funding, in accordance with the City's on-going, five year capital plan. These increased expenditures of almost 30% along with half as much debt service funds issued resulted in a fund balance decrease of \$1.6 million.

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

# CITY OF CHARLOTTESVILLE, VIRGINIA

## Management’s Discussion and Analysis Year Ended June 30, 2023

### 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 \$166.0 million. This entire amount is backed by the full faith and credit of the City and \$56.6 million is being repaid by the City’s utilities.

### City of Charlottesville’s Outstanding Debt General Obligation Bonds June 30, 2023 and 2022

**Table V**

	Governmental		Business-type		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
General obligation bonds	\$ 109,396,879	\$ 104,330,720	\$ 56,608,404	\$ 61,269,414	\$ 166,005,283	\$ 165,600,134	0.24%

Charlottesville’s total debt increased by \$405,149 during the fiscal year. On its most recent bond issue in June 2023, the City’s bond rating was reaffirmed by S & P Global Ratings and Moody’s Investors Service, as AAA and Aaa, respectively.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation of real property. The current debt limitation for the City of Charlottesville is \$861.5 million. This is significantly more than the City’s current total outstanding debt.

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

### ECONOMIC FACTORS EFFECTNG NEXT YEAR’S BUDGET AND RATES

As noted above, many of the City’s locally derived taxes performed better than expected. In addition, several of the City’s economic indicators show positive improvement:

- The City’s unemployment rate decreased from 2.8% in July 2022 to 2.4% in July 2023. This is lower than the national unemployment rate of 3.8%, and the state’s rate of 2.7%.
- City labor force increased 11.9% from 24,196 in July 2022 to 27,060 in July 2023 based on current Virginia Employment Commission statistics.
- The City has an estimated population of 51,278 according to the Weldon Cooper Center for Public Service.

The budget for 2024 was developed building upon the strong performance of the City economy and the City’s operations and facilities being fully open. Amounts available for appropriation in the General Fund budget for 2024 are \$228.4 million, an increase of 7.3% over the 2023 budget of \$212.9 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, 2023

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
<b>ASSETS</b>					
Cash, cash equivalents and investments (note 3)	\$ 132,851,037	\$ 21,702,452	\$ 154,553,489	\$ 2,500,137	\$ 26,033,983
Interest receivable	283,596	-	283,596	-	-
Accounts receivable, net	14,883,620	5,697,629	20,581,249	-	135,582
Taxes receivable, net	57,338,467	-	57,338,467	-	-
Leases receivable	824,075	-	824,075	6,527,749	-
Loans receivable (note 5)	3,409,777	-	3,409,777	804,336	-
Due from other governments (note 6)	25,591,467	-	25,591,467	-	9,542,758
Inventories	125,452	1,027,010	1,152,462	-	27,465
Prepaid expenses	93,127	3,166,818	3,259,945	13	-
Net pension asset	-	-	-	-	2,059,153
Restricted cash and investments (note 3)	17,398,677	4,751,016	22,149,693	-	-
Capital assets (note 8):					
Capital assets not being depreciated	68,029,635	2,064,048	70,093,683	-	982,889
Capital assets being depreciated	221,756,394	105,314,908	327,071,302	-	17,786,247
Total assets	<u>542,585,324</u>	<u>143,723,881</u>	<u>686,309,205</u>	<u>9,832,235</u>	<u>56,568,077</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges on refunding resulting in loss transactions	260,813	39,646	300,459	-	-
Deferred charges - pension (notes 11 and 15)	41,517,377	4,423,183	45,940,560	-	12,139,750
Deferred charges - OPEB (notes 13 and 16)	13,550,943	1,344,168	14,895,111	-	1,788,433
Total deferred outflows of resources	<u>55,329,133</u>	<u>5,806,997</u>	<u>61,136,130</u>	<u>-</u>	<u>13,928,183</u>
Total Assets And Deferred Outflows of Resources	<u>\$ 597,914,457</u>	<u>\$ 149,530,878</u>	<u>\$ 747,445,335</u>	<u>\$ 9,832,235</u>	<u>\$ 70,496,260</u>

Continued

## STATEMENT OF NET POSITION

JUNE 30, 2023

## LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	School Board
<b>LIABILITIES</b>					
Accounts payable	2,535,677	2,320,990	4,856,667	-	3,023,867
Accrued liabilities	31,475,196	2,622,609	34,097,805	65,627	6,044,194
Customer deposits	15,291	1,004,950	1,020,241	-	-
Due to other governments	987,639	-	987,639	-	4,422,394
Unearned revenue	13,421,506	-	13,421,506	20,000	14,208
Accrued interest payable	947,821	578,588	1,526,409	103,291	-
Long-term liabilities (note 9):					
Due within one year:	12,821,400	4,842,658	17,664,058	130,000	300,497
Lease liabilities due within one year	994,224	55,647	1,049,871	-	-
Subscription liabilities due within one year	670,649	-	670,649	-	-
Due in more than one year:	110,836,923	56,799,378	167,636,301	-	2,203,648
Lease liabilities due in more than one year	7,963,590	10,054	7,973,644	-	-
Subscription liabilities due in more than one year	1,354,452	-	1,354,452	-	-
Net pension liability (notes 9,11 and 15)	80,989,462	9,034,422	90,023,884	-	43,936,611
Net OPEB liability (notes 9, 13 and 15)	18,239,736	2,294,467	20,534,203	-	11,259,142
Total liabilities	<u>283,253,566</u>	<u>79,563,763</u>	<u>362,817,329</u>	<u>318,918</u>	<u>71,204,561</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred tax revenue	55,316,027	-	55,316,027	-	-
Deferred charges on refunding resulting in gain transactions	259,920	421,505	681,425	-	-
Deferred charges - pension (notes 11 and 15)	13,316,980	1,670,812	14,987,792	-	11,780,896
Deferred charges - OPEB (notes 13 and 16)	12,596,591	1,437,721	14,034,312	-	2,157,691
Deferred inflows-leases	821,452	-	821,452	5,587,667	-
Total deferred inflows of resources	<u>82,310,970</u>	<u>3,530,038</u>	<u>85,841,008</u>	<u>5,587,667</u>	<u>13,938,587</u>
<b>NET POSITION</b>					
Net Investment in capital assets	178,213,360	50,401,414	228,614,774	-	18,769,136
Restricted for:					
General government	202,604	-	202,604	-	11,714,913
Public safety	494,068	-	494,068	-	-
Health and welfare	459,781	-	459,781	-	-
Parks, recreation and culture	81,475	-	81,475	-	-
Education-net pension asset	-	-	-	-	2,059,153
Conservation and development	10,000	-	10,000	-	-
Permanent fund, nonexpendable	162,502	-	162,502	-	-
Unrestricted	52,726,131	16,035,663	68,761,794	3,925,650	(47,190,090)
Total net position	<u>232,349,921</u>	<u>66,437,077</u>	<u>298,786,998</u>	<u>3,925,650</u>	<u>(14,646,888)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 597,914,457</u>	<u>\$ 149,530,878</u>	<u>\$ 747,445,335</u>	<u>\$ 9,832,235</u>	<u>\$ 70,496,260</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
General government	\$ 29,628,675	\$ 12,169,364	\$ 3,163,129	\$ 241,665
Public safety	41,402,137	377,848	6,844,173	-
Community services	29,215,029	1,319,311	22,827,948	2,948,082
Health and welfare	35,020,443	3,692,546	3,271,626	-
Parks, recreation and culture	15,972,266	1,043,233	222,920	22,510
Education	65,924,088	123,841	2,716,934	475,028
Conservation and development	14,602,408	3,017,383	1,606,738	3,178,341
Interest on long term debt	2,342,281	-	-	-
Total governmental activities	<u>234,107,327</u>	<u>21,743,526</u>	<u>40,653,468</u>	<u>6,865,626</u>
Business-type activities:				
Water	12,552,647	15,194,347	-	-
Sewer	12,894,454	15,804,318	-	-
Gas	28,831,476	28,363,102	9,685	-
Stormwater	1,577,874	1,986,275	4,979	-
Golf	1,165,889	1,380,331	4,949	-
Total business-type activities	<u>57,022,340</u>	<u>62,728,373</u>	<u>19,613</u>	<u>-</u>
Total Primary Government	<u>\$ 291,129,667</u>	<u>\$ 84,471,899</u>	<u>\$ 40,673,081</u>	<u>\$ 6,865,626</u>
<b>COMPONENT UNITS</b>				
Economic Development Authority	\$ 535,199	\$ 163,467	\$ -	\$ -
School Board	84,527,130	2,637,833	12,329,502	-
Total Component Units	<u>\$ 85,062,329</u>	<u>\$ 2,801,300</u>	<u>\$ 12,329,502</u>	<u>\$ -</u>

Continued

CITY OF CHARLOTTESVILLE, VIRGINIA  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

EXHIBIT B - Concluded

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units	
				Economic Development Authority	School Board
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
General government	\$ (14,054,517)	\$ -	\$ (14,054,517)		
Public safety	(34,180,116)	-	(34,180,116)		
Community services	(2,119,688)	-	(2,119,688)		
Health and welfare	(28,056,271)	-	(28,056,271)		
Parks, recreation and culture	(14,683,603)	-	(14,683,603)		
Education	(62,608,285)	-	(62,608,285)		
Conservation and development	(6,799,946)	-	(6,799,946)		
Interest on long term debt	(2,342,281)	-	(2,342,281)		
Total governmental activities	<u>(164,844,707)</u>	<u>-</u>	<u>(164,844,707)</u>		
Business-type activities:					
Water	-	2,641,700	2,641,700		
Sewer	-	2,909,864	2,909,864		
Gas	-	(458,689)	(458,689)		
Stormwater	-	413,380	413,380		
Golf	-	219,391	219,391		
Total business-type activities	<u>-</u>	<u>5,725,646</u>	<u>5,725,646</u>		
Total Primary Government	<u>(164,844,707)</u>	<u>5,725,646</u>	<u>(159,119,061)</u>		
<b>COMPONENT UNITS</b>					
Economic Development Authority				\$ (371,732)	\$ -
School Board				-	(69,559,795)
Total Component Units				<u>(371,732)</u>	<u>(69,559,795)</u>
<b>GENERAL REVENUES</b>					
General property taxes	110,208,465	-	110,208,465	-	-
Sales tax	14,377,795	-	14,377,795	-	-
Utility tax	4,584,020	-	4,584,020	-	-
Communications tax	-	-	-	-	-
Meals tax	18,632,606	-	18,632,606	-	-
Lodging tax	8,118,587	-	8,118,587	-	-
Public service corporation tax	1,630,557	-	1,630,557	-	-
Wills and deeds tax	728,613	-	728,613	-	-
Rolling stock tax	15,231	-	15,231	-	-
Short-term rental tax	77,570	-	77,570	-	-
Cigarette tax	445,156	-	445,156	-	-
State recordation tax	461	-	461	-	-
Bank stock tax	1,170,883	-	1,170,883	-	-
Plastic bag Tax	49,605	-	49,605	-	-
Business license tax	783,327	-	783,327	-	-
Grants & contributions not restricted to specific programs	39,647,809	-	39,647,809	-	-
State aid-formula grants	-	-	-	-	29,526,515
Payment from city	-	-	-	-	55,084,021
Unrestricted revenue from use of money and property	899,545	7,660	907,205	240,000	-
Interest on investment earnings	2,916,023	186,095	3,102,118	206,337	-
Leases	232,055	-	232,055	333,094	-
Miscellaneous	1,594,719	-	1,594,719	-	-
Transfers, net	5,999,804	(5,999,804)	-	-	-
Total general revenues and transfers	<u>212,112,831</u>	<u>(5,806,049)</u>	<u>206,306,782</u>	<u>779,431</u>	<u>84,610,536</u>
Change in net position	47,268,124	(80,403)	47,187,721	407,699	15,050,741
Net Position - July 1, 2022 Restated	185,081,797	66,517,480	251,599,277	3,517,951	(29,697,629)
Net Position - June 30, 2023	<u>\$ 232,349,921</u>	<u>\$ 66,437,077</u>	<u>\$ 298,786,998</u>	<u>\$ 3,925,650</u>	<u>\$ (14,646,888)</u>

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	American Relief Program Act Fund	Social Services Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash, cash equivalents and investments	\$ 56,617,074	\$ 13,421,867	\$ 78,276	\$ 33,001,900	\$ 23,416,274	\$ 513,855	\$ 127,049,246
Interest receivable	283,596	-	-	-	-	-	283,596
Accounts receivable, net	519,822	-	5,807	3,997	-	442,001	971,627
Taxes receivable, net	57,338,467	-	-	-	-	-	57,338,467
Leases receivable	824,075	-	-	-	-	-	824,075
Due from other governments (note 6)	3,095,543	-	821,742	9,886,508	-	11,787,674	25,591,467
Due from other funds (note 7)	13,911,992	-	-	-	-	-	13,911,992
Loans receivable (note 5)	-	-	-	2,530,000	-	879,777	3,409,777
Total assets	<u>\$ 132,590,569</u>	<u>\$ 13,421,867</u>	<u>\$ 905,825</u>	<u>\$ 45,422,405</u>	<u>\$ 23,416,274</u>	<u>\$ 13,623,307</u>	<u>\$ 229,380,247</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 1,105,634	\$ 51,190	\$ 7,142	\$ 938,982	\$ 61,332	\$ 278,858	\$ 2,443,138
Accrued liabilities	2,889,625	5,469	230,035	13,270,282	64,270	4,383,990	20,843,671
Deposits	-	-	-	1,112,163	-	-	1,112,163
Due to other governments	-	-	-	-	-	987,639	987,639
Due to other funds (note 7)	-	-	668,648	-	-	6,274,570	6,943,218
Unearned revenue-other	2,987	13,365,208	-	-	-	53,311	13,421,506
Total liabilities	<u>3,998,246</u>	<u>13,421,867</u>	<u>905,825</u>	<u>15,321,427</u>	<u>125,602</u>	<u>11,978,368</u>	<u>45,751,335</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable tax revenue	55,622,960	-	-	-	-	-	55,622,960
Unavailable lease revenue	821,452	-	-	-	-	-	821,452
Unavailable opioid remediation revenue	-	-	-	-	-	428,031	428,031
Total deferred inflows of resources	<u>56,444,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,031</u>	<u>56,872,443</u>
<b>FUND BALANCES (Note 2b):</b>							
Nonspendable	-	-	-	-	-	162,502	162,502
Restricted	559,223	-	-	-	-	702,748	1,261,971
Committed	6,289,041	-	-	-	23,290,672	-	29,579,713
Assigned	1,908,229	-	-	30,100,978	-	351,658	32,360,865
Unassigned	63,391,418	-	-	-	-	-	63,391,418
Total fund balances	<u>72,147,911</u>	<u>-</u>	<u>-</u>	<u>30,100,978</u>	<u>23,290,672</u>	<u>1,216,908</u>	<u>126,756,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 132,590,569</u>	<u>\$ 13,421,867</u>	<u>\$ 905,825</u>	<u>\$ 45,422,405</u>	<u>\$ 23,416,274</u>	<u>\$ 13,623,307</u>	<u>\$ 229,380,247</u>

Continued

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

Total fund balances per the Balance Sheet for Governmental Funds	\$ 126,756,469
Amounts reported in the Statement of Net Position (Exhibit A) are different because:	
Capital assets are not financial resources and therefore are not reported in the funds statements. The Statement of Net Position, however, includes these assets, net of accumulated depreciation:	289,786,029
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the governmental funds and are not included in fund balance:	
Deferred Inflows-Pensions	(13,316,980)
Deferred Inflows-OPEB	(12,596,591)
Deferred Outflows-Pensions	41,517,377
Deferred Outflows-OPEB	13,550,943
Internal service funds area used by management to charge the cost of certain activities such as insurances and telecommunication to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Position:	
Internal Services	18,149,719
Some of the city's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and the City's opioid settlement funds are currently unavailable and therefore both are unavailable in the funds:	
Deferred taxes	306,933
Deferred opioid settlement funds	428,031
Some liabilities, including general bonds payable, are not due as payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position:	
Bonds payable	(109,397,151)
Accrued interest payable	(947,821)
Unamortized premiums on bonds	(8,592,173)
Net deferred amount on refunding	893
Net pension liability	(80,989,462)
Net OPEB liability	(18,239,736)
Compensated absences	(3,083,645)
Lease Liability	(8,957,813)
Subscription-Based IT Arrangements Liability	(2,025,101)
Net position per the Statement of Net Position (Exhibit A)	<u>\$ 232,349,921</u>

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

**CITY OF CHARLOTTESVILLE, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

**EXHIBIT D**

	<u>General Fund</u>	<u>American Relief Program Act Fund</u>	<u>Social Services Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes	\$ 162,261,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,261,369
Fees and permits	11,376,497	-	-	144,638	-	-	11,521,135
Intergovernmental	30,152,241	3,758,386	10,653,753	17,882,025	-	21,158,020	83,604,425
Charges for services	8,368,710	-	64	-	-	4,215,176	12,583,950
Fines	358,419	-	-	-	-	-	358,419
Leases	232,055	-	-	-	-	-	232,055
Investment earnings	1,872,454	-	-	-	1,031,811	11,759	2,916,024
Miscellaneous	1,003,199	-	11,654	173,282	-	282,100	1,470,235
Total revenues	<u>215,624,944</u>	<u>3,758,386</u>	<u>10,665,471</u>	<u>18,199,945</u>	<u>1,031,811</u>	<u>25,667,055</u>	<u>274,947,612</u>
Current:							
General government	24,732,417	495,468	-	2,534,500	230,950	534,346	28,527,681
Public safety	40,464,341	997,812	-	665,120	-	1,443,563	43,570,836
Community services	9,927,108	-	-	1,886,468	-	15,103,444	26,917,020
Health and welfare	6,989,724	1,066,047	14,555,922	-	-	13,117,770	35,729,463
Parks, recreation and culture	13,406,253	65,000	-	822,767	-	102,841	14,396,861
Education	62,030,967	-	-	3,105,930	-	-	65,136,897
Conservation and development	6,411,447	1,134,059	-	3,022,132	-	440,719	11,008,357
Debt service:							
Retirement of principal	1,597,100	-	1,203	-	9,403,570	1,039	11,002,912
Interest	263,267	-	72	-	3,720,886	168	3,984,393
Capital outlay	1,222,555	-	-	38,251,880	-	802,517	40,276,952
Total expenditures	<u>167,045,179</u>	<u>3,758,386</u>	<u>14,557,197</u>	<u>50,288,797</u>	<u>13,355,406</u>	<u>31,546,407</u>	<u>280,551,372</u>
Revenues over (under) expenditures	<u>48,579,765</u>	<u>-</u>	<u>(3,891,726)</u>	<u>(32,088,852)</u>	<u>(12,323,595)</u>	<u>(5,879,352)</u>	<u>(5,603,760)</u>
Transfers in (note 7)	6,207,893	-	3,772,028	20,619,018	17,567,099	6,185,928	54,351,966
Transfers out (note 7)	(48,914,001)	-	-	(552,170)	-	(44,991)	(49,511,162)
Issuance of debt (note 9)	-	-	-	9,409,943	5,060,057	-	14,470,000
Premium on issuance of debt (note 9)	-	-	-	975,480	-	-	975,480
Total other financial sources (uses)	<u>(42,706,108)</u>	<u>-</u>	<u>3,772,028</u>	<u>30,452,271</u>	<u>22,627,156</u>	<u>6,140,937</u>	<u>20,286,284</u>
Net change in fund balance	5,873,657	-	(119,698)	(1,636,581)	10,303,561	261,585	14,682,524
Fund Balance July 1, 2022 as restated	66,274,254	-	119,698	31,737,559	12,987,111	955,323	112,073,945
Fund Balance June 30, 2023	<u>\$ 72,147,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,100,978</u>	<u>\$ 23,290,672</u>	<u>\$ 1,216,908</u>	<u>\$ 126,756,469</u>

Continued

**CITY OF CHARLOTTESVILLE, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

**EXHIBIT D - Concluded**

Net change in fund balances - total governmental funds (Exhibit D) \$ 14,682,525

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

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

Capital outlay	40,378,665
Depreciation expense	(13,590,681)

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

Net gain (loss) on disposal of assets	(579,955)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the following:

Change in Opioid Settlement funding	428,031
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Debt proceeds provide current financing resources to governmental funds but debt issues increase long-term liabilities in the Statement of Net Position. Principal and refunding payments are expenditures in governmental funds but reduce long-term liabilities in the Statement of Net Position. Payments to reduce Lease and Subscription liabilities are only included in the Statement of Net Position:

New debt issued	(14,470,000)
Principal payments	9,403,570
Payments to reduce lease liability	978,915
Payments to reduce subscription liability	668,437

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	73,031
Change in amortization of bond premium	351,988
Interest earned on bond refunding	(16,894)

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	(52,814)
Change in net pension liability	(26,082,351)
Net change in deferred outflows and deferred inflows of resources related to net pension liability	28,909,998
Change in net OPEB liability	(7,276,844)
Net change in deferred outflows and deferred inflows of resources related to net OPEB liability	12,230,655

The change in net position of internal service funds, less amounts reflected in long term assets and liabilities, and deferred outflows of resources, and deferred inflows of resources, is combined with governmental activities on the Statement of Activities.	1,231,848
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Change in net position per the Statement of Activities (Exhibit B)	\$ 47,268,124
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The accompanying notes are an integral part of the basic financial statements.

CITY OF CHARLOTTESVILLE, VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

EXHIBIT E-1

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 1,093,792	\$ 5,555,928	\$ 7,053,092	\$ 7,175,845	\$ 823,795	\$ 21,702,452	\$ 23,200,469
Accounts receivable, net	944,035	665,653	388,073	105,963	-	2,103,724	125,197
Unbilled accounts receivable	1,180,464	1,169,434	1,118,810	-	-	3,468,708	-
Inventories	-	-	-	-	29,058	29,058	1,123,402
Prepaid expenses	-	-	3,166,818	-	-	3,166,818	93,128
Restricted cash and investments	2,720,738	586,596	-	1,443,682	-	4,751,016	-
Total current assets	5,939,029	7,977,611	11,726,793	8,725,490	852,853	35,221,776	24,542,196
Noncurrent assets:							
Land	-	-	584,291	-	1,337,432	1,921,723	-
Easements	12,625	95,600	34,100	-	-	142,325	-
Buildings and improvements	18,919	39,014	-	-	1,819,260	1,877,193	48,364
Vehicles	705,026	1,282,702	2,513,244	541,608	13,732	5,056,312	25,200
Transmission lines and mains	61,110,070	52,974,387	44,219,132	1,016,826	-	159,320,415	-
Storm drainage	-	-	-	10,860,666	-	10,860,666	-
Equipment	442,359	408,505	1,839,347	19,374	241,498	2,951,083	10,318,474
Lease equipment	685	685	1,382	-	63,215	65,967	-
Subscription assets	-	-	-	-	-	-	25,819
Accumulated depreciation	(20,110,849)	(15,164,526)	(36,012,839)	(1,757,085)	(1,771,429)	(74,816,728)	(9,979,827)
Total noncurrent assets	42,178,835	39,636,367	13,178,657	10,681,389	1,703,708	107,378,956	438,030
Total assets	48,117,864	47,613,978	24,905,450	19,406,879	2,556,561	142,600,732	24,980,226
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charges on refunding losses	7,607	32,039	-	-	-	39,646	-
Deferred charges-pension	702,814	558,276	2,629,403	336,835	138,203	4,365,531	943,856
Deferred charges-OPEB	222,976	177,696	782,817	110,281	32,694	1,326,464	220,812
Total deferred outflows of resources	933,397	768,011	3,412,220	447,116	170,897	5,731,641	1,164,668
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,040,452	986,851	215,003	9,519	7,451	2,259,276	273,291
Accrued liabilities	449,762	460,842	1,111,595	57,809	44,139	2,124,147	2,980,538
Accrued interest payable	257,218	238,915	-	82,454	-	578,587	-
Customer deposits	272,337	-	732,613	-	-	1,004,950	-
Due to other funds	-	-	-	-	-	-	2,575,674
Liabilities due in less than one year	2,093,290	2,181,780	28,151	537,724	1,126	4,842,071	10,695
Total current liabilities	4,113,059	3,868,388	2,087,362	687,506	52,716	10,809,031	5,840,198
Noncurrent liabilities:							
Liabilities due in more than one year	26,416,408	21,447,121	207,817	8,718,228	71,211	56,860,785	102,977
Net pension liability	1,516,687	1,182,503	5,570,982	153,598	475,476	8,899,246	2,864,859
Net OPEB liability	390,765	271,080	1,420,691	26,004	160,183	2,268,723	1,216,121
Total noncurrent liabilities	28,323,860	22,900,704	7,199,490	8,897,830	706,870	68,028,754	4,183,957
Total liabilities	32,436,919	26,769,092	9,286,852	9,585,336	759,586	78,837,785	10,024,155
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred charges on refunding gains	147,810	273,695	-	-	-	421,505	-
Deferred charges-pension	219,939	277,040	1,032,046	85,403	27,387	1,641,815	339,021
Deferred charges-OPEB	216,261	247,558	867,077	58,024	18,228	1,407,148	266,434
Total deferred inflows of resources	584,010	798,293	1,899,123	143,427	45,615	3,470,468	605,455
<b>NET POSITION</b>							
Net investment in capital assets	19,647,258	17,915,529	12,441,451	3,403,380	1,668,798	55,076,416	413,482
Unrestricted	(3,616,928)	2,899,074	4,690,244	6,721,852	253,459	10,947,701	15,101,800
Total net position	\$ 16,030,330	\$ 20,814,603	\$ 17,131,695	\$ 10,125,232	\$ 1,922,257	\$ 66,024,117	\$ 15,515,282
						Total net position	\$ 66,024,117
Allocated internal services:							
						Warehouse assets	1,123,148
						Warehouse deferred outflows	75,356
						Warehouse liabilities	(725,974)
						Warehouse deferred inflows	(59,570)
						Total allocation of warehouse net position	412,960
						Net position of business-type activities	\$ 66,437,077

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
<b>OPERATING REVENUES</b>							
Utility charges	\$ 14,689,415	\$ 16,773,926	\$ 27,921,263	\$ 1,926,661	\$ -	\$ 61,311,265	\$ -
Charges for services	173,935	57,568	318,186	64,594	1,386,670	2,000,953	26,359,125
Total operating revenues	<u>14,863,350</u>	<u>16,831,494</u>	<u>28,239,449</u>	<u>1,991,255</u>	<u>1,386,670</u>	<u>63,312,218</u>	<u>26,359,125</u>
<b>OPERATING EXPENSES</b>							
Purchases for resale	7,391,709	9,108,421	18,279,468	-	42,267	34,821,865	1,560,472
Personnel costs	1,226,112	899,516	5,255,966	700,663	328,181	8,410,438	1,620,913
Materials and supplies	449,743	101,946	783,015	19,789	65,851	1,420,344	923,764
Contractual services and charges	1,211,723	2,438,794	3,169,222	229,458	649,223	7,698,420	1,750,138
Depreciation	1,617,541	1,344,284	1,202,446	404,721	80,679	4,649,671	247,357
Claims incurred	-	-	-	-	-	-	17,225,816
Insurance premiums	-	-	-	-	-	-	3,085,422
Total operating expenses	<u>11,896,828</u>	<u>13,892,961</u>	<u>28,690,117</u>	<u>1,354,631</u>	<u>1,166,201</u>	<u>57,000,738</u>	<u>26,413,882</u>
Operating income (loss)	<u>2,966,522</u>	<u>2,938,533</u>	<u>(450,668)</u>	<u>636,624</u>	<u>220,469</u>	<u>6,311,480</u>	<u>(54,757)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Gain/Loss on capital asset disposition	31,236	700	14,150	-	-	46,086	-
Interest expense	(606,454)	(467,832)	(5,627)	(222,092)	-	(1,302,005)	-
Interest income	33,338	40,680	55,739	56,338	-	186,095	98,973
Capacity fees	252,700	440,275	-	-	-	692,975	-
Total nonoperating revenues (expenses), net	<u>(289,180)</u>	<u>13,823</u>	<u>64,262</u>	<u>(165,754)</u>	<u>-</u>	<u>(376,849)</u>	<u>98,973</u>
Transfers in	-	-	-	-	300,000	300,000	1,159,000
Transfers out	(956,531)	(1,050,481)	(4,273,937)	(18,855)	-	(6,299,804)	-
Total transfers, net	<u>(956,531)</u>	<u>(1,050,481)</u>	<u>(4,273,937)</u>	<u>(18,855)</u>	<u>300,000</u>	<u>(5,999,804)</u>	<u>1,159,000</u>
Change in net position	1,720,811	1,901,875	(4,660,343)	452,015	520,469	(65,173)	1,203,216
Total net position - July 1, 2022	<u>14,309,519</u>	<u>18,912,728</u>	<u>21,792,038</u>	<u>9,673,217</u>	<u>1,401,788</u>	<u>66,089,290</u>	<u>14,312,066</u>
Total net position - June 30, 2023	<u>\$ 16,030,330</u>	<u>\$ 20,814,603</u>	<u>\$ 17,131,695</u>	<u>\$ 10,125,232</u>	<u>\$ 1,922,257</u>	<u>\$ 66,024,117</u>	<u>\$ 15,515,282</u>
						Total business-type change in net position	\$ (65,173)
						Warehouse sales operating revenues	790,599
						Expenses associated with warehouse sales	(805,829)
						Net internal service fund allocation	<u>(15,230)</u>
						Change in net position of business-type activities	<u>\$ (80,403)</u>

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDING JUNE 30, 2023**

	Business - Type Activities - Enterprise Funds						Internal Service Funds
	Water	Sewer	Gas	Stormwater	Golf	Total	
<b>OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 14,832,777	\$ 15,587,491	\$ 29,594,568	\$ 2,000,897	\$ 1,390,483	\$ 63,406,216	\$ 26,255,143
Payments to suppliers	(9,157,411)	(10,230,183)	(24,425,267)	(460,611)	(826,945)	(45,100,417)	(23,901,972)
Payments to employees	(1,385,934)	(1,041,471)	(5,958,406)	(797,348)	(369,430)	(9,552,589)	(1,597,782)
Net cash provided by (used for) operating activities	<u>4,289,432</u>	<u>4,315,837</u>	<u>(789,105)</u>	<u>742,938</u>	<u>194,108</u>	<u>8,753,210</u>	<u>755,389</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	-	-	-	-	300,000	300,000	1,159,000
Transfers out	(956,531)	(1,050,481)	(4,273,937)	(18,855)	-	(6,299,804)	-
Net cash provided by (used for) noncapital financing activities	<u>(956,531)</u>	<u>(1,050,481)</u>	<u>(4,273,937)</u>	<u>(18,855)</u>	<u>300,000</u>	<u>(5,999,804)</u>	<u>1,159,000</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition of capital assets	(4,997,278)	(2,819,973)	(451,730)	(916,279)	-	(9,185,260)	(96,812)
Capacity fees	252,700	440,275	-	-	-	692,975	-
Bond principal paid	(1,986,934)	(2,134,347)	-	(540,000)	-	(4,661,281)	-
Interest paid	(1,031,641)	(783,359)	(5,627)	(344,532)	-	(2,165,159)	-
Net cash provided by (used for) capital and related financing	<u>(7,763,153)</u>	<u>(5,297,404)</u>	<u>(457,357)</u>	<u>(1,800,811)</u>	<u>-</u>	<u>(15,318,725)</u>	<u>(96,812)</u>
<b>INVESTING ACTIVITIES</b>							
Interest on investments	33,338	40,680	55,739	56,338	-	186,095	98,973
Net cash provided by investment activities	<u>33,338</u>	<u>40,680</u>	<u>55,739</u>	<u>56,338</u>	<u>-</u>	<u>186,095</u>	<u>98,973</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(4,396,914)</u>	<u>(1,991,368)</u>	<u>(5,464,660)</u>	<u>(1,020,390)</u>	<u>494,108</u>	<u>(12,379,224)</u>	<u>1,916,550</u>
<b>Balances - July 1, 2022</b>	<u>8,148,971</u>	<u>8,179,307</u>	<u>12,517,553</u>	<u>9,639,917</u>	<u>329,687</u>	<u>38,815,435</u>	<u>21,361,377</u>
<b>Balances - June 30, 2023</b>	<u>\$ 3,814,530</u>	<u>\$ 6,142,524</u>	<u>\$ 7,053,092</u>	<u>\$ 8,619,527</u>	<u>\$ 823,795</u>	<u>\$ 26,453,468</u>	<u>\$ 23,200,469</u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>							
Operating Income (Loss)	\$ 2,966,522	\$ 2,938,531	\$ (450,668)	\$ 636,624	\$ 220,469	\$ 6,311,478	\$ (54,757)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	1,617,541	1,344,284	1,202,446	404,721	80,679	4,649,671	247,357
(Increase) decrease in accounts receivable	(52,742)	224,147	1,253,364	9,643	5,204	1,439,616	(106,012)
(Increase) decrease in inventories	-	-	-	-	(15,042)	(15,042)	46,770
(Increase) decrease in prepaid expenses	-	-	(9,219)	-	-	(9,219)	(47,871)
Increase (decrease) in accounts payable	(57,175)	(49,171)	(2,057,383)	(211,364)	(55,953)	(2,431,046)	779,364
Increase (decrease) in accrued liabilities	(48,234)	(28,076)	(174,472)	(28,801)	(13,902)	(293,485)	28,451
Increase (decrease) in customer deposits	(24,893)	-	(25,091)	-	-	(49,984)	-
Increase (decrease) in compensated absences	(11,820)	(6,367)	4,920	2,035	(2,829)	(14,061)	6,763
Increase (decrease) in insurance claims payable	-	-	-	-	-	-	(108,890)
Net pension liability change for measurement year	(22,460)	(43,974)	(240,289)	(28,057)	(11,240)	(346,020)	(25,284)
Net OPEB liability change for measurement year	(77,307)	(63,537)	(292,713)	(41,863)	(13,278)	(488,698)	(76,181)
Net cash provided by (used for) operating activities	<u>\$ 4,289,432</u>	<u>\$ 4,315,837</u>	<u>\$ (789,105)</u>	<u>\$ 742,938</u>	<u>\$ 194,108</u>	<u>\$ 8,753,210</u>	<u>\$ 689,710</u>

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

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023**

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Interest receivable	\$ 294,385
Investments (note 3b):	
Common stocks	47,784,465
Corporate fixed income securities	13,086,406
Government and agency fixed income securities	19,746,530
Mutual Funds:	
Domestic	66,288,336
International	24,641,142
Alternative Investments:	
Agriculture	12,423,348
Real Estate	22,582,587
Total investments	<u>206,552,814</u>
Total assets	<u>206,847,199</u>
<b>LIABILITIES</b>	
Due to general fund	4,393,101
Accounts payable	78,167
Total liabilities	<u>4,471,268</u>
<b>NET POSITION</b>	
Net position - restricted	<u>\$ 202,375,935</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 17,330,204
Plan members	2,264,516
Total contributions	<u>19,594,720</u>
Investment earnings:	
Net increase in fair value of investments	16,886,022
Interest	1,316,188
Dividends	1,410,322
Total investment earnings	<u>19,612,532</u>
Less investment expenses	713,863
Net investment earnings	<u>18,898,669</u>
Total additions	<u>38,493,389</u>
<b>DEDUCTIONS</b>	
Pension benefits	15,115,813
Refund of plan member contributions	263,357
Other post-retirement benefits	5,410,979
Administrative expenses	385,765
Total deductions	<u>21,175,914</u>
Increase in net position	17,317,475
Net Position - July 1, 2022	185,058,460
Net position - June 30, 2023	<u>\$ 202,375,935</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, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**(b) Reporting entity**

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

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

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(g) Allowance for uncollectible accounts**

The City calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2023, the allowances approximated \$1,368,484 in the General Fund, \$1,615,986 in the Proprietary Funds (\$385,039, \$444,503, \$761,012, \$25,432) for the Water, Sewer, Gas, and Stormwater Funds, respectively, and \$2,739,064 in the Capital Projects Fund.

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

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

**(i) Capital assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Building/building improvements	40-50
Streets and bridges	30-50
Infrastructure (storm structures and storm pipe)	50-75
Utility transmission lines and mains	20-40
Furniture and equipment	5-10
Vehicles	5-7
Leases	1-13
Subscription	1-5

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

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

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

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

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

Pension plan changes for measurement date June 30, 2022 are presented on the Statement of Net Position. Actuarially determined *deferred outflows of resources* include changes in the expected and actual experience, along with changes in expected and actual investment earnings, change in proportion on beginning net pension liability, changes in proportions and difference between employer contribution and proportionate share of contributions, changes in assumptions, and employer contributions subsequent to the measurement date. *Deferred inflows of resources* consists of the current year's amortization, actuarially determined changes in proportion on beginning net pension liability, difference between expected and actual investment earnings, and changes in proportion between employer contribution and proportionate share of contributions.

**(k) Compensated absences**

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

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

Sick leave earned but not taken by City and School Board employees as of June 30, 2023, approximated \$14,065,349 and \$14,032,477 respectively. Upon retirement, no cash payments are made for sick leave. Therefore, an accrued balance is not recorded in the financial statements.

**(l) Risk management**

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

**(m) Encumbrances**

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

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

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, and information about the

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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) Leases**

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

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

**(p) Subscription Agreements**

The City has several subscription-based software applications that it has identified as a right-to-use asset for its operations. At the commencement of the Subscription Based IT Arrangement (SBITA) the liability is measured at the present value of payments expected to be made during the SBITA term. The SBITA represent only those agreements that are longer than twelve months in duration. The SBITA assets are amortized over its agreement term or the useful life of the underlying asset.

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**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.
- **Deferred outflows of resources** represent a consumption of net assets that applies to future periods.
- **Deferred inflows of resources** represent an acquisition of net assets that applies to future periods.

**(a) Fund Balances:**

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

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

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

- **Nonspendable** - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** - Represents amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Represents specific purposes in accordance with internal constraints imposed by formal action of the City's highest level of decision-making, Charlottesville City Council. The formal action is an appropriation, which designates funds for a particular use, to the exclusion of all other uses. Once adopted, the appropriation can only be changed by City Council through similar action.

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- **Assigned** – Represents amounts that are constrained by City Council’s intent to use for specific purposes, but meet neither the restricted nor 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 as of June 30, 2023:

	General	Capital Projects	Debt Service	Other Govt	Total
<u>Nonspendable for:</u>					
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ 162,502	\$ 162,502
Total nonspendable	-	-	-	162,502	162,502
<u>Restricted for:</u>					
Loans receivable	-	-	-	10,000	10,000
Fire Programs	41,360	-	-	214,682	256,042
Law Enforcement	160,264	-	-	15,716	175,980
Four for Life	76,089	-	-	-	76,089
Court House Maintenance/Construction	164,476	-	-	-	164,476
Commonwealth Attorney	38,128	-	-	-	38,128
Children’s Services Act	-	-	-	304,033	304,033
Health and Welfare	-	-	-	15,645	15,645
Opioid Remediation	-	-	-	140,103	140,103
Youth Programs	64,182	-	-	2,569	66,751
Parks and Tree Conservation	14,724	-	-	-	14,724
Total restricted	559,223	-	-	702,748	1,261,971
<u>Committed for:</u>					
Nonrecurring vehicle/equipment	642,622	-	-	-	642,622
Repairs/Improvements to Government Bldgs	327,869	-	-	-	327,869
Parking enterprise fund	2,378,185	-	-	-	2,378,185
Parks and Recreation Programs	37,577	-	-	-	37,577
Fire Programs	10,281	-	-	-	10,281
City Council initiatives	5,000	-	-	-	5,000
Council Reserve	46,371	-	-	-	159,725
Citywide Reserve	113,254	-	-	-	113,254
Historic Resources	47,239	-	-	-	47,239
Fuel Price Volatility	150,000	-	-	-	150,000
Courthouse Security	62,144	-	-	-	62,144
Communications	11,420	-	-	-	11,420
Community Events	27,389	-	-	-	27,389
Sheriff Programs	3,728	-	-	-	3,728
Workforce Development	70,772	-	-	-	70,772
Corporate Training	7,652	-	-	-	7,652
Reserve for landfill remediation	2,347,538	-	-	-	2,347,538
Future debt service	-	-	23,290,672	-	23,290,672
Total committed	6,289,041	-	23,290,672	-	29,693,067
<u>Assigned for:</u>					
Purchases on Order	1,908,229	21,344,165	-	-	23,252,394
Health and Welfare	-	-	-	351,658	351,658
Subsequent year’s budget	-	8,756,813	-	-	8,756,813
Total assigned	1,908,229	30,100,978	-	351,658	32,360,865
<u>Unassigned:</u>					
Unassigned	63,391,418	-	-	-	63,278,064
Total fund balance	<b>\$ 72,147,911</b>	<b>\$ 30,100,978</b>	<b>\$ 23,290,672</b>	<b>\$ 1,216,908</b>	<b>\$ 126,756,469</b>

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**(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 value of encumbrances, net accrued encumbrances, expected to be honored upon performance by the vendor in the next year were as follows:

	General Fund	Americal Rescue Plan Act	Social Services	Capital Projects	Other Government	Total
Vehicles and Equipment	\$ 541,205	\$ 822,209	\$ -	\$ 25,535	\$ 3,735,243	\$ 5,124,192
Government Building Improvemnts	91,280	-	-	1,732,718	-	1,823,998
Parking enterprise	4,729	-	-	-	-	4,729
General Government	295,397	84,864	-	315,861	-	696,122
Public Safety	384,025	1,075	-	1,159,812	101,059	1,645,971
Community Service	17,199	-	-	-	607,160	624,359
Street Construction/Maintenance	29,220	-	-	13,673,412	-	13,702,632
Helth and Welfare	-	-	339	-	74,471	74,810
Parks and Recreation	429,073	-	-	320,020	2,518	751,611
Education	108,059	-	-	1,640,765	-	1,748,824
Conservation and Development	8,042	2,542	-	2,476,042	240,811	2,727,437
Total	<u>\$ 1,908,229</u>	<u>\$ 910,690</u>	<u>\$ 339</u>	<u>\$ 21,344,165</u>	<u>\$ 4,761,262</u>	<u>\$ 28,924,685</u>

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**(a) Primary Government**

At June 30, 2023, 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	\$ 33,754,344	Various
Cash on hand	6,540	Various
Commonw ealth LGIP	1,626,492	AAAm
Money Market Mutual Funds	1,993,492	AAAm
Commonw ealth Non-Arbitrage Program (SNAP)	26,153,459	AAAm
Virginia Investment Pool	67,352,052	AAAm
Total deposits and investments	<u>\$ 130,886,379</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.

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

At June 30, 2023, there was no change in valuation techniques that had a significant impact on the values. The fair value hierarchy of Primary Government Investments was as follows:

Investment Type	Level 1	Level 2	Level 3	Total	Credit Rating
Corporate certificate of deposit	\$ -	\$ 4,285,386	\$ -	\$ 4,285,386	Aa2 to Aa3
Corporate notes	-	4,948,684	-	4,948,684	Aaa to A3
U. S. Treasury notes	25,788,347	-	-	25,788,347	Aaa
Federal agency notes	-	11,964,927	-	11,964,927	Aaa
Total fair value investments	<u>\$ 25,788,347</u>	<u>\$ 21,198,997</u>	<u>\$ -</u>	<u>\$ 46,987,344</u>	

**Credit Risk:**

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

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

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

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
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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, 2023, 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. On June 30, 2023, all investments in the City’s portfolio had a maturity of five years or less.

**Restricted Cash and Investments:**

The City had unspent bond proceeds of \$22,149,693. Of this amount, \$17,398,677 was for governmental activities, and \$4,751,016 was business-type activities.

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

On June 30, 2023, 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:

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<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	\$ 47,784,465	\$ -	\$ -	\$ 47,784,465	Various
Corp Fixes Income Securities	13,086,406	-	-	13,086,406	Aaa-B3
Government and agency fixes income securities					
Explicitly guaranteed by U.S. government	-	11,736,812	-	11,736,812	Various
Implicitly guaranteed bu U/S. government	-	5,671,257	-	5,671,257	Aaa-Aa1
Municipal	-	2,338,462	-	2,338,462	Aaa-Aa1
Mutual Funds - domestic	-	66,288,337	-	66,288,337	Various
Mutual Funds - international	-	24,641,143	-	24,641,143	Various
Total investments at fair value	<u>\$ 60,870,871</u>	<u>\$ 110,676,011</u>	<u>\$ -</u>	<u>\$ 171,546,882</u>	
Total demand deposits and investments at fair value	<u>\$ 60,870,871</u>	<u>\$ 110,676,011</u>	<u>\$ -</u>	<u>\$ 171,546,882</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 12.8% of the Pension Trust Fund total investments. There are no unfunded commitments, nor do any of the funds have a set end date. The valuation method is presented on the following table:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Redemptions Frequency</u> <u>(if currently eligible)</u>	<u>Redemption</u> <u>Notice Period</u>
Alternative investments - UBS AgriVest	\$ 5,722,976	Quarterly	60 days
Alternative investments - Ceres Farms	6,700,372	Annually	150 days
Alternative investments - RE PRISA	11,436,936	Quarterly	90 days
Alternative investments - RE PRISA II	11,155,651	Quarterly	90 days
Total alternative investments at fair value	<u>\$ 35,015,935</u>		

**Credit Risk:**

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

<u>Investment Type</u>	<u>Rating</u>	<u>% of Total Portfolio</u>
Corporate Bonds	No rating	4.8 %
Corporate Bonds	Aaa	8.9
Corporate Bonds	Aa1-Aa3	3.2
Corporate Bonds	A1-A3	11.8
Corporate Bonds	Baa1-B3	11.1
Federal Home Loan Mortgage Corporation	Aaa-Aa1	4.8
Federal National Mortgage Association	Aaa-Aa1	9.7
Implicitly Guaranteed Bonds	Aaa-Aa1	2.7
Municipal Bonds	Aaa-Aa1	7.1

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**Concentration of Credit Risk:**

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

Company is not to exceed 5% of the total fund.

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

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

**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, 2023, the Pension Trust Fund had the following investments and maturities:

	Investment Maturity			
	<u>Fair Value</u>	<u>0 - 5 years</u>	<u>6 - 10 years</u>	<u>11 - 40 years</u>
Corporate fixed income	\$ 13,086,406	\$ 4,100,064	\$ 1,998,410	\$ 6,987,932
Government fixed income	19,746,530	1,653,458	2,810,352	15,282,721
	<u>\$ 32,832,936</u>	<u>\$ 5,753,522</u>	<u>\$ 4,808,762</u>	<u>\$ 22,270,653</u>

**Rate of Return:**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -10.05% on June 30, 2023 and -10.99% at June 30, 2022. The money-weighted rate of return expresses investment performance adjusted for the changing amounts invested.

**(c) School Board Component Unit**

At June 30, 2023, 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	\$ 21,673,398	N/A
Commonwealth LGIP	4,360,585	AAAm
Total deposits and investments	<u>\$ 26,033,983</u>	

School Board deposits are invested in accordance with the City's investment policy. At June 30, 2023, 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, 2023, the carrying value of the CEDA component unit deposits and investments, with their respective credit ratings, was as follows:

Deposit and Investment Type	Fair Value	Credit Rating
Demand deposits	<u>\$ 2,500,137</u>	N/A
Total deposits and investments	<u>\$ 2,500,137</u>	

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
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The City serves as fiscal agent for the CEDA. However, the CEDA is not subject to the City's investment policy. At June 30, 2023, 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 based on the estimated market value of the property. January 1 is also the date an enforceable, legal claim to the asset applies. The City reassesses all property annually.

Real estate taxes are collected in equal semiannual payments that are due June 5 and December 5. During the fiscal year, the real estate taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2022, assessment which is due December 5, 2022. The first half of the January 1, 2023, assessment normally due June 5, 2023, less an allowance for uncollectable and less taxes not considered available for current expenditures plus collections on previously delinquent taxes. The tax rate for 2022 was \$0.96 and \$0.96 for 2023, per \$100 of assessed value. Real estate taxes receivable, assessed as of January 1, 2023, and due December 5, 2023, 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, 2023, 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 2022, the personal property taxes budgeted for and reported as revenue in the fund financial statements are the second half of the January 1, 2022 assessment due December 5, 2022, and the first half of the January 1, 2023 assessment normally due June 5, 2023, less an allowance for uncollectable and less taxes not considered to be available for current expenditures plus collections on previously delinquent taxes. The tax rate for both 2022 and 2023 was \$4.20 per \$100 of assessed value. Personal property taxes receivable, assessed during 2023 and due December 5, 2023, 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, 2023, 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.

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
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**5. LOANS RECEIVABLE**

The Community Development Block Grant (CDBG) Special Revenue Fund has \$8,775 in outstanding installment loans and \$487,957 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 \$383,044 in deferred payment loans, which are secured by property liens. All loans represent federally funded monies advanced to low-income qualified property owners under the HOME Investment Partnership. The terms are the same as the CDBG deferred payment loans found above and is fully offset on the balance sheet by an amount due to the federal government.

The Capital Projects has the following outstanding loans receivable:

- \$850,000 to Piedmont Housing Alliance (PHA), which is a non-interest bearing loan due October 31, 2022, unless the property is sold before that date.
- \$130,000 in a non-interest bearing loan to the Charlottesville Economic Development Authority (CEDA) which is part of funding utilized by the Lewis & Clark Exploratory Center of Virginia, Inc., combined with grant funds from the Virginia Department of Transportation and funds from Albemarle County to construct the Lewis & Clark Exploratory Center, and improvements at Darden Towe Park, which is jointly owned by the City and the County. The loan is currently due but a request to forgive the loan was approved by the City Council contingent on Albemarle County doing the same. Albemarle County has not taken action on this request.
- \$1,550,000 to The Crossings at Fourth and Preston, LLC for the transfer of property at 401 4<sup>th</sup> Street, NW Charlottesville, to be operated as a Single Room Occupancy facility. The loan is for a period of 31 years, interest calculates at 4.3% per annum. The entire principal balance and any accrued, unpaid, interest are due June 30, 2042, or upon sale of the property.
- \$2,739,064 in deferred payment loans advanced to low-income property owners with terms similar to those of the CDBG and HOME grants described above but funded by the City rather than federal funds. The loans are secured by property liens on the participating homeowners. Depending on the terms of each loan, a ratable portion of the loan balance is forgiven each month in which the participant owns the home. If the participant sells the home before the entire loan is forgiven, they are responsible for repayment of the remaining loan balance. Because this rarely happens, and therefore most loans are forgiven, an allowance for the full amount is recorded to offset the receivable.

The Charlottesville Economic Development Authority (CEDA) entered into a 20-year promissory note with the Charlottesville Pavilion in the amount of \$2.4 million for construction cost of the Amphitheater in 2004, with periodic payments of principal and interest, at 3.70%, of \$85,442. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, an accounts receivable. In 2018, a modification of the promissory note was executed to re-advance \$500,000 for the replacement of the roof of the Amphitheater and extend the maturity date of the note to 2026. The balance of the note receivable was \$804,335 on June 30, 2023. In 2013, CEDA also executed a \$130,000 promissory note with the Lewis & Clark Exploratory Center for the construction of their learning center at Darden Towe Park. A reimbursement payable to the City is currently recorded and will be forgiven as described above.

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**6. DUE FROM AND TO OTHER GOVERNMENTS**

(a) Amounts due from other governments on June 30, 2023, are presented below:

City Governmental Activities:	Federal	State	Other	Total
Major Funds:				
General fund	\$ -	\$ 1,654,790	\$ -	\$ 1,654,790
Capital funds	-	10,035,598	1,360,663	11,396,261
Social Services	-	817,558	4,184	821,742
	-	12,507,946	1,364,847	13,872,793
Non-major Funds:	6,331,707	4,358,416	1,028,551	11,718,674
Total Primary Government	\$ 6,331,707	\$ 16,866,362	\$ 2,393,398	\$ 25,591,467
Component Unit - Schools	\$ -	\$ 9,542,758	\$ -	\$ 9,542,758

(b) Amounts due to other governments on June 30, 2023, are presented below:

City Governmental Activities:	Federal	State	Other	Total
Non-major Funds:				
CDBG	\$ 496,733	\$ -	\$ -	\$ 496,733
Consolidated grants	383,044	107,862	-	490,906
Total Primary Government	\$ 879,777	\$ 107,862	\$ -	\$ 987,639

**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 on June 30, 2023, are presented below:

Major Funds:	Due from Other Funds	Due to Other Funds
General fund	\$ 13,911,993	\$ -
Social Services		668,648
Warehouse		495,515
Fleet		2,080,159
Retirement		3,161,356
OPEB		1,231,745
Total major funds	13,911,993	7,637,423
Non-major Funds:		
Special revenue funds:		
Grants fund		683,336
Human Services		83,989
Childrens Services Act		1,609,971
Transit		3,897,274
Total special revenue funds	-	6,274,570
Totals	\$ 13,911,993	\$ 13,911,993

(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.

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Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers in:							Total
	General	Capital Projects	Debt Service	Social Services	Nonmajor Governmental	Proprietary	Internal Services	
Transfers out:								
General Fund	\$ -	\$ 20,619,018	\$ 17,567,099	\$ 3,772,028	\$ 5,496,856	\$ 300,000	\$ 1,159,000	\$ 48,914,001
Capital Projects Fund	-	-	-	-	552,170	-	-	552,170
Debt Service	-	-	-	-	-	-	-	-
Social Services	-	-	-	-	-	-	-	-
Nonmajor governmental funds	-	-	-	-	44,991	-	-	44,991
Water Fund	956,531	-	-	-	-	-	-	956,531
Sewer Fund	1,050,481	-	-	-	-	-	-	1,050,481
Gas Fund	4,200,881	-	-	-	57,062	-	-	4,257,943
Stormwater Fund	-	-	-	-	18,855	-	-	18,855
<b>Total</b>	<b>\$ 6,207,893</b>	<b>\$ 20,619,018</b>	<b>\$ 17,567,099</b>	<b>\$ 3,772,028</b>	<b>\$ 6,169,934</b>	<b>\$ 300,000</b>	<b>\$ 1,159,000</b>	<b>\$ 55,794,972</b>
Reconciliation to Exhibits:				Transfers in:	Transfers out:		Net Transfers	
Governmental Funds	Exhibit D			\$ 54,335,972	\$ 49,511,162		\$ 4,824,810	
Proprietary Funds	Exhibit E-2			300,000	6,283,810		(5,983,810)	
Internal Service Funds	Exhibit L-2			1,159,000	-		1,159,000	
Fiduciary Funds	Exhibit F-2			-	-		-	
<b>Total</b>				<b>\$ 55,794,972</b>	<b>\$ 55,794,972</b>		<b>\$ -</b>	

**8. CAPITAL ASSETS**

(a) Primary Government

	Balance		July 1, 2022			Balance	
	July 1, 2022	Adjustments	Adjusted	Increases	Decreases	June 30, 2023	
Governmental activities:							
Capital assets not being depreciated							
Land and improvements	\$ 18,802,787	\$ -	\$ 18,802,787	\$ -	\$ -	\$ 18,802,787	
Infrastructure right of way	3,254,499	-	3,254,499	-	-	3,254,499	
Assets under construction	21,546,737	13,164,526	34,711,263	14,100,320	2,839,234	45,972,349	
Total capital assets not being depreciated	43,604,023	13,164,526	56,768,549	14,100,320	2,839,234	68,029,635	
Other capital assets							
Buildings and improvements	174,328,195	-	174,328,195	12,785,615	-	187,113,810	
Vehicles	42,931,815	-	42,931,815	2,065,648	502,476	44,494,987	
Furniture and equipment	29,251,694	(35,289)	29,216,405	502,866	-	29,719,271	
Streets	107,285,357	-	107,285,357	-	-	107,285,357	
Bridges	16,121,483	-	16,121,483	13,285,424	-	29,406,907	
Infrastructure	56,446,371	-	56,446,371	-	-	56,446,371	
Lease - equipment	147,371	-	147,371	57,015	-	204,386	
Lease - building space	10,691,069	-	10,691,069	-	-	10,691,069	
Subscription assets	-	2,366,338	2,366,338	327,200	-	2,693,538	
Total other capital assets at historical costs	437,203,355	2,331,049	439,534,404	29,023,768	502,476	468,055,696	
Less accumulated depreciation:							
Buildings and improvements	79,959,488	-	79,959,488	4,450,663	-	84,410,151	
Vehicles	34,591,687	-	34,591,687	2,430,690	400,549	36,621,828	
Furniture and equipment	24,757,262	-	24,757,262	1,108,212	-	25,865,474	
Streets	57,798,904	-	57,798,904	2,387,008	-	60,185,912	
Bridges	2,936,312	-	2,936,312	494,047	-	3,430,359	
Infrastructure	32,056,107	-	32,056,107	1,016,845	-	33,072,952	
Lease - equipment	48,314	-	48,314	49,087	-	97,401	
Lease - building space	961,095	-	961,095	961,095	-	1,922,190	
Subscription assets	-	608,485	608,485	84,550	-	693,035	
	233,109,169	608,485	233,717,654	12,982,197	400,549	246,299,302	
Other capital assets, net	204,094,186	1,722,564	205,816,750	16,041,571	101,927	221,756,394	
Governmental activities capital assets, net	\$ 247,698,209	\$ 14,887,090	\$ 262,585,299	\$ 30,141,891	\$ 2,941,161	\$ 289,786,029	

\*Assets have opening balance adjustments

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	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-type activities:				
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>2,064,048</u>
Other capital assets				
Buildings and improvements	1,858,275	-	-	1,858,275
Vehicles	4,419,014	686,836	49,538	5,056,312
Equipment	3,093,206	-	122,056	2,971,150
Infrastructure	161,672,745	8,527,254	-	170,199,999
Lease - equipment	176,074	-	-	176,074
Total other capital assets at historical costs	<u>171,219,314</u>	<u>9,214,090</u>	<u>171,594</u>	<u>180,261,810</u>
Less accumulated depreciation:				
Buildings and improvements	1,507,171	26,510	-	1,533,681
Vehicles	2,636,759	483,234	49,538	3,070,455
Equipment	2,796,225	66,840	122,056	2,741,009
Infrastructure	63,473,416	4,018,233	-	67,491,649
Lease - equipment	55,254	54,854	-	110,108
	<u>70,468,825</u>	<u>4,649,671</u>	<u>171,594</u>	<u>74,946,902</u>
Other capital assets, net	100,750,489	4,564,419	-	105,314,908
Business-type capital assets, net	<u>\$ 102,814,537</u>	<u>\$ 4,564,419</u>	<u>\$ -</u>	<u>\$ 107,378,956</u>

**(b) School Board Component Unit**

	Beginning July 1, 2022	Increases	Decreases	Balance July 1, 2023
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	241,227	231,860	-	473,087
Furniture and equipmnet	2,037,413	246,766	-	2,284,179
Total other capital assets	<u>61,751,884</u>	<u>478,626</u>	<u>-</u>	<u>62,230,510</u>
Less accumulated depreciation:				
Building and improvements	41,560,517	1,298,348	-	42,858,865
Vehicles	182,607	17,877	-	200,484
Furniture and equipmnet	1,155,982	228,932	-	1,384,914
Total accumulated depreciation	<u>42,899,106</u>	<u>1,545,157</u>	<u>-</u>	<u>44,444,263</u>
Other capital assets, net	18,852,778	(1,066,531)	-	17,786,247
Governmental activities capital assets, net	<u>\$ 19,835,667</u>	<u>\$ (1,066,531)</u>	<u>\$ -</u>	<u>\$ 18,769,136</u>

**(c) Allocation of Depreciation Expense**

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

Governmental activities:	
General government	\$ 2,369,919
Public safety	1,802,599
Community services	2,813,820
Health and welfare	97,211
Parks, recreation and culture	1,790,812
Education	1,067,455
Conservation and development	3,648,866
Total increase in accumulated depreciation - governmental	<u>\$ 13,590,682</u>

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Business-Type activities:	
Water	\$ 1,617,541
Sewer	1,344,284
Gas	1,202,446
Stormwater	404,721
Golf	80,679
Total increase in accumulated depreciation - business-type	<u>\$ 4,649,671</u>

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

School activities:	
Instruction and instruction related	\$ 911,642
Support services - student based	540,805
Administrative support services	92,710
Total accumulated depreciation	<u>\$ 1,545,157</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, 2023, the City's long-term liabilities consisted of the following:

Governmental Activities	Interest Rate	Original Amount of Debt	Principle Amount Outstanding
General obligation Bonds:			
General improvement refunding, Series 2012	1.25-4.00	26,870,300	\$ 3,805,000
General improvement, Series 2013	3.00-4.00	5,610,000	2,800,000
General Improvement refunding, Series 2014	2.125-5.00	7,130,695	3,100,000
General improvement refunding, Series 2015	2.00-5.00	23,068,366	14,854,765
General improvement refunding, Series 2016	2.00-5.00	11,125,466	8,421,866
General improvement, Series 2017	5.00	11,140,000	7,780,000
General improvement, Series 2018	3.375-5.00	4,610,000	3,450,000
General improvement, Series 2019	5.00	9,520,000	7,605,000
General improvement, Series 2020	1.00-2.20	13,455,000	11,995,000
General improvement, Series 2021	2.00-5.00	12,045,700	10,349,700
General Improvement, Series 2021B	1.08	4,285,165	3,335,820
General Improvement, Series 2022	4.00-5.00	18,350,000	17,430,000
General Improvement, Series 2023	3.39-4.89	14,470,000	14,470,000
Total			<u>\$ 109,397,151</u>
Insurance claims payable			2,585,356
Lease liability			8,957,814
Subscription liability			2,025,102
Compensated absences			3,083,644
Net pension liability			80,989,462
Net OPEB liability			18,239,736
Total *			<u>\$ 225,278,265</u>

\*Amounts exclude unamortized premium amounts on bonds

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Business Type Activities	Interest	Original	Principle Amount
General obligation bonds:			
General obligation bonds, Series 2010 (VRA)	2.93	\$5,030,409	\$ 2,325,013
General improvement refunding, Series 2012	1.25-4.00	7,224,700	930,000
General improvement, Series 2013	3.00-4.00	8,420,000	4,200,000
General improvement refunding, Series 2014	2.125-5.00	8,864,305	4,890,000
General improvement refunding, Series 2015	2.00-5.00	4,424,331	3,925,506
General improvement refunding, Series 2016	2.00-5.00	1,754,534	1,618,134
General improvement, Series 2017	5.00	2,680,000	1,840,000
General improvement, Series 2018	3.375-5.00	6,125,000	4,575,000
General improvement, Series 2019	5.00	6,310,000	4,895,000
General improvement, Series 2020	1.00-2.20	10,545,000	9,480,000
General improvement, Series 2021	2.00-5.00	8,759,300	7,640,300
General improvement, Series 2021B	1.08	8,560,000	3,024,451
General improvement, Series 2022	4.00-5.00	7,650,000	7,265,000
			<u>\$ 56,608,404</u>
Compensated absences			361,309
Lease liability			65,701
Net pension liability			9,034,422
Net OPEB liability			2,294,467
Total *			<u>\$ 68,364,303</u>

\*Amounts exclude unamortized premium amounts on bonds.

The Water, Sewer and Stormwater Funds are responsible for \$26,011,266, \$22,247,137, and \$8,350,000 respectively, of the Business-Type Activities bonds payable.

**(b) School Board Component Unit**

At June 30, 2023, the School Board's long-term liabilities consisted of:

Compensated absences	\$ 2,504,145
Net pension liability	43,936,611
Net OPEB liability	11,259,142
Total	<u>\$ 57,699,898</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, 2023:

	Balance July 1, 2022	Additions	Adjustments	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:						
Bonds payable:						
General obligation bonds	\$ 104,330,720	\$ 14,470,000	\$ -	\$ 9,403,569	\$ 109,397,151	\$ 9,403,570
Unamortized premium	8,944,161	975,480	-	1,327,468	8,592,173	-
Total bonds payable	113,274,881	15,445,480	-	10,731,037	117,989,324	9,403,570
Insurance claims payable	2,694,246	46,000	-	154,890	2,585,356	1,382,920
Lease liability	9,879,714	57,016	-	978,916	8,957,814	994,224
Subscription liability	-	-	2,693,538	668,437	2,025,101	670,649
Compensated absences	3,030,829	3,083,644	-	3,030,829	3,083,644	370,037
Net pension liability	54,907,111	26,082,351	-	-	80,989,462	-
Net OPEB liability	10,962,892	7,276,844	-	-	18,239,736	-
Total governmental activities	<u>\$ 194,749,673</u>	<u>\$ 51,991,335</u>	<u>\$ -</u>	<u>\$ 14,895,672</u>	<u>\$ 233,870,437</u>	<u>\$ 12,821,400</u>

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

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

	Balance July 1, 2022	Additions	Refunding	Reductions	Balance June 30, 2023	Due Within One Year
<b>Business-Type Activities:</b>						
<b>Bonds payable:</b>						
General obligation bonds	\$ 61,269,414	\$ -	\$ -	\$ 4,661,010	\$ 56,608,404	\$ 4,742,181
Unamortized premium	5,404,581	-	-	731,987	4,672,594	-
Total bonds payable	66,673,995	-	-	5,392,997	61,280,998	4,742,181
Lease liability	120,960	-	-	55,259	65,701	55,647
Compensated absences	374,921	361,309	-	375,192	361,038	44,830
Net pension liability	6,531,084	2,503,338	-	-	9,034,422	-
Net OPEB liability	1,596,046	698,421	-	-	2,294,467	-
Total business-type activities	\$ 75,297,006	\$ 3,563,068	\$ -	\$ 5,823,448	\$ 73,036,626	\$ 4,842,658

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, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
<b>School Board:</b>					
Compensated absences	2,709,533	2,910,575	3,115,963	2,504,145	300,497
Net OPEB Liability	11,657,872	85,463	484,193	11,259,142	-
Net pension liability	36,027,758	7,908,853	-	43,936,611	-
Total	\$ 50,395,163	\$ 10,904,891	\$ 3,600,156	\$ 57,699,898	\$ 300,497

Net pension and OPEB liability measurement date is June 30, 2022.

**(d) Debt Compliance and Repayment**

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

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

The City has no overlapping debt with other jurisdictions. At June 30, 2023, the City had a debt limit of \$1,040,825,480 which is 10% of assessed value of real property and a legal debt margin of \$861,555,429.

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

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

The City did not refund any bond series for this fiscal year.

**(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.

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Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2023, there are no defeased bonds remains outstanding.

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

General Obligations Bonds

Fiscal Year Ending June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 9,403,570	\$ 4,062,670	\$ 4,742,181	\$ 1,981,775
2025	9,530,223	3,663,294	4,610,655	1,791,118
2026	8,746,555	3,273,798	4,560,007	1,605,268
2027	8,571,539	2,919,630	4,556,095	1,429,014
2028	7,926,868	2,574,132	4,401,418	1,253,850
2029 - 2033	32,268,396	8,813,670	18,418,048	3,988,573
2034 - 2038	22,125,000	3,979,361	10,940,000	1,550,050
2039 - 2043	10,825,000	979,213	4,380,000	271,325
Total bonds	<u>\$ 109,397,151</u>	<u>\$ 30,265,768</u>	<u>\$ 56,608,404</u>	<u>\$ 13,870,973</u>

Lease Liability

Fiscal Year Ending June 30,	Governmental Activities		Business Type Activities	
	Principle	Interest	Principle	Interest
2024	994,624	176,673	55,259	953
2025	998,705	155,934	55,247	401
2026	1,007,230	134,995	10,344	18
2027	1,021,462	113,779	111	-
2028	834,737	93,273	-	-
2029-2033	3,381,724	255,387	-	-
2034	719,331	8,091	-	-
Total lease	<u>\$ 8,957,813</u>	<u>\$ 938,132</u>	<u>\$ 120,961</u>	<u>\$ 1,372</u>

Subscription Liability

Fiscal Year Ending June 30,	Governmental Activities	
	Principle	Interest
2024	\$ 670,649	\$ 51,229
2025	600,573	32,122
2026	504,374	15,469
2027	240,824	2,678
2028	8,681	32
Total subscription	<u>\$ 2,025,101</u>	<u>\$ 101,530</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, 2022, which is the most recent measurement date for this plan. This information is disclosed below and in Exhibits F-1 and F-2. Investment information is disclosed in Note 3b to the financial statements.

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

*Plan description.* The City administers the Pension Plan, a single employer defined benefit plan for general and public safety employees. The Pension Plan provides retirement and disability benefits to eligible plan members and their beneficiaries. The plan is governed by City Council, as provided in Article II, IV and V of Chapter 19 of the City Code, 1990, as amended, of the City of Charlottesville and is an irrevocable trust fund. City Council may

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amend benefits and other plan provisions and is responsible for the management of plan assets. The Plan does not provide automatic annual increases (COLA) in benefits. The Pension Plan is considered a part of the City's Reporting Entity and is included in the City's financial statements as the Pension Trust Fund (Exhibits F-1 and F-2). There is no separately issued City Supplementary Retirement or Pension Plan report.

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

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

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

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*Membership* in the City’s Pension Plan consists of the following at June 30, 2023, according to the most recent actuarial valuation:

	City Members	JMRL Members	CACVB Members
Retirees and beneficiaries currently receiving benefits	721	46	5
Vested terminated employees	386	11	4
Current employees:			
Vested	412	17	-
Nonvested	214	-	-
Total	<u>1,733</u>	<u>74</u>	<u>9</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 required to contribute 1% of base pay, (annual covered salary) members hired on or after July 1, 2012, must contribute 3% of base pay, and members hired on or after July 1, 2017 must contribute 5% of base pay for the Pension. The City’s contribution rates are actuarially determined and consist of current costs plus amortization of prior service costs. The contribution rates for 2022 are based on the July 1, 2020, actuarial report. The general employee contribution rate for 2022 was 20.36% and the public safety contribution rate was 38.07%.

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

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

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

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total Pension Liability	\$ 234,235,672	\$ 225,724,262
Fiduciary Net Position	145,633,425	132,515,912
Net Pension Liability	<u>\$ 88,602,247</u>	<u>\$ 93,208,350</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	62.2%	58.7%

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*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	\$114,740,404	\$88,602,247	\$66,689,067

*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, 2023 was 10.05%. The investment return on the smoothed value of assets (actuarial value of assets) was 7.50%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four-year period. Actual earnings are dividends, interest, or sales of investments, projected, or unrealized returns, are market value of investments.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity:		
Large Cap	30.0%	8.9%
Mid Cap	12.5%	9.9%
Small Cap	7.5%	8.8%
International equity	10.0%	6.3%
Emerging equity	5.0%	8.7%
Real estate	10.0%	5.6%
Farmland	5.0%	10.3%
Fixed income	20.0%	0.6%
Total	100%	11.3%

*Pension Trust Fund on June 30, 2023, Combining Statement of Net Position and Statement of Changes in Net Position:*

	Retirement Fund	Post-Retirement Benefits Fund	Total Pension Fund
<b>Assets</b>			
Interest receivable	\$ 211,845	\$ 82,540	\$ 294,385
Investments			-
Common stocks	34,386,576	13,397,889	47,784,465
Corporate fixed income securities	9,417,217	3,669,189	13,086,406
Government and agency fixed income securities	14,209,964	5,536,566	19,746,530
Mutual Funds			
Domestic	47,702,299	18,586,037	66,288,336
International	17,732,216	6,908,926	24,641,142
Alternative investments			
Agriculture	8,940,068	3,483,280	12,423,348
Real estate	16,250,842	6,331,745	22,582,587
Total investments	148,639,182	57,913,632	206,552,814
Total assets	148,851,027	57,996,172	206,847,199
<b>Liabilities</b>			
Due to General Fund	3,161,356	1,231,745	4,393,101
Accounts payables	56,250	21,917	78,167
<b>Net Position</b>			
Restricted for pension benefits	145,633,425		145,633,425
Restricted for other post-employment benefits		56,742,510	56,742,510
Total net position	\$ 145,633,425	\$ 56,742,510	\$ 202,375,935

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	Retirement Fund June 30, 2023	Post-Retirement Benefits Fund June 30, 2023	Total Pension Trust June 30, 2023
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 13,949,836	\$ 3,380,368	\$ 17,330,204
Plan members	1,250,482	1,014,034	2,264,516
Total contributions	<u>15,200,318</u>	<u>4,394,402</u>	<u>19,594,720</u>
Investment earnings:			
Net increase in fair value of investments	12,122,668	4,763,354	16,886,022
Interest	944,906	371,282	1,316,188
Dividends	1,012,487	397,835	1,410,322
Total investment earnings	<u>14,080,061</u>	<u>5,532,471</u>	<u>19,612,532</u>
Less investment expenses	<u>(512,490)</u>	<u>(201,373)</u>	<u>(713,863)</u>
Net investment earnings	<u>13,567,571</u>	<u>5,331,098</u>	<u>18,898,669</u>
Total additions	<u>28,767,889</u>	<u>9,725,500</u>	<u>38,493,389</u>
<b>DEDUCTIONS</b>			
Pension benefits	15,115,813	-	15,115,813
Refund of plan member contributions	263,357	-	263,357
Post retirement benefits	-	5,410,979	5,410,979
Administrative expenses	271,207	114,558	385,765
Total deductions	<u>15,650,377</u>	<u>5,525,537</u>	<u>21,175,914</u>
Change in net position	13,117,512	4,199,963	17,317,475
Net position as of July 1, 2022	<u>132,515,914</u>	<u>52,542,546</u>	<u>185,058,460</u>
Net position as of June 30, 2023	<u>\$ 145,633,426</u>	<u>\$ 56,742,509</u>	<u>\$ 202,375,935</u>

**11. CITY OF CHARLOTTESVILLE - NET PENSION LIABILITY**

As described in Note 10, the City offers a Defined Pension plan to certain employees. As permitted by GASB 68, the pension-related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2022, are based on a pension plan measurement date of June 30, 2021.

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

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

*Contributions.* The contribution requirements of plan members and the City are described in Note 10. The contribution rates for 2022 are based on the July 1, 2020, actuarial report. The general employee contribution rate for 2022 was 20.36% and the public safety contribution rate was 38.07%.

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

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

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

*Net pension liability.* The City's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The following chart is for the whole plan. The City's portion of the plan is 96.58%.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2021	\$ 215,294,510	\$ 151,825,839	\$ 63,468,671
Changes for the year:			
Service cost	2,312,913	-	2,312,913
Interest	15,606,239	-	15,606,239
Differences between expected and actual experience	7,198,783	-	7,198,783
Contributions - employer	-	11,675,185	(11,675,185)
Contributions - employee	-	1,131,321	(1,131,321)
Net investment income	-	(17,187,451)	17,187,451
Benefit payments, including refunds of employee contributions	(14,688,183)	(14,688,183)	-
Other	-	(2)	2
Administrative expense	-	(240,797)	240,797
Net Changes	10,429,752	(19,309,927)	29,739,679
Balance at June 30, 2022	\$ 225,724,262	\$ 132,515,912	\$ 93,208,350

*Changes in Net Pension Liability per participating entity:*

	City Net Pension Liability	JMRL Net Pension Liability	All Entities - Net Pension Liability
Balance as June 30, 2021	\$ 61,438,195	\$ 2,030,476	\$ 63,468,671
Employer contributions	(11,276,302)	(398,883)	(11,675,185)
Expense	10,367,360	537,632	10,904,992
Change in deferred outflows of resources	23,736,486	859,770	24,596,256
Change in deferred inflows of resources	5,758,145	155,471	5,913,616
Balance at June 30, 2022	\$ 90,023,884	\$ 3,184,466	\$ 93,208,350

*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	\$118,566,626	\$93,208,350	\$71,960,548

Information on the annual money-weighted rate of return for 2023 is found in Note 3b and Exhibit I-1.

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*City Changes in deferred inflows and outflows:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 10,021,773	\$ 493,966
Prior years changes in proportion and differences between contributions	(1,565,996)	235,060
Prior years impact of change in proportion on beginning NPL	2,685,492	986,518
Prior years difference between expected and actual investment earnings	13,415,796	33,914,436
Prior years changes in assumptions	18,248,033	-
Prior years amortization	(34,146,776)	(14,883,773)
Current year amortization	(3,483,540)	(5,724,690)
Differences between expected and actual experience	5,226,374	-
Impact of change in proportion on beginning NPL	-	137,930
Difference between expected and actual investment earnings	22,066,557	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(72,892)	(171,655)
Employer contributions subsequent to the measurement date	13,545,739	-
	<u>\$ 45,940,560</u>	<u>\$ 14,987,792</u>

Deferred outflows of resources amounting to \$13,545,739 resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ (4,351,754)
2025	(4,351,754)
2026	(4,351,754)
2027	(4,351,754)
Thereafter:	-
	<u>\$ (17,407,016)</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 on June 30, 2023.

As of June 30, 2023, there were 397 active City employees and a total of 580 participants, including terminated employees enrolled in the DC Plan. During the year, the City contributed a total of \$1,162,264 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, 2023, a total of \$500,986 was contributed for 18 active senior management employees. The City contribution rate is 19.5% of eligible compensation.

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

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

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

Membership in the City's OPEB Plan consists of the following at June 30, 2023, 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	521	45	5
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-
Active plan members	907	105	-
Total	<u>1,428</u>	<u>150</u>	<u>5</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 2023 are based on the July 1, 2021, actuarial report. The general employee contribution rate is 1.83% and the public safety contribution rate is 5.16%.

*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.

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The annual required contribution (ARC) was determined as part of the July 1, 2022, actuarial valuation using the following methods and assumptions:

Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	18 years, closed
Asset valuation method	4 year smoothed market
Investment return including inflation	7.5%
Projected salary increases	Range 2.0% - 5.0%
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0% Dental trend 4.0%

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

*Net OPEB Liability.* Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2023 and June 30, 2022 is as follows:

	June 30, 2023	June 30, 2022
Total OPEB Liability	\$ 62,812,951	\$ 73,979,596
Fiduciary Net Position	56,742,510	52,542,550
Net OPEB Liability	<u>\$ 6,070,441</u>	<u>\$ 21,437,046</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	90.34%	71.02%

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	<u>\$13,575,499</u>	<u>\$6,070,441</u>	<u>\$(202,428)</u>

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

	1.00% Lower 6.5%	Current Trend Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	<u>\$754,812</u>	<u>\$6,070,441</u>	<u>\$12,382,125</u>

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*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, 2023 was 10.05%. The investment return on the smoothed value of assets (actuarial value of assets) was 7.50%. The expected rate of return was 7.50%. The actuarial value of net assets, which is used to determine the City's contribution rate for the following fiscal year, is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a four-year period.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity:		
Large Cap	30.0%	8.9%
Mid Cap	12.5%	9.9%
Small Cap	7.5%	8.8%
International equity	10.0%	6.3%
Emerging equity	5.0%	8.7%
Real estate	10.0%	5.6%
Farmland	5.0%	1.3%
Fixed income	20.0%	0.6%
Total	100%	11.3%

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

As described in Note 13, the City administers the OPEB plan. As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2023, are based on an OPEB plan measurement date of June 30, 2022.

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

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

*Contributions.* The contribution requirements of plan members and the City are described in Note 13. The contribution rates for 2022 are based on the July 1, 2019, actuarial report. The general employee contribution rate for 2022 was 4.6% and the public safety contribution rate was 11.07%.

*Actuarial assumptions.* Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made 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, 2022, actuarial valuation using the following methods and assumptions:

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Method	Assumption
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	20 years, closed
Asset valuation method	Market value of assets
Investment return including inflation	7.5%
Projected salary increases	Varies by age and employer group
Assumed inflation rate	2.0%
Cost of living adjustment	None
Healthcare cost trend rate	Medical trend 5.0-8.0%, Dental trend 4.0%

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

*Net OPEB liability.* The City’s net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2022. The following chart is for the plan as a whole. The City’s portion of the plan is 95.95%.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balance at June 30,2021	\$ 73,274,159	\$ 60,184,815	\$ 13,089,344
Changes for the year:			
Service cost	692,917	-	692,917
Interest	5,346,723	-	5,346,723
Difference between expected and actual experience	(2,559,726)	-	(2,559,726)
Changes in assumptions	2,580,406	-	2,580,406
Contributions - employer	-	3,489,602	(3,489,602)
Contributions - employee	-	1,140,942	(1,140,942)
Net investment income	-	(6,814,457)	6,814,457
Benefit payments, including refunds of employee contributions	(5,354,883)	(5,354,883)	-
Other	-	2	(2)
Administrative expense	-	(103,471)	103,471
Net Changes	705,437	(7,642,265)	8,347,702
Balance at June 30, 2022	\$ 73,979,596	\$ 52,542,550	\$ 21,437,046

*Changes in Net OPEB Liability per participating entity:*

	City Net OPEB Liability	JMRL Net OPEB Liability	All Entities - Net OPEB Liability
Balance as June 30, 2021	\$ 12,558,938	\$ 530,406	\$ 13,089,344
Employer contributions	(3,342,634)	(146,968)	(3,489,602)
Expense	(2,185,599)	(46,730)	(2,232,329)
Change in deferred outflows of resources	9,325,963	426,714	9,752,677
Change in deferred inflows of resources	3,877,535	139,421	4,016,956
Balance at June 30, 2021	\$ 20,234,203	\$ 902,843	\$ 21,137,046

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

	1.00% Lower 6.5%	Current Discount Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$28,748,474	\$20,534,203	\$13,632,391

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

	1.00% Lower 6.5%	Current Trend Rate: 7.5%	1.00% Higher 8.5%
Net OPEB Liability	\$14,414,301	\$20,534,203	\$27,781,945

*City Changes in deferred inflows and outflows:*

<i>City Changes in deferred inflows and outflows:</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior years difference between expected and actual	\$ 136,560	\$ 14,760,344
Prior years changes in proportion and differences between contributions	(1,289,700)	(21,206)
Prior years impact of change in proportion on beginning NOL	1,302,249	109,409
Prior years difference between expected and actual investment earnings	1,521,428	9,295,003
Prior years changes in assumptions	811,723	-
Prior years amortization	(474,957)	(6,231,703)
Current year amortization	(675,705)	(5,482,392)
Differences between expected and actual experience	-	1,634,614
Impact of change in proportion on beginning NOL	-	20,864
Difference between expected and actual investment earnings	8,656,186	-
Changes in assumptions	1,647,820	-
Changes in proportion and difference between employer contribution and proportionate share of contribution	(3,335)	(50,621)
Employer contributions subsequent to the measurement date	3,262,842	-
	<u>\$ 14,895,111</u>	<u>\$ 14,034,312</u>

Deferred outflows of resources amounting to \$3,262,842 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, 2024. 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:	
2024	\$ 600,261
2025	600,261
2026	600,262
2027	600,262
Thereafter:	-
	<u>\$ 2,401,046</u>

**15. PENSION LIABILITIES – SCHOOL BOARD**

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

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

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**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, 2023 was 16.62% of covered teacher compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2021. This actuarially determined rate, when combined with teacher contributions, was expected to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions may be impacted as a result of funding provided to school divisions by the VA General Assembly. Contributions to the pension plan from the School Board were \$6,970,461 and \$7,195,728 for the years ended June 30, 2023 and 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

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

At June 30, 2023, the School Board reported a liability of \$43,936,611 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 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, 2022 relative to the total of the actuarially determined

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employer contributions for all participating teachers. At June 30, 2023 the School Board's proportion was 0.46149% as compared to 0.46409% at June 30, 2022.

For the year ended June 30, 2023, the School Board recognized teacher pension expense of \$1,752,447. 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, 2023 the School Board reported deferred outflows and deferred inflows of resources related to teacher pensions from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 5,728,414
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,756	1,582,810
Changes in assumptions	4,142,337	-
Net difference between expected and actual experience	-	3,029,603
Employer contributions subsequent to the measurement date	6,970,461	-
<b>Total</b>	<b>\$ 11,164,554</b>	<b>\$ 10,340,827</b>

Deferred outflows of resources amounting to \$6,970,461 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, 2024.

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

Year Ending June 30:	
2024	\$ (1,937,657)
2025	(2,465,273)
2026	(4,275,269)
2027	2,531,465
2028	-
<b>Total</b>	<b>\$ (6,146,734)</b>

*Actuarial assumptions.* The total pension liability for the teachers' pension was based on an actuarial valuation as of June 30, 2021, 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, 2022:

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

**Mortality rates:**

Pre-Retirement – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

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

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

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

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

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

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

*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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employer’s Net Pension Liability (Asset)	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

*Long-term Expected Rate of Return.* The long term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real 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:

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Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.71%	1.94%
Fixed Income	15.0%	2.04%	0.31%
Credit Strategies	14.0%	4.78%	0.67%
Real Assets	14.0%	4.47%	0.63%
Private Equity	14.0%	9.73%	1.36%
MAPS Multi-Asset Public Strategy	6.0%	3.73%	0.22%
PIP Private Investment Partnership	3.0%	6.55%	0.20%
Total	100.0%		5.33%
Inflation			2.50%
*Expected arithmetic nominal return			7.83%

The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of the expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate 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, 2022, the rate contributed by the school division 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 which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**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 using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than current rate:

	1.00% Decrease 5.75%	Current Discount Rate: 6.75%	1.00% Increase 7.75%
Teacher Net Pension Liability	\$78,474,150	\$43,936,611	\$15,815,459

**Pension Plan Fiduciary Net Position.** Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**School Board Non-Professional Pension Plan**

**Plan Description.** All full-time, salaried permanent employees, who are not teachers, are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit and are eligible to retire with an unreduced

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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, 2021 actuarial valuation:

Inactive members or beneficiaries currently receiving benefits:	76
Inactive employees entitled to but not yet receiving benefits:	
Vested	9
Non-vested	27
Active elsew here in VRS	14
Total inactive	<u>126</u>
Active employees:	59
Total covered employees	<u><u>185</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 employer contribution rate for the year ended June 30, 2023 was 0% of covered employee compensation. This rate was based on the actuarially determined rate from an actuarial valuation prepared as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school Board were \$0 and \$51,690, for the years ended June 30, 2023 and 2022, respectively.

*Net pension liability.* The School Board's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as

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of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net if pension plan investment expenses including inflation*
Inflation	2.5%
Projected Salary Increases	3.5 to 5.35%

*Mortality rates*

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

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

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

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

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

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

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2021, valuation was based on the results of an actuarial experience study for the period for July 1, 2016, through June 30, 2020, except the changes in the discount rate, which was based on VRS Board action effective as July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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Largest 10 – Non-Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

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

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.71%	1.94%
Fixed Income	15.0%	2.04%	0.31%
Credit Strategies	14.0%	4.78%	0.67%
Real Assets	14.0%	4.47%	0.63%
Private Equity	14.0%	9.73%	1.36%
MAPS Multi-Asset Public Strategy	6.0%	3.73%	0.22%
PIP Private Investment Partnership	3.0%	6.55%	0.20%
Total	100.0%		5.33%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.83%

The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocations at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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*Discount rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the fiscal year ending June 30, 2021, the rate contributed by the School Board for its retirement plan and the City Public Schools for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 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 Net Pension Liability:	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2021	\$ 10,445,704	\$ 13,218,715	\$ (2,773,011)
Changes for the year:			
Service cost	157,251	-	157,251
Interest	692,085	-	692,085
Changes in assumptions	-	-	-
Differences between expected and actual experience	(12,940)	-	(12,940)
Contributions - employer	-	37,522	(37,522)
Contributions - employee	-	98,910	(98,910)
Net investment income	-	(5,833)	5,833
Benefit payments, including refunds of employee contributions	(699,695)	(699,695)	-
Administrative expense	-	(8,358)	8,358
Other changes	-	297	(297)
Net Changes	136,701	(577,157)	713,858
Balances at June 30, 2021	\$ 10,582,405	\$ 12,641,558	\$ (2,059,153)

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

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
Net Pension Liability	\$(905,630)	\$(2,059,153)	\$(3,015,225)

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2023 the School Board recognized pension expense of \$(507,799). The School Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ -	\$ 122,054
Changes in assumptions	53,170	-
Net difference between projected and actual earnings on plan investments	-	395,989
Employer contributions subsequent to the measurement date	-	-
	\$ 53,170	\$ 518,043

Deferred outflows of resources amounting to \$0 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized

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in pension expense as follows: 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,	
2024	\$ (217,519)
2025	(159,542)
2026	(263,574)
2027	175,762
2028	-
Total	<u>\$ (464,873)</u>

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

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

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

Membership in the School’s Local OPEB Plan consists of the following at June 30, 2023, the date of the most recent actuarial valuation:

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

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

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

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The following assumptions were used in the most recent actuarial report dated July 1, 2022:

Method	Assumption
Actuarial cost method	Entry Age Actuarial Cost Method
Salary scale	2.50%
Discount rate	3.89%
Investment return	None
Healthcare cost trend rate	6.00% FYE 2022, then 5.80% for fiscal year 2023, declining to ultimate rate of 3.94% in fiscal year 2075

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

*Net OPEB Liability.* Under GASB 74, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age actuarial cost method. The Net OPEB Liability as of June 30, 2023, and June 30, 2022, is as follows:

	June 30, 2023	June 30, 2022
Total OPEB Liability	\$ 2,714,395	\$ 3,005,608
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 2,714,395</u>	<u>\$ 3,005,608</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%

At June 30, 2023 the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Net difference between projected and actual experience	\$ 102,000	\$ (94,945)
Changes in assumptions	168,000	(1,031,121)
Employer contributions subsequent to the measurement date	207,440	-
	<u>\$ 477,440</u>	<u>\$ (1,126,066)</u>

Deferred outflows of resources amounting to \$207,440 resulting from the contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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,	
2024	\$ (94,940)
2025	(94,940)
2026	(94,940)
2027	(94,940)
2028	(94,940)
Thereafter	<u>\$ (385,366)</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The liability has been calculated using a 2.69% discount rate. The table below presents the net OPEB liability for the School calculated using the discount rate of 2.69%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

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	1.00% Lower 2.69%	Current Discount Rate: 3.69%	1.00% Higher 4.69%
Net OPEB Liability	\$2,883,203	\$2,714,395	\$2,554,555

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

	1.00% Lower 2.94%	Current Trend Rate: 3.94%	1.00% Higher 4.94%
Net OPEB Liability	\$2,571,057	\$2,714,395	\$2,885,547

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

*Plan Descriptions.*

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

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

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

*Contributions.* Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$238,895 for teachers and \$12,411 for school board nonprofessionals
June 30, 2022 Contribution	\$245,552

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Teacher Health and Nonprofessional Insurance Credit Program

Governed by:	Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.21% for teachers and 0.93% for school board nonprofessionals.
June 30, 2023 Contribution	\$556,495
June 30, 2022 Contribution	\$523,901

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

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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

*Net OPEB Liability.* The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position.

As of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	GLI	HIC Teacher
Total OPEB Liability	\$ 7,675,394	\$ 1,470,891
Fiduciary Net Position	5,158,592	221,845
Net OPEB Liability	<u>\$ 2,516,802</u>	<u>\$ 1,249,046</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	67.21%	15.08%

*Long-Term Expected Rate of Return*

Group Life Insurance and Health Insurance Credit Programs

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

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Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.0%	5.71%	1.94%
Fixed Income	15.0%	2.04%	0.31%
Credit Strategies	14.0%	4.78%	0.67%
Real Assets	14.0%	4.47%	0.63%
Private Equity	14.0%	9.73%	1.36%
MAPS Multi-Asset Public Strategy	6.0%	3.73%	0.22%
PIP Private Investment Partnersh	3.0%	6.55%	0.20%
Total	100.0%		5.33%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.83%

The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund assets allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

*Net OPEB Liability* As permitted by GASB 75, the OPEB related assets, liabilities and other financial statement elements recorded in the accompanying basic financial statements for June 30, 2023 are based on a measurement date of June 30, 2022.

	Group Life Insurance Program	Teacher and Nonprofessional Health Insurance Credit Program
June 30, 2022 proportionate share of liability:	\$ 2,516,802	\$ 6,146,817
June 20, 2022 proportion	1.19010%	45.37400%
June 30, 2021 proportion	21.03000%	46.71000%
June 30, 2022 expense	\$ 65,533	\$ 451,323

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

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

Group Life Insurance Program	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 199,299.00	\$ 100,968
Changes in assumptions	93,873	245,147
Net difference between expected and actual investment earnings	-	157,263
Change in proportion	13,850	89,452
Employer contributions subsequent to measurement date	250,922	-
Total	\$ 557,944	\$ 592,830

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<b>Health Insurance Credit Program - Teacher</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual experience	\$ -	\$ 236,522
Changes in assumptions	169,523	14,818
Net difference between expected and actual investment earnings	-	5,824
Change in proportion	10,281	181,092
Employer contributions subsequent to measurement date	556,495	-
<b>Total</b>	<b>\$ 736,299</b>	<b>\$ 438,256</b>

<b>Health Insurance Credit Program - Nonprofessional</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual experience	\$ -	\$ 539
Changes in assumptions	16,750	-
Net difference between expected and actual investment earnings	-	-
Change in proportion	-	-
Employer contributions subsequent to measurement date	-	-
<b>Total</b>	<b>\$ 16,750</b>	<b>\$ 539</b>

The deferred outflows of resources related to GLI and HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Group Life Insurance Program</u>		<u>Teacher HIC Program</u>		<u>Nonprofessional HIC Program</u>	
Year ending June 30,	Increase (Reduction) to OPEB Expense	Year ending June 30,	Increase (Reduction) to OPEB Expense	Year ending June 30,	Increase (Reduction) to OPEB Expense
2024	(60,685)	2024	(51,370)	2024	6,099
2025	(57,908)	2025	(48,652)	2025	6,040
2026	(145,310)	2026	(46,980)	2026	3,716
2027	(134)	2027	(30,018)	2027	356
2028	(21,771)	2028	(50,674)	2028	-
Thereafter	-	Thereafter	(30,758)	Thereafter	-

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

Total Teacher Employee HIC OPEB Plan	Teacher Employee HIC OPEB Plan \$ 1,470,891
Less Plan Fiduciary Net Position	221,845
Teacher Employee Net HIC OPEB Liability (Asset)	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

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Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the School Board for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	Current		
	1.00% Decrease 5.75%	Discount Rate 6.75%	1.00% Increase 7.75%
GLI Net OPEB Liability	3,662,242	2,516,802	1,591,130
Teacher HIC Net OPEB Liability	6,539,564	5,802,571	5,177,840
Net OPEB Liability	10,201,806	8,319,373	6,768,970

Summary of entity wide Net OPEB Liability:

	HIC		Local	Total OPEB Liability
	GLI	Nonprofessional		
Net OPEB Liability	2,516,802	225,374	2,714,395	11,259,142

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**17. REVENUE SHARING AGREEMENT**

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

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

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

1. The City and County are consolidated into a single political subdivision, or

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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 \$15,545,227 to the City as a result of this agreement, which is recorded in intergovernmental revenues.

## **18. JOINT VENTURES**

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

The City is a participant with the Albemarle County Service Authority (ACSA) in a joint venture to provide water and wastewater treatment services to City residents and residents in certain areas of Albemarle County. The Rivanna Water and Sewer Authority (RWSA) was created for that purpose. RWSA is governed by a seven-member board composed of City Manager, City Director of Public Works, a Charlottesville City Councilor, an Albemarle County Executive, an Albemarle County Supervisor, and the Executive Director of ACSA, as well as a seventh member who is appointed by concurrent action of the City and County. The City and ACSA have agreed to purchase water and wastewater treatment services for all their customers solely from RWSA, at rates established to cover the operating and debt costs of RWSA, until June 30, 2013. Beginning in November of 2015, RWSA began charging each locality a fixed monthly amount to cover the debt portion owed by each locality. For the year ended June 30, 2023, the City paid a total of \$17,785,614 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's share of the local guarantee for the 2020 calendar year and for fiscal year 2023 is \$568,883. Annual certificates must be filed every December 30<sup>th</sup> to DEQ. Complete, audited financial statements for RSWA can be obtained at their administrative offices at 200 Franklin Street, Charlottesville, Virginia 22902.

### **(c) Jefferson-Madison Regional Library**

The City and several neighboring counties joined together to form a regional library system for the use of their respective residents. The Jefferson-Madison Regional Library (JMRL) is governed by an eleven-member board, four of whom are appointed by the City. The participating localities share the operating costs of JMRL on the basis of the prior year's book circulation. The City contributed \$2,075,318 to JMRL for the year ended June 30, 2023. 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,

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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, 2023, the City's share of the costs of the Jail was \$3,728,560. 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, 2023, the City's share of the costs for the Blue Ridge Juvenile Detention Center (BRJDC) was \$845,602. 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 based on population, numbers of calls for service and annual crime statistics. For the year ended June 30, 2023, the City's share of the costs of the Center was \$1,909,126. 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, 2023, the City contributed \$711,082 to the Bureau.

**(h) Darden Towe and Ivy Creek Parks**

The City and County jointly own and operate two parks, known as Darden Towe Park and Ivy Creek Nature Center (the Parks). The Parks are governed by a supervisory committee, consisting of two ex-officio members each from the City and County. The operating costs of the Parks are shared between the two based on the average of the populations of the two localities and the relative proportion of park usage by City and County residents. For the year ended June 30, 2023, the City's share of the Parks' operating costs was \$108,420. Complete, audited financial statements for the Parks can be obtained at the County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

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**19. RELATED ORGANIZATIONS**

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

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

**20. RISK MANAGEMENT**

The Risk Management Fund reports liabilities for claims when it is probable that a loss has been incurred, and also includes independent estimates for claims that have been incurred but not reported. Since these claims are estimates based on currently available information, they are reviewed periodically, and the reported liabilities are revised as necessary. The net position balance of \$12,200,972 at June 30, 2023, is a reserve for future extraordinary claims.

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Major risks retained by the City include:

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

	<u>2022-2023</u>	<u>2021-2022</u>
Accrued claims, July 1 2022	\$ 2,694,246	\$ 3,055,390
Add claims incurred during the current fiscal year including changes in estimated claims payable	17,206,309	15,772,556
Less payments on claims	<u>(17,315,199)</u>	<u>(16,133,700)</u>
Accrued claims, June 30 2023	<u>\$ 2,585,356</u>	<u>\$ 2,694,246</u>
Claims or judgements due within one year	\$ 2,404,217	\$ 2,405,870
Claims or judgements due in more than one year	181,139	288,376
Total	<u>\$ 2,585,356</u>	<u>\$ 2,694,246</u>

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

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

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

**21. CONTINGENCIES**

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

**22. NET POSITION DEFICIT**

The Charlottesville School Board had a net position deficit of \$12,682,564 at June 30, 2023. This deficit is due to the long-term net pension and OPEB liabilities.

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
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**23. MAJOR UTILITY CUSTOMER IN FISCAL YEAR 2023**

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 \$3,587,389, \$4,253,472, and \$6,283,773, respectively, which represents 24.43% of water revenue, 27.62% of wastewater revenue, and 22.63% of gas revenue.

**24. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

At June 30, 2023, the City had several construction contracts and other commitments which are summarized as follows:

Project Name	Contract Amount	Expended To Date	Balance
Buford Walker	\$ 93,313,410	\$ 7,627,199	\$ 85,686,211
Belmont Bridge	59,461,700	28,388,697	31,073,003
HB2 - Emmet Street	16,298,307	1,680,047	14,618,260
HB2 - Fontaine Ave	12,516,414	1,148,912	11,367,502
Bypass Fire Station	9,124,861	996,889	8,127,972
SMART Scale Barracks/Emmett	8,640,866	885,601	7,755,265
Friendship Court	7,940,000	5,627,014	2,312,986
General District Court	6,862,028	6,838,028	24,000
HB2 - East High	6,638,000	1,202,273	5,435,727
Circuit Court Renovation	5,363,643	5,346,176	17,467
7th Street Deck	4,340,240	3,121,592	1,218,648
250 Bypass/Route 29 Business	3,847,554	3,421,607	425,947
Melbourne/NS Railroad -SGR	2,661,556	2,503,222	158,334
250 Bypass/Rugby Ave	2,488,292	2,264,773	223,519
250 Bypass/NS Railroad - SGR	1,303,496	799,148	504,348
	<u>\$ 240,800,367</u>	<u>\$ 71,851,178</u>	<u>\$ 168,949,189</u>

**25. TAX ABATEMENTS**

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

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

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

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

Fiscal Year	Amount
2015	\$ 267,000
2016	\$ 78,800
2017	\$ 342,936
2018	\$ 220,483
2019	\$ 343,422
2020	\$ 242,183
2021	\$ 267,944
2022	\$ 291,473
2023	\$ 148,467
	<u>\$ 2,202,708</u>

To date, this agreement has generated 426 jobs and added \$85 million in real estate value within the City.

**26. COVID-19 PANDEMIC FUNDING**

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

The federal government passed legislation to mitigate the economy impact of the pandemic. As a result of this legislation, the City received the following awards beginning in the spring of 2020 through FY2023. The awards have been expended as follows:

	Amount Awarded	Expended Prior Year	Expended July, 2022 - June, 2023	Available in Future Fiscal Years
<b>Direct Federal Aid:</b>				
Health and Human Services - for EMS	\$ 58,201	\$ 58,201	-	-
Federal Transportation Agency - for Transit	9,359,143	3,362,858	3,815,620	2,180,665
Federal Transportation Agency - for JAUNT	3,119,715	1,785,896	377,546	956,273
Housing and Urban Development - for CDBG	581,401	408,046	28,771	144,584
U.S. Department of Justice - BJA	80,781	10,904	69,877	-
American Rescue Plan Act - for the City	19,609,709	3,156,398	3,743,251	12,710,060
<b>Federal Aid Passed Through the State:</b>				
Rail and Public Transportation - for Transit	221,227	221,227	-	-
Treasurer of Virginia - CARES Act for the City	8,311,781	8,311,781	-	-
Treasurer of Virginia - CARES Act for City Schools	2,409,620	2,409,620	-	-
Treasurer of Virginia - Utility Customer Relief	213,703	198,568	15,135	-
Housing and Community Development - Homeless	2,476,423	2,246,571	229,852	-
Total	<u>\$ 46,441,704</u>	<u>\$ 22,170,070</u>	<u>\$ 8,280,052</u>	<u>\$ 15,991,582</u>

**27. LEASES**

**Lesser Leases**

The City has leased 9 of its properties as shown on the schedule below. The longest lease term has a period of 82 months, as opposed to the shortest at 21 months, from the Lease beginning date, with the lease value of \$1,055,655 shown. The leases were recorded at the applicable federal rate, which was

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determined to be the best estimate of interest earnings when no interest rate was explicitly shown in the lease document. The City applied short, median and long-term rates as determined by the applicable federal rate as of the lease period beginning date. At June 30, 2023 the City has a lease receivable of \$824,074. Below is a schedule of leases receivable for future fiscal years per their respective lease term:

City Lessor Leases of Building Space							
Lease Asset Class	Lease Asset Description	Lease Begin Date	Lease End Date	Term (Months)	Monthly Payment	Lease Value	Interest Rate
Building Space	Virginia Discovery Museum	July 1, 2021	July 1, 2026	60	\$ 345	\$ 16,231	1.00%
Building Space	Sentara Martha Jefferson Hospital	July 1, 2021	January 1, 2024	29	3,828	68,355	1.00%
Building Space	Albemarle Charlottesville Historical Society	July 1, 2021	May 1, 2023	21	829	13,535	1.00%
Building Space	Tastings Restaurant And Wine Shop	July 1, 2021	January 1, 2024	29	3,969	70,874	1.00%
Building Space	United States Postal Service	July 1, 2021	June 1, 2028	82	7,650	510,788	2.07%
Building Space	Verizon Wireless	July 1, 2021	June 1, 2024	34	75	1,708	1.00%
Building Space	Mr. Fix Cell Phone & Computer Repair	February 1, 2023	February 1, 2028	60	1,710	85,659	3.82%
Building Space	1074 Square feet of net useable ground floor space	February 1, 2023	February 1, 2028	60	1,710	91,864	3.82%
Building Space	Albemarle Charlottesville Historical Society - Renewed Lease	May 1, 2023	May 1, 2028	60	904	48,869	3.57%
Building Space	MCGUFFEY Arts Associations INC	January 1, 2023	January 1, 2028	60	2,753	147,782	3.85%
						<b>\$ 1,055,665</b>	

Schedule of Lease Receivable at Fiscal Year End			
Fiscal Year	Principal	Interest	Lease Receivable at 6/30
<b>2023</b>	\$ 231,591	\$ 15,391	\$ 824,074
<b>2024</b>	211,188	18,189	612,886
<b>2025</b>	167,851	13,922	445,034
<b>2026</b>	172,100	9,674	272,935
<b>2027</b>	152,598	5,402	120,337
<b>2028</b>	120,337	1,346	-
	<b>\$ 1,055,665</b>	<b>\$ 63,923</b>	

**Lessee Leases**

The City has also procured leases for Copiers, Equipment and Building Spaces needed for various operations. A schedule of these leases is shown below. The longest lease term has a period of 155 months while the shortest lease term was for 15 months from the lease beginning date. The City recorded its lease activity for these leases at the beginning of Fiscal Year 2023 with the remaining lease values of \$10,057,690 shown. The leases were recorded at the applicable federal rate as of the Lease beginning date, which was determined to be the best estimate of the incremental borrowing rate when no interest rate was shown on the face of the lease document. The federal rate used was based on the short, medium and long term based on the lease term.

The copier interest rate was determined to be the present value of the lease payments as opposed to the copier purchase price at lease inception (see next page):

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

City Lessee Leases of Copiers, Equipment and Building Space								
Lease Asset Class	Lease Asset Description	Lease Begin Date	Lease End Date	Term (Months)	Monthly Payment	Lease Value	Interest Rate	
Copier	Copier- Utility Billing Office	July 1, 2021	December 6, 2022	16	58	\$ 291	0.76%	
Copier	Copier- Public Works Facilities Development	July 1, 2021	July 28, 2024	35	136	3,233	0.76%	
Copier	Copier- Purchasing	July 1, 2021	December 18, 2023	28	181	3,032	1.95%	
Copier	Copier- Police Administration	July 1, 2021	November 12, 2022	15	114	455	1.72%	
Copier	Copier- Police Administration	July 1, 2021	November 12, 2022	15	114	455	1.72%	
Copier	Copier- Police Administration	July 1, 2021	November 12, 2022	15	130	518	1.72%	
Copier	Copier- Neighborhood Dev Serv - Administration	July 1, 2021	February 20, 2023	18	232	1,613	1.72%	
Copier	Copier- Neighborhood Dev Serv - Administration	July 1, 2021	March 19, 2023	19	165	1,315	1.72%	
Copier	Copier- School Pupil Transportation	July 1, 2021	May 19, 2023	21	116	1,153	1.72%	
Copier	Copier- City Treasurer	July 1, 2021	August 21, 2024	36	110	2,725	0.76%	
Copier	Copier- IT Operations	July 1, 2021	October 2, 2023	26	42	619	1.87%	
Copier	Copier- Commonwealth Attorney	July 1, 2021	June 17, 2025	46	176	6,047	1.12%	
Copier	Copier- Wastewater Collection	July 1, 2021	August 26, 2025	48	28	1,014	0.84%	
Copier	Copier- Water Division Operations	July 1, 2021	August 26, 2025	48	28	1,014	0.84%	
Copier	Copier- Gas General Operations	July 1, 2021	August 26, 2025	48	56	2,027	0.84%	
Copier	Copier- Circuit Court Administration	July 1, 2021	November 19, 2023	27	147	2,272	5.38%	
Copier	Copier- Circuit Court Administration	July 1, 2021	November 19, 2023	27	148	2,299	3.90%	
Copier	Copier- Public Works/School Maintenance	July 1, 2021	March 10, 2025	43	112	3,478	1.91%	
Copier	Copier- Parks and Recreation Administration	July 1, 2021	February 24, 2024	30	158	2,980	1.04%	
Copier	Copier- Parks and Recreation Administration	July 1, 2021	February 24, 2024	30	158	2,980	1.04%	
Copier	Copier- Parks and Recreation Administration	July 1, 2021	February 24, 2024	30	158	2,980	1.04%	
Copier	Copier- Human Resources Department	July 1, 2021	October 19, 2025	50	208	7,978	1.00%	
Copier	Copier- Meadow creek Golf Course	July 1, 2021	November 4, 2023	27	34	540	1.73%	
Copier	Copier- Carver Center	July 1, 2021	December 1, 2023	28	107	1,792	1.90%	
Copier	Copier- Public Service Administration	July 1, 2021	December 4, 2023	28	139	2,322	1.99%	
Copier	Copier- City Attorney's Office	July 1, 2021	November 4, 2024	39	195	5,409	0.84%	
Copier	Copier- City Manager's Office	July 1, 2021	March 1, 2025	43	245	7,740	0.95%	
Copier	Copier- City Treasurer	July 1, 2021	April 14, 2025	44	119	3,832	1.91%	
Copier	Copier- City Treasurer	July 1, 2021	April 29, 2025	44	95	3,066	1.91%	
Copier	Copier- Finance - Administration	July 1, 2021	May 5, 2025	45	125	4,141	1.91%	
Copier	Copier- Police Investigations	July 1, 2021	June 14, 2024	34	136	3,018	3.90%	
Copier	Copier- Police Field Operations	July 1, 2021	June 14, 2024	34	136	3,018	3.90%	
Copier	Copier - Parks and Recreation Administration	October 1, 2021	October 1, 2026	60	218	10,697	1.84%	
Copier	Copier- View Administration	January 25, 2022	January 24, 2026	48	106	4,313	1.91%	
Copier	Copier- Aquatics	November 9, 2021	November 8, 2026	60	75	3,877	0.07%	
Copier	Photocopier - Office of Equity and Inclusion	April 1, 2023	April 1, 2028	60	72	3,898	4.15%	
Copier	Photocopier Machine - Home to Hope	April 1, 2023	April 1, 2028	60	72	3,898	4.15%	
Copier	Photocopier Machine - Downtown Job Center	April 1, 2023	April 1, 2028	60	72	3,898	4.15%	
Copier	Photocopier Machine - Office of Human Rights	April 1, 2023	April 1, 2028	60	72	3,898	4.15%	
Copier	Photocopier Machine - Equip Rep City Sheriff	December 1, 2022	December 1, 2025	36	149	5,012	4.55%	
Copier	Photocopy Machine - Fire Administration	April 17, 2023	April 17, 2027	48	115	5,095	4.15%	
Copier	Photocopy Machine - Fire Administration	April 17, 2023	April 17, 2027	48	126	5,559	4.15%	
Copier	Photocopier Machine - IT Operations	May 28, 2023	May 28, 2027	48	139	6,214	3.57%	
Copier	Photocopier Machine - Circuit Court Judge	May 16, 2023	May 16, 2027	48	103	4,617	3.57%	
Copier	Photocopier Machine - Transit Maintenance	April 9, 2023	April 9, 2027	48	138	6,103	4.15%	
Copier	Photocopier Machine - Transit Administration	March 9, 2023	March 9, 2027	48	198	8,820	3.70%	
					<b>Total Copiers</b>	<b>161,258</b>		
Equipment	Golf Maintenance Equipment	July 1, 2021	September 4, 2024	37	4,515	116,076	1.00%	
					<b>Total Equipment</b>	<b>116,076</b>		
Building Space	200 East Water Street , Charlottesville (The Garage)	July 1, 2021	July 1, 2034	155	60,619	7,723,508	2.07%	
Building Space	Jefferson School Community Partnership L.L.L.P	July 1, 2021	January 1, 2028	77	32,999	2,056,848	2.07%	
					<b>Total Building Space</b>	<b>9,780,356</b>		
					<b>Total Lessee Leases</b>	<b>\$ 10,057,690</b>		

**CITY OF CHARLOTTESVILLE, VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

At June 30, 2023 the liability of the leases outstanding was \$10,057,690. Below are the details of these leases and their future liability:

Lease Liability by Lease Asset Class				
Fiscal Year	Building Space	Copier	Equipment	Total
2023	\$ 929,744	\$ 51,169	\$ 53,261	\$ 1,034,174
2024	949,173	46,902	53,796	1,049,871
2025	969,008	31,023	9,018	1,009,049
2026	989,258	18,083		1,007,341
2027	1,009,931	11,531		1,021,462
2028	832,187	2,550		834,737
2029	648,661			648,661
2030	662,217			662,217
2031	676,056			676,056
2032	690,183			690,183
2033	704,607			704,607
2034	719,331			719,331
	<b>\$ 9,780,356</b>	<b>\$ 161,257</b>	<b>\$ 116,076</b>	<b>\$ 10,057,690</b>

Schedule of Lease Liability at Fiscal Year End			
Fiscal Year	Principal	Interest	Lease Liability at 6/30
2023	\$ 1,034,174	\$ 196,484	\$ 9,023,516
2024	1,049,871	177,074	7,973,645
2025	1,009,049	155,952	6,964,595
2026	1,007,341	134,995	5,957,254
2027	1,021,462	113,779	4,935,792
2028	834,737	93,273	4,101,055
2029	648,661	78,761	3,452,394
2030	662,217	65,205	2,790,177
2031	676,056	51,367	2,114,121
2032	690,183	37,239	1,423,938
2033	704,607	22,816	719,331
2034	719,331	8,091	-
	<b>\$10,057,690</b>	<b>\$1,135,034</b>	

**28. ADOPTION OF ACCOUNTING PRINCIPLE GASB STATEMENT 96 SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITA) JULY 1, 2022**

For the adoption of GASB Statement 96 SBITA, the City reviewed its IT software agreements to determine application of this standard to its existing agreements. A total of thirteen such agreements were determined to meet this standard. All software agreements however, were reviewed according to the standards of GASB Statement 96. All subscription-based IT arrangements (SBITA) were then applied to the principles of the present value based on the applicable term at a determined interest rate. The SBITA terms were evaluated by the options presented in the agreement with any extensions taken into account if it was reasonably certain they would be extended. None of the SBITA had an interest rate explicitly shown in the agreement. For posting the SBITA the SBITA Asset was debited and the SBITA Liability were credited. Details of each SBITA is discussed in the note for SBITA presented below.

**29. SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA)**

The City has purchased various subscription-based software applications needed for operations. A schedule of these subscriptions is shown below. The longest subscription term has a period of 60 months while the shortest subscription agreement period remaining was 18 months from the SBITA beginning date. The City recorded its SBITA activity at the beginning of Fiscal Year 2023, with the remaining SBITA value of \$2,693,538 as shown. The SBITA were recorded at the applicable federal interest rate at July 1, 2022, which was determined to be the best estimate of the incremental borrowing rate when no interest rate was shown on the face of the SBITA agreement. The federal rate used was based on the rate as determined by the lease term. At June 30, 2023 the liability of the SBITA outstanding was \$2,025,101. See next page for the list of City SBITA.

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Schedule of SBITA Liability at Fiscal Year End			
Fiscal Year	Principal	Interest	SBITA Liability at 6/30
2023	\$ 668,437	\$ 69,491	\$ 2,025,101
2024	670,649	51,229	1,354,452
2025	600,573	32,122	753,879
2026	504,374	15,469	249,505
2027	240,824	2,678	8,681
2028	8,681	32	-
	<u>\$2,693,538</u>	<u>\$ 171,021</u>	

City Subscription Based IT Arrangements (SBITA)						
SBITA Description	SBITA Begin Date	SBITA End Date	Term (Months)	Monthly Payment	SBITA Value	Interest Rate
Citizen Relationship Management Solution	July 1, 2022	March 19, 2027	57	\$ 956	\$ 49,908	2.99%
Budgeting Software	August 29, 2022	August 28, 2027	60	4,438	247,679	2.99%
Strategic Planning Software	July 1, 2022	August 23, 2025	38	2,083	73,549	2.99%
Benefit Enrollment Portal	July 1, 2022	May 2, 2025	35	3,954	128,759	2.99%
Cloud Based Office Productivity Service	July 1, 2022	November 30, 2026	53	32,075	1,590,646	2.99%
Cyber Security Training Tool	July 1, 2022	May 21, 2025	35	1,104	35,935	2.99%
Electronic Signature Service	July 1, 2022	September 30, 2025	39	2,903	107,774	2.99%
Email Filtering Service	July 1, 2022	August 29, 2024	26	4,937	119,508	2.99%
SAP Data and Entry software	October 1, 2022	September 30, 2027	60	1,425	79,521	2.99%
Fleet Management Information System	July 1, 2022	December 31, 2023	18	4,127	72,559	2.99%
CivicClerk Software System- Mayor City Council	July 1, 2022	February 26, 2026	44	884	36,008	2.99%
CivicClerk Software System- Communication Ofc	July 1, 2022	February 26, 2026	44	774	31,507	2.99%
NeoGov Perform Subscription	July 1, 2022	September 29, 2026	39	2,560	120,184	2.99%
				<b>Total SBITA</b>	<b>\$2,693,538</b>	

At June 30, 2023 the liability of the SBITA outstanding was \$2,025,101. Below are the details of the future liability:

**30. FUND BALANCE/NET POSITION AT JULY 1, 2022 RESTATED**

The Fund Balance and Net Position were restated due to prior year adjustments needed as shown:

	Government Activity
Net Position as previously reported at June 30, 2022	\$ 171,502,560
Capital Assets previously not reported	13,129,237
Transfer from City Schools incorrectly eliminated	450,000
Net Position as restated at July 1, 2022	<u>\$ 185,081,797</u>
Fund Balance as previously reported at June 30, 2022 (Capital Projects)	31,287,559
Transfer from City Schools incorrectly eliminated and not counted	450,000
Fund Banace as restated at July 1, 2022	<u>\$ 31,737,559</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**1. BUDGETARY ACCOUNTING**

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

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Real estate	\$ 89,487,993	\$ 89,487,993	\$ 94,957,084	\$ 5,469,091
Personal property	12,000,000	12,000,000	14,365,556	2,365,556
Public service corporation	1,589,086	1,589,086	1,630,557	41,471
Penalties and interest on delinquent taxes	415,000	415,000	885,825	470,825
Sales and use	13,900,000	13,900,000	14,377,795	477,795
Utilities	4,600,000	4,600,000	4,584,020	(15,980)
Communications	2,125,000	2,125,000	2,221,820	96,820
Meals	16,640,000	16,640,000	18,632,606	1,992,606
Lodging	7,000,000	7,000,000	8,118,587	1,118,587
Tax on bank stock	1,200,000	1,200,000	1,170,883	(29,117)
Tax on wills and deeds	725,000	725,000	728,613	3,613
Rolling stock	18,040	18,040	15,231	(2,809)
Short-term rental	60,000	60,000	77,570	17,570
Cigarette	550,000	550,000	445,156	(104,844)
Recordation	-	-	461	461
Plastic Bag Tax	-	20,000	49,605	29,605
Total Taxes:	<u>150,310,119</u>	<u>150,330,119</u>	<u>162,261,369</u>	<u>11,931,250</u>
Licenses and permits:				
Vehicle license fees	890,000	890,000	195,788	(694,212)
Dog licenses	4,000	4,000	4,425	425
Business License	8,700,000	8,700,000	10,041,762	1,341,762
Electrical, heating and mechanical permits	330,000	330,000	251,931	(78,069)
Building and plumbing permits	550,000	550,000	467,663	(82,337)
Erosion control fees	29,500	29,500	16,425	(13,075)
Sign permits	8,000	8,000	11,923	3,923
Other permits	858,500	858,500	386,581	(471,919)
Total Licenses and permits:	<u>11,370,000</u>	<u>11,370,000</u>	<u>11,376,498</u>	<u>6,498</u>
Intergovernmental:				
Revenue from Federal government	-	-	9,833	9,833
Revenue from State agencies:				
Other State assistance	132,500	132,500	172,009	39,509
P2P vehicle share tax	-	-	2,446	2,446
Police assistance	2,238,352	2,238,352	2,460,982	222,630
PPTRA revenue	3,498,256	3,498,256	3,498,256	-
Reimbursement for constitutional officers	1,755,297	1,755,297	1,938,953	183,656
State highway assistance	4,263,654	4,263,654	5,034,812	771,158
Trailer titling tax	1,200	1,200	2,257	1,057
Revenue from other local governments:				
Circuit Court reimbursement	16,218	16,218	22,320	6,102
Court revenue	390,000	390,000	320,371	(69,629)
Fire Department operations	200,000	200,000	-	(200,000)
Juvenile and Domestic Relations Court	145,312	145,312	270,706	125,394
Other local governments	4,271,849	4,271,849	816,315	(3,455,534)
Payment in lieu of taxes - CRHA	6,293,888	6,293,888	-	(6,293,888)
Revenue sharing - Albemarle County	15,545,227	15,545,227	15,545,227	-
University of Virginia service charge	73,578	73,578	57,752	(15,826)
Total Intergovernmental:	<u>38,825,331</u>	<u>38,825,331</u>	<u>30,152,239</u>	<u>(8,673,092)</u>

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Charges for services:				
Recreation income	1,206,509	1,206,509	884,953	(321,556)
Parking garage revenue	2,563,540	2,563,540	628,641	(1,934,899)
Solid waste collection fees	1,115,000	1,115,000	1,277,985	162,985
Emergency Medical Services	900,000	900,000	1,287,906	387,906
Tax abatement application fees	-	-	200	200
DMV Select Commissions	36,000	36,000	20,299	(15,701)
Other charges for services	3,421,271	3,421,271	4,268,726	847,455
Total Charges for services:	<u>9,242,320</u>	<u>9,242,320</u>	<u>8,368,710</u>	<u>(873,610)</u>
Fines:				
Parking fines	300,000	300,000	358,419	58,419
Investment earnings:				
Interest	580,000	580,000	2,088,762	1,508,762
Gains/Losses on Investments	-	-	(216,308)	(216,308)
Miscellaneous revenues:				
Rent	422,653	422,653	462,202	39,549
Proceeds from drug seizures	-	-	8,335	8,335
Contributions	-	10,000	23,131	13,131
Refund of prior year expenditures	50,000	50,000	103,824	53,824
Indirect cost recovery	125,000	125,000	206,861	81,861
Other miscellaneous revenues	274,500	294,683	430,902	136,219
Total Miscellaneous revenues:	<u>872,153</u>	<u>902,336</u>	<u>1,235,255</u>	<u>332,919</u>
Total Revenues	<u>211,499,923</u>	<u>211,550,106</u>	<u>215,624,944</u>	<u>4,074,838</u>
<b>EXPENDITURES-CURRENT</b>				
General government:				
Legislative:				
First Cities	18,000	18,162	18,162	-
Mayor and Council	752,231	557,708	538,747	18,960
Reserve for Council	373,820	501,639	111,003	390,636
Sister Cities	51,977	51,977	24,090	27,887
Judicial:				
City Circuit Court	1,020,765	1,020,765	935,588	85,177
City Sheriff	1,752,319	1,822,352	1,714,063	108,288
Commonwealth's Attorney	1,297,515	1,297,515	1,078,393	219,122
Court Services Unit	21,758	21,758	21,625	133
General District Court	23,566	23,566	16,152	7,414
Juvenile and Domestic Relations Court	334,381	392,351	392,351	-
Executive:				
City Manager	4,176,641	4,748,845	3,182,191	1,566,653
Citywide Reserve	1,583,810	1,474,486	1,024,997	449,489
Human Rights Commission	282,499	282,499	282,499	-
Legal:				
City Attorney	1,228,010	1,228,010	995,737	232,273
Financial administration:				
Commissioner of Revenue	1,525,217	1,525,217	1,523,729	1,488
Finance - Administration	1,395,730	1,410,435	1,410,371	64
Purchasing	579,705	579,705	442,790	136,915
Real Estate Assessor	902,633	902,633	887,379	15,254
Treasurer	1,517,597	1,609,097	1,586,640	22,457
Personnel administration:				
Human Resources Department	1,499,089	1,499,089	1,445,333	53,756

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Elections:				
Office of the Registrar	754,715	754,715	686,707	68,008
General government buildings and plant:				
Custodial	693,312	650,549	545,923	104,625
Maintenance	3,331,590	3,374,353	2,720,934	653,419
Public Works - Administration	3,229,201	3,371,343	2,646,680	724,663
Information technology:				
IT Operations	3,733,442	3,733,442	3,424,675	308,767
Total General government:	<u>32,079,522</u>	<u>32,852,210</u>	<u>27,656,759</u>	<u>5,195,448</u>
Public safety:				
Police protection:				
Drug investigation	-	13,185	9,008	4,177
Police Department	20,768,827	20,755,642	18,583,541	2,172,101
Fire protection:				
Fire Department	13,388,828	13,442,478	13,441,779	699
Volunteer Fire Company	24,348	24,348	2,400	21,948
Other protection:				
Blue Ridge Juvenile Detention Center	796,709	845,602	845,602	-
Contribution - Charlottesville-Albemarle Regional Jail	3,728,560	3,728,560	3,728,560	-
Contribution - Emergency Communications Center	1,909,126	1,909,126	1,909,126	-
Crisis Intervention Training	137,421	40,421	10,173	30,248
Emergency medical services	842,644	842,644	801,683	40,962
Four for Life	119,909	119,909	46,153	73,755
Office of the Magistrate	10,450	10,450	9,713	737
Traffic Engineering	1,006,567	1,012,417	1,012,414	4
Total Public safety:	<u>42,733,389</u>	<u>42,744,782</u>	<u>40,400,152</u>	<u>2,344,631</u>
Community services				
Highways and streets:				
Public Service - Administration	581,713	581,713	555,829	25,884
Street lighting	674,930	674,930	674,930	-
Streets and sidewalks	3,566,498	3,560,648	3,067,103	493,545
Sanitation:				
Contribution to Ivy Landfill	500,000	568,883	568,883	-
Refuse collection and disposal	2,473,218	2,473,218	2,187,257	285,961
Transportation:				
Contribution to JAUNT	1,443,081	1,443,081	1,443,081	-
Total Community services	<u>9,239,440</u>	<u>9,302,473</u>	<u>8,497,083</u>	<u>805,390</u>
Health and welfare:				
Health:				
Blue Ridge Health District	639,858	639,858	639,858	-
Offender Aid and Restoration	380,337	380,337	380,337	-
Region Ten Community Services Board	1,001,865	1,021,865	1,021,865	-
Society for the Prevention of Cruelty to Animals	289,560	289,560	289,560	-
Welfare:				
Charlottesville homeowner assistance program	2,395,000	1,974,000	1,314,000	660,000
Contributions to community organizations	2,202,071	2,758,970	2,758,970	-
Education Extension program	60,704	60,704	45,160	15,544
Rent relief for the disabled	178,500	127,825	123,206	4,619
Rent relief for the elderly	31,500	34,300	34,102	198
Stormwater fee assistance program	20,000	20,000	19,149	851
Tax relief for the disabled	148,800	216,675	216,665	10
Tax relief for the elderly	316,200	717,200	716,341	859

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Total Health and welfare:	7,664,395	8,241,294	7,559,213	682,081
Parks, recreation and culture:				
Culture:				
Contribution to Jefferson - Madison Regional Library	2,075,318	2,075,318	2,075,318	-
Contributions to community organizations	340,364	353,364	353,289	75
Contributions to festivals	215,546	166,546	137,978	28,568
Recreation:				
Administration	1,380,277	1,378,477	1,219,363	159,114
Aquatics	2,587,952	2,366,652	2,258,184	108,468
Athletics	575,059	542,277	470,667	71,610
Recreation centers	2,114,633	2,097,416	1,974,773	122,642
Special activities	1,179,637	1,082,637	979,409	103,229
Therapeutic programs	480,632	480,632	360,765	119,867
Parks:				
Contribution to Towe Park operations	110,000	110,000	108,420	1,580
Park maintenance	5,179,097	5,549,197	4,854,705	694,492
Total Parks, recreation and culture:	16,238,517	16,202,517	14,792,871	1,409,645
Education:				
Contribution to School Board component unit	62,925,964	62,925,964	55,084,021	7,841,943
School pupil transportation	4,010,689	4,010,689	3,220,378	790,311
School maintenance and energy management	4,401,815	4,401,815	4,306,962	94,853
Piedmont Virginia Community College	13,040	13,040	13,040	-
Lighthouse Studio	11,200	11,200	11,200	-
Contributions to community organizations	51,600	69,100	69,100	-
Total Education:	71,414,307	71,431,807	62,704,701	8,727,107
Conservation and development:				
Economic development:				
Chamber of Commerce	1,700	1,700	-	1,700
Contribution to Convention and Visitors Bureau	711,082	711,082	711,082	-
Office of Economic Development	1,658,435	1,658,435	1,130,736	527,699
Urban redevelopment and housing:				
Albemarle Housing Improvement Program	162,500	162,500	162,500	-
Contributions to community organizations	306,525	306,525	269,025	37,500
Historic Preservation Task Force	54,739	54,739	12,400	42,339
Neighborhood Development Services Department	3,065,998	3,065,998	2,651,032	414,966
Parking enterprise	2,584,441	2,584,441	2,094,343	490,098
Parking garages	3,399	3,399	3,399	-
Small Business Development Center	27,293	27,293	27,293	-
Virginia Career Works-Piedmont Region	104,245	104,245	104,245	-
Total Conservation and development:	8,680,357	8,680,357	7,166,055	1,514,302

(continued)

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

	Budgeted Amounts		Actual-Budget Basis (see Note 1)	Variance Positive (Negative)
	Original	Final		
Other activities:				
Virginia Municipal League	17,400	20,100	20,018	82
Employee benefits	1,142,762	1,030,057	92,422	937,635
Corporate training program	39,740	39,740	32,088	7,652
Thomas Jefferson Soil & Water	13,440	13,440	13,440	-
Virginia Institute for Government	2,500	2,500	2,500	-
Alliance for Innovation	2,550	550	-	550
Rivanna Conservation Alliance	11,000	11,000	11,000	-
National League of Cities	5,000	4,300	4,106	194
Center for Nonprofit Excellence	600	1,000	1,000	-
Total Other activities:	<u>1,234,992</u>	<u>1,122,687</u>	<u>176,574</u>	<u>946,113</u>
Total Expenditures - Budgetary Basis	<u>189,284,919</u>	<u>190,578,128</u>	<u>168,953,408</u>	<u>21,624,717</u>
<b>ENCUMBRANCES</b>				
Less open encumbrances - June 30, 2023	-	-	(1,908,229)	1,908,229
Total Expenditures	<u>189,284,919</u>	<u>190,578,128</u>	<u>167,045,179</u>	<u>23,532,946</u>
Revenues Over Expenditures	<u>22,215,004</u>	<u>20,971,978</u>	<u>48,579,765</u>	<u>27,607,784</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Transfer from Proprietary Funds	5,351,089	5,351,089	6,207,893	856,804
Total Transfers in:	<u>5,351,089</u>	<u>5,351,089</u>	<u>6,207,893</u>	<u>856,804</u>
Transfers out:				
Transfer to State Grants Fund	(34,980)	(34,980)	(48,123)	(13,143)
Transfer to Social Services Fund	(3,602,777)	(3,712,777)	(3,772,028)	(59,251)
Transfer to Human Services Fund	(1,506,362)	(1,506,362)	(1,506,362)	-
Transfer to Children's Services Act Fund	(2,004,722)	(2,004,722)	(1,320,305)	684,417
Transfer to Virginia Juvenile Comm Crime Control Act Fund	(108,415)	(108,415)	(108,415)	-
Transfer to Transit Fund	(2,513,651)	(2,513,651)	(2,513,651)	-
Transfer to Debt Service Fund	(13,072,874)	(17,567,099)	(17,567,099)	-
Transfer to Capital Projects Fund	(8,906,471)	(21,661,433)	(20,619,018)	1,042,416
Transfer to Golf Fund	-	(300,000)	(300,000)	-
Transfer to Information Technology Fund	(159,000)	(1,318,000)	(1,159,000)	159,000
Total Transfers out:	<u>(31,909,252)</u>	<u>(50,727,439)</u>	<u>(48,914,001)</u>	<u>1,813,438</u>
Total Other Financing Sources (Uses), Net	<u>(26,558,163)</u>	<u>(45,376,350)</u>	<u>(42,706,108)</u>	<u>2,670,242</u>
Net Change in Fund Balance	<u>\$ (4,343,159)</u>	<u>\$ (24,404,372)</u>	5,873,657	<u>\$ 30,278,026</u>
Fund Balance - July 1, 2022			66,274,254	
Fund Balance - June 30, 2023			<u>\$ 72,147,911</u>	

See Accompanying Note to Required Supplementary Information

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
AMERICAN RELIEF PROGRAM ACT FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 29,524	\$ 3,758,386	\$ 3,728,862
Investment earnings	-	-	-	-
Total revenues	-	29,524	3,758,386	3,728,862
<b>EXPENDITURES</b>				
Current:				
General government	466,185	6,756,062	580,331	6,175,730
Public safety	1,130	1,650,130	998,887	651,242
Health and welfare	176,850	1,907,768	1,066,047	841,721
Parks, recreation and culture	-	1,380,000	65,000	1,315,000
Conservation and development	1,069,581	4,548,874	1,136,602	3,412,273
Risk management	-	300,000	-	300,000
Capital outlay	-	-	822,209	(822,209)
Total expenditures - budgetary basis	1,713,746	16,542,834	4,669,076	11,873,757
Less open encumbrances at June 30	-	-	(910,690)	(910,690)
Total expenditures	1,713,746	16,542,834	3,758,386	12,784,447
Revenues over (under) expenditures	(1,713,746)	(16,513,310)	-	16,513,309
Net change in fund balance	(1,713,746)	(16,513,310)	-	16,513,309
<b>FUND BALANCE July 1, 2022</b>	-	-	-	-
<b>FUND BALANCE June 30, 2023</b>	\$ (1,713,746)	\$ (16,513,310)	\$ -	\$ 16,513,309

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
SOCIAL SERVICES FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 10,514,527	\$ 11,036,561	\$ 10,653,753	\$ (382,808)
Charges for services	-	-	64	64
Miscellaneous	-	46,000	11,654	(34,346)
Total revenues	<u>10,514,527</u>	<u>11,082,561</u>	<u>10,665,471</u>	<u>(417,090)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	15,766,324	16,564,056	14,557,536	2,006,521
Capital outlay	25,000	25,000	-	25,000
Total expenditures - budgetary basis	<u>15,791,324</u>	<u>16,589,056</u>	<u>14,557,536</u>	<u>2,031,521</u>
Less open encumbrances at June 30	-	-	(339)	(339)
Total expenditures	<u>15,791,324</u>	<u>16,589,056</u>	<u>14,557,197</u>	<u>2,031,860</u>
Revenues over (under) expenditures	<u>(5,276,797)</u>	<u>(5,506,495)</u>	<u>(3,891,726)</u>	<u>1,614,770</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,272,438	5,502,136	3,772,028	(1,730,108)
Total other financing sources (uses), net	<u>5,272,438</u>	<u>\$ 5,502,136</u>	<u>3,772,028</u>	<u>(1,730,108)</u>
Net change in fund balance	(4,359)	(4,359)	(119,698)	(115,338)
<b>FUND BALANCE July 1, 2022</b>	<u>119,698</u>	<u>119,698</u>	<u>119,698</u>	<u>-</u>
<b>FUND BALANCE June 30, 2023</b>	<u>\$ 115,339</u>	<u>\$ 115,339</u>	<u>\$ -</u>	<u>\$ (115,338)</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service cost	\$ 2,312,913	\$ 2,263,023	\$ 2,884,731	\$ 2,718,977	\$ 2,659,173	\$ 2,512,981	\$ 2,500,699	\$ 2,240,673	\$ 2,209,225
Interest	15,606,239	15,312,412	14,613,181	14,162,162	13,594,672	13,196,843	12,850,577	11,096,155	10,715,382
Changes of benefit terms	-	-	-	-	-	(961,615)	-	-	-
Differences between expected and actual experience	7,198,783	714,457	(638,262)	2,223,406	3,517,133	1,889,654	26,647	2,803,443	1,767,216
Changes of assumptions	-	-	6,197,699	-	-	-	-	17,484,857	-
Benefit payments, including refunds of employee contributions	(14,688,183)	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Net change in total pension liability	10,429,752	4,222,455	9,644,429	6,324,100	8,122,067	5,608,628	4,875,537	23,652,279	5,422,275
Total pension liability - beginning	215,294,510	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015	147,422,740
Total pension liability - ending (a)	225,724,262	215,294,510	211,072,055	201,427,626	195,103,526	186,981,459	181,372,831	176,497,294	152,845,015
<b>Plan fiduciary net position</b>									
Contributions - employer	11,675,185	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872
Contributions - employee	1,131,321	1,087,218	1,098,813	1,099,463	792,561	329,599	342,352	226,903	138,129
Net investment income	(17,187,451)	34,102,627	3,605,139	8,946,662	10,527,419	12,294,092	(1,546,127)	3,424,127	15,709,061
Benefit payments, including refunds of employee contributions	(14,688,183)	(14,067,437)	(13,412,920)	(12,780,445)	(11,648,911)	(11,029,235)	(10,502,386)	(9,972,849)	(9,269,548)
Administrative expense	(240,797)	(238,939)	(238,340)	(240,537)	(228,247)	(253,592)	(268,455)	(272,012)	(239,503)
Other	(2)	(409)	(309)	30	553,281	83,757	-	-	-
Net change in plan fiduciary net position	(19,309,927)	31,905,418	2,444,012	7,168,967	9,907,003	9,187,705	(4,886,341)	200,941	13,239,011
Plan fiduciary net position - beginning	151,825,839	119,920,421	117,476,409	110,307,442	100,400,439	91,212,734	96,099,075	95,898,134	82,659,123
Plan fiduciary net position - ending	\$ 132,515,912	\$ 151,825,839	\$ 119,920,421	\$ 117,476,409	\$ 110,307,442	\$ 100,400,439	\$ 91,212,734	\$ 96,099,075	\$ 95,898,134
<b>Total net pension liability - ending</b>	<b>\$ 93,208,350</b>	<b>\$ 63,468,671</b>	<b>\$ 91,151,634</b>	<b>\$ 83,951,217</b>	<b>\$ 84,796,084</b>	<b>\$ 86,581,020</b>	<b>\$ 90,160,097</b>	<b>\$ 80,398,219</b>	<b>\$ 56,946,881</b>
City Portion of Total net pension liability - ending	\$ 90,023,884	\$ 61,438,195	\$ 88,331,731	\$ 81,214,818	\$ 81,607,092	\$ 82,427,752	\$ 86,534,334	\$ 77,045,318	\$ 54,763,111
JMRL (Library) Portion of total net pension liability - ending	3,184,466	2,030,476	2,583,631	2,638,484	2,842,652	3,769,195	3,255,673	2,968,515	1,950,754
CACVB (Visitors Bureau) portion of net pension liability - ending	-	-	236,272	97,915	346,340	384,073	370,090	384,386	233,016
	\$ 93,208,350	\$ 63,468,671	\$ 91,151,634	\$ 83,951,217	\$ 84,796,084	\$ 86,581,020	\$ 90,160,097	\$ 80,398,219	\$ 56,946,881
Plan fiduciary net position as a percentage of total pension liability	59%	71%	57%	58%	57%	54%	50.29%	54.45%	62.74%
Covered payroll	\$ 40,745,359	\$ 38,981,614	\$ 37,054,637	\$ 39,573,350	\$ 37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022
Net pension liability as a percentage of covered payroll	229%	163%	246%	212%	224%	235%	258.9%	227.6%	166.3%
<i>Pension liability and related ratios are presented for all pension plan members</i>									
<b>Benefit changes:</b>	No benefit changes were approved by Charlottesville City Council								
<b>Changes of assumptions:</b>	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.								
<b>Rate of Return:</b>	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:								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
	10.05%	-11.40%	8.64%	8.18%	10.49%	13.71%	-1.80%	3.70%	19.40%

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 12,300,995	\$ 11,379,972	\$ 10,797,447	\$ 9,591,629	\$ 10,053,850	\$ 9,910,900	\$ 7,763,084	\$ 6,388,275	\$ 6,094,772	\$ 6,200,872
Actual contributions in relation to actuarially determined contribution	13,949,835	11,675,185	11,022,358	11,391,629	10,143,794	9,910,900	7,763,084	7,088,275	6,794,772	6,900,872
Contribution deficiency (excess)	<u>\$ (1,648,840)</u>	<u>\$ (295,213)</u>	<u>\$ (224,911)</u>	<u>\$ (1,800,000)</u>	<u>\$ (89,944)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>
Covered payroll	40,745,359	38,981,614	37,174,901	38,244,136	40,490,737	37,845,597	\$ 36,800,404	\$ 34,820,331	\$ 35,324,742	\$ 34,244,022
Actual contributions as a percentage of covered payroll	34.24%	29.95%	29.65%	29.79%	25.05%	26.19%	21.10%	20.36%	19.24%	20.15%

The schedule does not include member contributions  
Pension liability and related ratios are presented for all pension plan members

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

Methods and assumptions used to determine contribution rates:

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

**SCHEDULE OF FUNDING PROGRESS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS  
FOR THE YEAR ENDED JUNE 30, 2023**

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 3,263,979	\$ 3,380,372	\$ (116,393)	\$ 55,134,780	6.13%
2022	3,315,561	3,489,602	(174,041)	43,171,367	8.08%
2021	4,087,636	4,333,409	(245,773)	43,485,490	9.97%
2020	4,627,541	4,627,541	-	38,244,140	12.10%
2019	5,194,962	5,488,448	(293,486)	40,490,740	13.55%
2018	4,919,528	5,217,817	(298,289)	37,726,442	13.83%
2017	3,928,227	3,928,227	-	33,346,579	11.78%
2016	5,879,447	5,879,447	-	37,785,649	15.56%
2015	6,065,000	6,065,000	-	34,776,376	17.44%
2014	5,938,060	5,938,060	-	33,970,595	17.48%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 1,073,751	\$ 692,917	\$ 723,701	\$ 1,141,394	\$ 1,328,196
Interest	5,426,089	5,346,723	5,437,566	5,845,433	6,293,159
Differences between expected and actual experience	(12,761,554)	(2,559,726)	(3,028,258)	(4,284,584)	(7,892,521)
Changes in assumptions	506,048	2,580,406	1,128,007	(2,246,767)	-
Benefit Payments	(5,410,979)	(5,354,883)	(5,528,074)	(5,423,938)	(5,599,475)
Net change in total OPEB liability	(11,166,645)	705,437	(1,267,058)	(4,968,462)	(5,870,641)
Total OPEB liability - beginning	73,979,596	73,274,159	74,541,217	79,509,679	85,380,320
Total OPEB liability - ending (a)	62,812,951	73,979,596	73,274,159	74,541,217	79,509,679
Plan fiduciary net position					
Contributions - employer	3,380,372	3,489,601	4,333,410	4,627,541	5,488,448
Contributions - employee	1,014,034	1,140,943	1,232,984	1,329,336	1,337,648
Net investment income	5,331,098	(6,814,457)	13,429,422	1,394,380	3,353,122
Benefit payments, including refunds of employee contributions	(5,410,979)	(5,354,883)	(5,528,074)	(5,423,938)	(5,599,475)
Administrative expense	(114,563)	(103,471)	(102,093)	(100,184)	(90,151)
Other	(2.00)	2.00	-	61,649	(31)
Net change in plan fiduciary net position	4,199,960	(7,642,265)	13,365,649	1,888,784	4,489,561
Plan fiduciary net position - beginning	52,542,550	60,184,815	46,819,166	44,930,382	40,440,821
Plan fiduciary net position - ending	\$ 56,742,510	\$ 52,542,550	\$ 60,184,815	\$ 46,819,166	\$ 44,930,382
Total net OPEB liability - ending	\$ 6,070,441	\$ 21,437,046	\$ 13,089,344	\$ 27,722,051	\$ 34,579,297
City Portion of Total net OPEB liability - ending	5,859,384	20,534,203	12,558,938	26,410,216	33,103,660
JMRL (Library) Portion of total net OPEB liability - ending	211,057	902,843	530,406	1,210,012	1,428,644
CACVB (Visitors Bureau) portion of net OPEB liability - ending	-	-	-	101,823	46,933
	\$ 6,070,441	\$ 21,437,046	\$ 13,089,344	\$ 27,722,051	\$ 34,579,237
Plan fiduciary net position as a percentage of total OPEB liability	90.34%	71.02%	82.14%	62.81%	56.51%
Covered payroll	\$ 55,134,780	\$ 43,171,367	\$ 43,485,490	\$ 38,244,140	\$ 39,573,350
Net OPEB liability as a percentage of covered payroll	11.01%	49.66%	30.10%	72.49%	87.38%
<i>OPEB 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 2018 changes were made in the following actuarial assumptions: salary increases for all employees, retirement rates for all employees, turnover rates for all employees, mortality rates for all employees and Social Security wage base and benefit increases. As of June 30, 2015 the City utilizes the entry age actuarial cost method. The unfunded liability has been amortized under a "fresh start" over 20 years as of June 30, 2017.				
<i>Rate of Return:</i>	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	10.05%	-11.40%	28.70%	8.64%	8.18%

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

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



**CHARLOTTESVILLE SCHOOL BOARD  
COMPONENT UNIT**

**Required Supplementary Information**

CITY OF CHARLOTTESVILLE, VIRGINIA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 157,251	\$ 169,581	\$ 197,515	\$ 176,264	\$ 187,291	\$ 198,247	\$ 195,809	\$ 196,210	\$ 213,920
Interest	692,085	701,011	708,789	731,101	722,190	717,771	718,672	713,114	700,933
Differences between expected and actual experience	(12,940)	(832,777)	(204,159)	(301,523)	-	(51,816)	(226,626)	-	-
Changes of assumptions	-	385,484	-	255,338	(55,260)	(66,534)	-	(853,779)	(748,708)
Benefit payments, including refunds of employee contributions	(699,695)	(725,889)	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	-	-
Net change in total pension liability	136,701	(302,590)	(206,702)	160,216	101,348	81,453	2,604	55,545	166,145
Total pension liability - beginning	10,445,704	10,748,294	10,954,996	10,794,780	10,693,432	10,611,979	10,609,375	10,553,830	10,387,685
Total pension liability - ending	\$ 10,582,405	\$ 10,445,704	\$ 10,748,294	\$ 10,954,996	\$ 10,794,780	\$ 10,693,432	\$ 10,611,979	\$ 10,609,375	\$ 10,553,830
Plan fiduciary net position									
Contributions - employer	37,522	35,567	67,014	67,470	84,487	87,234	171,836	164,445	172,171
Contributions - employee	98,910	96,805	101,183	97,699	94,766	97,046	100,765	96,590	95,584
Net investment income	(5,833)	2,912,633	219,330	728,430	801,592	1,229,764	174,795	472,412	1,476,650
Benefit payments, including refunds of employee contributions	(699,695)	(725,889)	(908,847)	(700,964)	(752,873)	(716,215)	(685,251)	(732,971)	(748,708)
Administrative expense	(8,358)	(7,622)	(7,782)	(7,616)	(7,250)	(7,477)	(6,745)	(6,848)	(8,295)
Other	297	271	(246)	(457)	(698)	(1,078)	(76)	(98)	78
Net change in plan fiduciary net position	(577,157)	2,311,765	(529,348)	184,562	220,024	689,274	(244,676)	(6,470)	987,480
Plan fiduciary net position - beginning	13,218,715	10,906,950	11,436,298	11,251,736	11,031,712	10,342,438	10,587,114	10,593,584	9,606,104
Plan fiduciary net position - ending	\$ 12,641,558	\$ 13,218,715	\$ 10,906,950	\$ 11,436,298	\$ 11,251,736	\$ 11,031,712	\$ 10,342,438	\$ 10,587,114	\$ 10,593,584
Total net pension liability - beginning	\$ (2,773,011)	\$ (158,656)	\$ (481,302)	\$ (456,956)	\$ (338,280)	\$ 269,541	\$ 22,261	\$ (39,754)	\$ 781,581
Total net pension liability - ending	\$ (2,059,153)	\$ (2,773,011)	\$ (158,656)	\$ (481,302)	\$ (456,956)	\$ (338,280)	\$ 269,541	\$ 22,261	\$ (39,754)
Plan fiduciary net position as a percentage of total pension liability	-19.46%	-26.55%	-1.48%	-4.39%	-4.23%	-3.16%	2.54%	0.21%	-0.38%
Covered payroll	\$ 2,298,354	\$ 2,108,308	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Net pension liability as a percentage of covered employee payroll	-89.59%	-131.53%	-7.28%	-23.06%	-23.04%	-16.93%	13.09%	1.13%	-1.99%

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution *	\$ -	\$ 51,429	\$ 50,178	\$ 67,672	\$ 68,013	\$ 89,157	\$ 191,048	\$ 277,344	\$ 265,639	\$ 169,072
Contributions in relation to actuarially determined contribution	-	51,690	50,178	67,672	68,013	89,157	184,280	272,601	261,035	267,755
Contribution deficiency (excess)	\$ -	\$ (261)	\$ -	\$ -	\$ -	\$ -	\$ 6,768	\$ 4,743	\$ 4,604	\$ (98,683)
Covered payroll	\$ 2,298,354	\$ 2,160,890	\$ 2,108,308	\$ 2,178,188	\$ 2,087,006	\$ 1,983,725	\$ 1,998,410	\$ 2,058,976	\$ 1,972,080	\$ 1,996,131
Contributions as a percentage of covered payroll	0.00%	2.39%	2.38%	3.11%	3.26%	4.49%	9.22%	13.24%	13.24%	13.41%

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

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

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

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

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**EXHIBIT H-7**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Board's proportion of the Virginia Retirement System net pension liability (asset) (%)	0.46149%	0.46409%	0.4797%	0.4832%	0.4796%	0.4804%	0.4819%	0.4783%	0.4655%
School Board's proportion of the net pension liability (asset) (\$)	43,936,611	36,027,758	69,811,858	63,312,862	56,399,000	\$ 59,082,000	\$ 67,535,000	\$ 60,198,000	\$ 56,251,000
School Board's covered payroll	\$43,294,313	\$41,310,321	\$42,357,768	\$ 40,460,883	38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ 24,299,798
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	101.4836%	87.2125%	164.8148%	156.4792%	144.8301%	155.2459%	183.7724%	169.3962%	231.4875%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution *	\$ 6,970,461	\$ 6,855,433	\$ 6,566,056	\$ 6,381,272	\$ 6,158,803	\$ 6,355,218	\$ 5,579,163	\$ 5,166,947	\$ 6,467,698	\$ -
Contributions in relation to actuarially determined contribution	6,970,461	6,855,433	6,566,056	6,381,272	6,158,803	6,355,218	5,579,163	5,166,168	5,156,160	3,969,047
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 779	\$ 1,311,538	\$ (3,969,047)
Covered payroll	\$ 44,224,987	\$ 43,294,313	\$ 41,310,321	\$ 42,357,768	\$ 40,460,883	\$ 38,941,499	\$ 38,057,049	\$ 36,749,269	\$ 35,536,803	\$ -
Contributions as a percentage of covered payroll	15.8%	15.8%	15.9%	15.1%	15.2%	16.3%	14.7%	14.1%	14.5%	

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

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

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

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

**SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS  
FOR THE YEAR ENDED JUNE 30, 2023**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Virginia Retirement System - Health Insurance Credit - Nonprofessional</b>					
2023	\$ 21,375	\$ 21,375	\$ -	\$ 2,298,354	0.93%
2022	\$ 15,942	\$ 15,942	\$ -	\$ 2,154,307	0.74%
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2023	\$ 535,120	\$ 535,120	\$ -	\$ 44,224,987	1.21%
2022	\$ 523,901	\$ 523,901	\$ -	\$ 43,297,608	1.21%
2021	\$ 515,396	\$ 515,396	\$ -	\$ 43,490,629	1.19%
2020	\$ 508,293	\$ 508,293	\$ -	\$ 42,357,767	1.20%
2019	\$ 486,028	\$ 486,028	\$ -	\$ 40,502,306	1.20%
2018	\$ 479,003	\$ 479,003	\$ -	\$ 38,943,365	1.23%
<b>Virginia Retirement System - Group Life Insurance</b>					
2023	\$ 238,895	\$ 238,895	\$ -	\$ 44,239,834	0.54%
2022	\$ 245,522	\$ 245,522	\$ -	\$ 45,466,972	0.54%
2021	\$ 234,561	\$ 234,561	\$ -	\$ 43,418,630	0.54%
2020	\$ 233,335	\$ 233,335	\$ -	\$ 42,357,767	0.55%
2019	\$ 223,133	\$ 223,133	\$ -	\$ 40,502,306	0.55%
2018	\$ 157,801	\$ 157,801	\$ -	\$ 38,943,365	0.41%
<b>Local Plan - Schools</b>					
2023	\$ 207,440	\$ 207,440	\$ -	*	*
2022	\$ 138,880	\$ 138,880	\$ -	*	*
2021	\$ 298,000	\$ 298,000	\$ -	\$ 38,536,000	0.77%
2020	\$ 193,000	\$ 193,000	\$ -	\$ 38,356,000	0.50%
2019	\$ 128,000	\$ 128,000	\$ -	\$ 36,995,000	0.35%
2018	\$ 226,000	\$ 226,000	\$ -	\$ 36,995,000	0.61%

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

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

\* No covered payroll provided in Local plan actuary report.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service cost	\$ 164,162	\$ 143,071	\$ 133,000	\$ 148,000	\$ 122,000	\$ 144,000
Interest	55,716	81,107	99,000	130,000	129,000	125,000
Differences between exoected and actual experience	-	(14,599)	132,000	(5,000)	(127,000)	-
Changes of assumptions	(303,651)	(539,091)	216,000	(423,000)	-	-
Benefit payments, including refunds of employee contributions	(207,440)	(138,880)	(298,000)	(193,000)	(128,000)	(226,000)
Net change in total OPEB liability	(291,213)	(468,392)	282,000	(343,000)	(4,000)	43,000
Total OPEB liability - beginning	3,005,608	3,474,000	3,192,000	3,535,000	3,539,000	3,496,000
Total OPEB liability - ending	<u>\$ 2,714,395</u>	<u>\$ 3,005,608</u>	<u>\$ 3,474,000</u>	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Plan fiduciary net position						
Contributions - employer	207,440	138,880	298,000	193,000	128,000	226,000
Contributions - employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(207,440)	(138,880)	(298,000)	(193,000)	(128,000)	(226,000)
Administrative expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>					
Total net OPEB liability - beginning	<u>\$ 3,005,608</u>	<u>\$ 3,474,000</u>	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>	<u>\$ 3,539,000</u>
Total net OPEB liability - ending	<u>\$ 2,714,395</u>	<u>\$ 3,005,608</u>	<u>\$ 3,474,000</u>	<u>\$ 3,192,000</u>	<u>\$ 3,535,000</u>	<u>\$ 3,539,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Covered-employee payroll	*	*	\$ 38,536,000	\$ 38,536,000	\$ 36,995,000	\$ 36,995,000
Net OPEB liability as a percentage of covered-employee payroll	*	*	9.01%	8.28%	9.56%	9.57%

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

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

\* No covered payroll provided in Local plan actuary report.

**SCHOOL BOARD SCHEDULE OF FUNDING PROGRESS  
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE FOR OPEB PLANS  
FOR THE YEAR ENDED JUNE 30, 2023**

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
<b>Virginia Retirement System - Health Insurance Credit - Nonprofessional</b>					
2023	0.00999%	\$ 225,374	\$ 2,298,354	9.81%	39.63%
2022	0.01021%	\$ 208,251	\$ 2,154,307	9.67%	40.52%
<b>Virginia Retirement System - Health Insurance Credit - Teachers</b>					
2023	0.44353%	\$ 5,802,571	\$ 44,224,987	13.12%	15.08%
2022	0.46456%	\$ 5,995,551	\$ 43,297,608	13.85%	13.15%
2021	0.46710%	\$ 6,505,623	\$ 43,490,629	14.96%	9.95%
2020	0.48316%	\$ 6,321,000	\$ 42,357,767	14.92%	8.97%
2019	0.48105%	\$ 6,113,000	\$ 40,502,306	15.09%	9.51%
2018	0.48208%	\$ 6,116,000	\$ 38,943,365	15.70%	7.04%
<b>Virginia Retirement System - Group Life Insurance</b>					
2023	0.01021%	\$ 118,872	\$ 2,298,354	5.17%	67.21%
2022	0.01021%	\$ 118,872	\$ 2,156,414	5.51%	67.45%
2021	0.01058%	\$ 176,563	\$ 2,108,308	8.37%	52.64%
2020	0.01063%	\$ 172,978	\$ 2,178,183	7.94%	52.00%
2019	0.01043%	\$ 159,000	\$ 2,084,546	7.63%	51.22%
2018	0.01043%	\$ 163,000	\$ 2,084,546	7.82%	48.86%

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

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



**SUPPLEMENTARY SECTION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amount		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees and permits	\$ -	\$ -	\$ 144,638	\$ 144,638
Intergovernmental	74,740,283	83,330,653	17,882,025	(65,448,628)
Miscellaneous	-	232,454	173,282	(59,172)
Total revenues	<u>74,740,283</u>	<u>83,563,107</u>	<u>18,199,945</u>	<u>(65,363,162)</u>
<b>EXPENDITURES</b>				
Current:				
General government	52,016,828	120,363,518	15,845,822	104,517,694
Public safety	882,909	973,973	699,171	274,802
Community services	5,781,627	9,711,081	1,916,152	7,794,929
Parks, recreation and culture	8,376,061	8,726,061	1,140,689	7,585,372
Education	10,787,217	10,787,217	4,746,695	6,040,522
Conservation and development	129,230,269	72,650,966	9,004,517	63,646,449
Gas	409,839	409,839	-	409,839
Information technology	1,141,252	641,252	105	641,147
Departmental services	746,411	1,486,411	25,430	1,460,981
Risk management	-	150,000	-	150,000
Capital outlay	-	1,200,000	38,251,881	(37,051,881)
Total expenditures - budgetary basis	<u>209,372,413</u>	<u>227,100,318</u>	<u>71,632,962</u>	<u>155,469,854</u>
Less open encumbrances at June 30	-	-	(21,344,165)	21,344,165
Total expenditures	<u>209,372,413</u>	<u>227,100,318</u>	<u>50,288,797</u>	<u>176,814,019</u>
Revenues over (under) expenditures	<u>(134,632,130)</u>	<u>(143,537,211)</u>	<u>(32,088,852)</u>	<u>(111,448,359)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,029,586	22,918,026	20,619,018	(2,299,008)
Transfers out	-	-	(552,170)	(552,170)
Issuance of debt	16,867,467	24,167,467	9,409,943	(14,757,524)
Premium on issuance of debt	-	-	975,480	975,480
Total other financing sources (uses), net	<u>25,897,053</u>	<u>47,085,493</u>	<u>30,452,271</u>	<u>(16,633,222)</u>
Net change in fund balance	<u>(108,735,077)</u>	<u>(96,451,718)</u>	<u>(1,636,581)</u>	<u>(94,815,137)</u>
<b>FUND BALANCE July 1, 2022 Restated</b>	<u>22,161,513</u>	<u>22,161,513</u>	<u>31,737,559</u>	<u>-</u>
<b>FUND BALANCE June 30, 2023</b>	<u>\$ (86,573,564)</u>	<u>\$ (74,290,205)</u>	<u>\$ 30,100,978</u>	<u>\$ (94,815,137)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	-	1,031,811	1,031,811	-
Total revenues	-	1,031,811	1,031,811	-
<b>EXPENDITURES</b>				
General government	50,000	230,948	230,950	(2)
Gas	-	-	-	-
Risk management	-	-	-	-
Retirement of principle	8,483,570	9,403,570	9,403,570	1
Interest	2,881,660	3,720,887	3,720,886	2
Total expenditures - budgetary basis	11,415,230	13,355,405	13,355,406	1
Less open encumbrances at June 30	-	-	-	-
Total expenditures	11,415,230	13,355,405	13,355,406	1
Revenue over (under) expenditures	(11,415,230)	(12,323,594)	(12,323,595)	1
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,072,874	17,567,099	17,567,099	-
Issuance of debt	-	5,060,057	5,060,057	-
Total other financing sources (uses), net	13,072,874	22,627,156	22,627,156	-
Net change in fund balance	1,657,644	10,303,562	10,303,561	1
<b>FUND BALANCE July 1, 2022</b>	13,225,476	13,225,476	12,987,111	238,365
<b>FUND BALANCE June 30, 2023</b>	<u>\$ 14,883,120</u>	<u>\$ 23,529,038</u>	<u>\$ 23,290,672</u>	<u>\$ 238,366</u>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

**Grants Fund** – to account for revenues and expenditures restricted for specific grants awarded to the City by federal and state government, or local public or private agencies that are not accounted for or reported in another fund. This includes the Virginia Juvenile Community Crime Control Act (VJCCCA) Fund, a state budgeted grant which has previously been reported separately.

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

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

**Opioid Remediation Fund** – to account for the City’s allocation of the legal settlements against pharmaceutical supply chain participants by the Commonwealth of Virginia. The settlement payments received must be used for opioid abatement efforts to treat, prevent, reduce or otherwise remediate the opioid epidemic.

**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

COMBINED BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2023

EXHIBIT J

	Special Revenue Funds						Permanent Fund	Totals
	CDBG	Grants	Human Services	CSA	Transit	Opioid Remediation	Cemetery Perpetual Care	
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 10,009	\$ 201,341	\$ -	\$ -	\$ -	\$ 140,103	\$ 162,402	\$ 513,855
Accounts receivable, net	-	-	-	618	13,252	428,031	100	442,001
Due from other governments	28,347	1,079,013	637,728	2,678,856	7,363,730	-	-	11,787,674
Loans receivable	496,732	383,045	-	-	-	-	-	879,777
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 535,088</u>	<u>\$ 1,663,399</u>	<u>\$ 637,728</u>	<u>\$ 2,679,474</u>	<u>\$ 7,376,982</u>	<u>\$ 568,134</u>	<u>\$ 162,502</u>	<u>\$ 13,623,307</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 392	\$ 9,786	\$ 124,833	\$ -	\$ 143,848	\$ -	\$ -	\$ 278,859
Accrued liabilities	37,964	167,446	77,249	765,471	3,335,860	-	-	4,383,990
Due to other governments	496,732	490,906	-	-	-	-	-	987,638
Due to other funds	-	683,336	83,989	1,609,971	3,897,274	-	-	6,274,570
Unearned revenue-other	-	53,311	-	-	-	-	-	53,311
Total liabilities	<u>535,088</u>	<u>1,404,785</u>	<u>286,071</u>	<u>2,375,442</u>	<u>7,376,982</u>	<u>-</u>	<u>-</u>	<u>11,978,368</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable opioid remediation revenue	-	-	-	-	-	428,031	-	428,031
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,031</u>	<u>-</u>	<u>428,031</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	162,502	162,502
Restricted	-	258,612	-	304,033	-	140,103	-	702,748
Assigned	-	-	351,658	-	-	-	-	351,658
Total fund balance	<u>-</u>	<u>258,612</u>	<u>351,658</u>	<u>304,033</u>	<u>-</u>	<u>140,103</u>	<u>162,502</u>	<u>1,216,908</u>
Total liabilities deferred inflows of resources and fund balance	<u>\$ 535,088</u>	<u>\$ 1,663,397</u>	<u>\$ 637,729</u>	<u>\$ 2,679,475</u>	<u>\$ 7,376,982</u>	<u>\$ 568,134</u>	<u>\$ 162,502</u>	<u>\$ 13,623,307</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds						Permanent Fund	Total
	CDBG	Grants	Human Services	CSA	Transit	Opioid Remediation	Cemetery Perpetual	
<b>REVENUES</b>								
Intergovernmental	\$ 226,003	\$ 3,858,915	\$ -	\$ 4,830,939	\$ 12,242,163	-	\$ -	\$ 21,158,020
Charges for services	-	-	3,699,146	-	516,030	-	-	4,215,176
Investment earnings	-	6,706	-	-	-	2,090	2,963	11,759
Miscellaneous	29,240	350	85,304	-	29,193	138,013	-	282,100
Total revenues	<u>255,243</u>	<u>3,865,971</u>	<u>3,784,450</u>	<u>4,830,939</u>	<u>12,787,386</u>	<u>140,103</u>	<u>2,963</u>	<u>25,667,055</u>
<b>EXPENDITURES</b>								
General government	-	534,347	-	-	-	-	-	534,347
Public safety	-	1,443,563	-	-	-	-	-	1,443,563
Community services	-	-	-	-	15,104,650	-	-	15,104,650
Health and welfare	133,597	1,825,998	5,061,824	6,096,351	-	-	-	13,117,770
Parks, recreation and culture	-	99,878	-	-	-	-	2,963	102,841
Conservation and development	121,646	319,073	-	-	-	-	-	440,719
Capital outlay	-	69,877	-	-	732,640	-	-	802,517
Total expenditures	<u>255,243</u>	<u>4,292,736</u>	<u>5,061,824</u>	<u>6,096,351</u>	<u>15,837,290</u>	<u>-</u>	<u>2,963</u>	<u>31,546,407</u>
Revenues over (under) expenditures	-	(426,765)	(1,277,374)	(1,265,412)	(3,049,904)	140,103	-	(5,879,352)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	309,357	1,506,362	1,320,305	3,049,904	-	-	6,185,928
Transfers out	-	-	(44,991)	-	-	-	-	(44,991)
Total other financing sources, net	<u>-</u>	<u>309,357</u>	<u>1,461,371</u>	<u>1,320,305</u>	<u>3,049,904</u>	<u>-</u>	<u>-</u>	<u>6,140,937</u>
Net change in fund balance	-	(117,408)	183,997	54,893	-	140,103	-	261,585
<b>FUND BALANCE - JULY 1, 2022</b>	-	376,020	167,661	249,140	-	-	162,502	995,323
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ -</u>	<u>\$ 258,612</u>	<u>\$ 351,658</u>	<u>\$ 304,033</u>	<u>\$ -</u>	<u>\$ 140,103</u>	<u>\$ 162,502</u>	<u>\$ 1,216,908</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 907,088	\$ 907,088	\$ 226,003	\$ (681,085)
Miscellaneous	-	-	29,240	29,240
<b>Total revenues</b>	<b>907,088</b>	<b>907,088</b>	<b>255,243</b>	<b>(651,845)</b>
<b>EXPENDITURES</b>				
Current:				
Conservation and development	653,933	653,933	128,395	525,538
Health and welfare	136,147	136,147	184,503	(48,356)
<b>Total expenditures - budgetary basis</b>	<b>790,080</b>	<b>790,080</b>	<b>312,898</b>	<b>477,182</b>
Less open encumbrances at June 30	-	-	(57,655)	(57,655)
<b>Total expenditures</b>	<b>790,080</b>	<b>790,080</b>	<b>255,243</b>	<b>534,837</b>
Revenues over (under) expenditures	117,008	117,008	-	117,008
Net change in fund balance	117,008	117,008	-	117,008
<b>FUND BALANCE - JULY 1, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2023</b>	<b>\$ 117,008</b>	<b>\$ 117,008</b>	<b>\$ -</b>	<b>\$ 117,008</b>

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

**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,559,060	\$ 5,929,745	\$ 3,858,915	\$ (2,070,830)
Investment earnings	-	-	6,706	6,706
Miscellaneous	70,108	70,108	350	(69,758)
Total revenues	<u>3,629,168</u>	<u>5,999,853</u>	<u>3,865,971</u>	<u>(2,133,882)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	558,524	534,346	24,178
Public safety	2,474,773	4,824,874	1,443,563	3,381,311
Health and welfare	1,169,676	2,501,858	1,849,013	652,846
Parks, recreation and culture	33,759	135,502	102,396	33,106
Conservation and development	529,142	819,894	553,136	259,848
Capital outlay	69,877	69,877	170,936	(101,059)
Total expenditures - - budgetary basis	<u>4,277,227</u>	<u>8,910,529</u>	<u>4,653,390</u>	<u>4,351,289</u>
Less open encumbrances at June 30	-	-	(360,654)	(360,654)
Total expenditures	<u>4,277,227</u>	<u>8,910,529</u>	<u>4,292,736</u>	<u>4,617,793</u>
Revenues over (under) expenditures	<u>(648,059)</u>	<u>(2,910,676)</u>	<u>(426,765)</u>	<u>2,483,911</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	292,769	2,552,628	309,357	(2,243,271)
Total other financing sources (uses), net	<u>292,769</u>	<u>2,552,628</u>	<u>309,357</u>	<u>(2,243,271)</u>
Net change in fund balance	(355,290)	(358,048)	(117,408)	240,640
<b>FUND BALANCE - JULY 1, 2022</b>	<u>376,020</u>	<u>376,020</u>	<u>376,020</u>	<u>-</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 20,730</u>	<u>\$ 17,972</u>	<u>\$ 258,612</u>	<u>\$ 240,640</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
HUMAN SERVICES FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 237,635	\$ 237,635	\$ -	\$ (237,635)
Charges for services	5,002,704	5,002,704	3,699,146	(1,303,558)
Miscellaneous	5,000	132,274	85,304	(46,970)
Total revenues	<u>5,245,339</u>	<u>5,372,613</u>	<u>3,784,450</u>	<u>(1,588,163)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	6,713,262	6,840,537	5,062,374	1,778,163
Capital outlay	40,000	40,000	-	40,000
Total expenditures - budgetary basis	<u>6,713,262</u>	<u>6,840,537</u>	<u>5,062,374</u>	<u>1,778,163</u>
Less open encumbrances at June 30	-	-	(550)	(550)
Total expenditures	<u>6,713,262</u>	<u>6,840,537</u>	<u>5,061,824</u>	<u>1,778,713</u>
Revenues over (under) expenditures	<u>(1,467,923)</u>	<u>(1,467,924)</u>	<u>(1,277,374)</u>	<u>190,550</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,506,362	1,506,362	1,506,362	-
Transfers out	-	-	(44,991)	(44,991)
Total other financing sources (uses), net	<u>1,506,362</u>	<u>1,506,362</u>	<u>1,461,371</u>	<u>(44,991)</u>
Net change in fund balance	38,439	38,438	183,997	145,559
<b>FUND BALANCE - JULY 1, 2022</b>	<u>167,661</u>	<u>167,661</u>	<u>167,661</u>	<u>-</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 206,100</u>	<u>\$ 206,099</u>	<u>\$ 351,658</u>	<u>\$ (145,559)</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CHILDREN'S SERVICES ACT FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 6,440,142	\$ 6,440,142	\$ 4,830,939	\$ (1,609,203)
Total revenues	<u>6,440,142</u>	<u>6,440,142</u>	<u>4,830,939</u>	<u>(1,609,203)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	8,444,864	8,444,864	6,096,351	2,348,513
Total expenditures - budgetary basis	<u>8,444,864</u>	<u>8,444,864</u>	<u>6,096,351</u>	<u>2,348,513</u>
Less open encumbrances at June 30	-	-	-	-
Total expenditures	<u>8,444,864</u>	<u>8,444,864</u>	<u>6,096,351</u>	<u>2,348,513</u>
Revenues over (under) expenditures	<u>(2,004,722)</u>	<u>(2,004,722)</u>	<u>(1,265,412)</u>	<u>739,310</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,004,722	2,004,722	1,320,305	(684,417)
Total other financing sources (uses), net	<u>2,004,722</u>	<u>2,004,722</u>	<u>1,320,305</u>	<u>(684,417)</u>
Net change in fund balance	-	-	54,893	54,893
<b>FUND BALANCE - JULY 1, 2022</b>	249,140	249,140	249,140	-
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 249,140</u>	<u>\$ 249,140</u>	<u>\$ 304,033</u>	<u>\$ 54,893</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 14,748,359	\$ 27,004,376	\$ 12,242,163	\$ (14,762,213)
Charges for services	-	-	516,030	516,030
Miscellaneous	25,000	25,000	29,193	4,193
Total revenues	<u>14,773,359</u>	<u>27,029,376</u>	<u>12,787,386</u>	<u>(14,241,990)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	13,935,460	21,137,377	15,718,970	5,418,406
Capital outlay	4,831,327	13,202,056	4,460,723	8,741,333
Total expenditures - budgetary basis	<u>18,766,787</u>	<u>34,339,433</u>	<u>20,179,693</u>	<u>14,159,739</u>
Less open encumbrances at June 30	-	-	(4,342,403)	(4,342,403)
Total expenditures	<u>18,766,787</u>	<u>34,339,433</u>	<u>15,837,290</u>	<u>9,817,336</u>
Revenues over (under) expenditures	<u>(3,993,428)</u>	<u>(7,310,057)</u>	<u>(3,049,904)</u>	<u>(4,260,153)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,167,421	6,456,050	3,049,904	(3,406,146)
Total other financing sources (uses), net	<u>3,167,421</u>	<u>6,456,050</u>	<u>3,049,904</u>	<u>(3,406,146)</u>
Net change in fund balance	(826,007)	(854,007)	-	(854,007)
<b>FUND BALANCE - JULY 1, 2022</b>	-	-	-	-
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ (826,007)</u>	<u>\$ (854,007)</u>	<u>\$ -</u>	<u>\$ (854,007)</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
OPIOID REMEDIATION FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings			2,090	
Miscellaneous	\$ -	\$ -	\$ 138,013	\$ 1,380,013
Total revenues	-	-	140,103	1,380,013
<b>EXPENDITURES</b>				
Total expenditures - budgetary basis	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	140,103	1,380,013
Net change in fund balance	-	-	140,103	138,014
<b>FUND BALANCE - JULY 1, 2022</b>	-	-	-	-
<b>FUND BALANCE - JUNE 30, 2023</b>	\$ -	\$ -	\$ 140,103	\$ 138,014

## 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, 2023**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 7,857,637	\$ 196,710	\$ -	\$ 15,146,122	\$ 23,200,469
Accounts receivable, net	-	-	125,197	-	125,197
Inventories	-	125,451	997,951	-	1,123,402
Prepaid expenses	-	-	-	93,128	93,128
Total current assets	<u>7,857,637</u>	<u>322,161</u>	<u>1,123,148</u>	<u>15,239,250</u>	<u>24,542,196</u>
Noncurrent assets:					
Buildings and improvements	-	48,364	-	-	48,364
Vehicles	-	25,200	-	-	25,200
Equipment	9,977,887	320,520	20,067	-	10,318,474
SBITA Assets	-	25,819	-	-	25,819
Accumulated depreciation	(9,570,718)	(389,042)	(20,067)	-	(9,979,827)
Total noncurrent assets	<u>407,169</u>	<u>30,861</u>	<u>-</u>	<u>-</u>	<u>438,030</u>
Total assets	<u>8,264,806</u>	<u>353,022</u>	<u>1,123,148</u>	<u>15,239,250</u>	<u>24,980,226</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges-pension	251,335	552,044	57,652	82,825	943,856
Deferred charges-OPEB	2,242	171,379	17,704	29,487	220,812
Total deferred outflows of resources	<u>253,577</u>	<u>723,423</u>	<u>75,356</u>	<u>112,312</u>	<u>1,164,668</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	6,505	34,122	61,713	170,951	273,291
Accrued liabilities	104,538	34,649	2,947	2,838,404	2,980,538
Due to other funds	-	2,080,159	495,515	-	2,575,674
Liabilities due in less than one year	1,265	7,969	586	875	10,695
Total current liabilities	<u>112,308</u>	<u>2,156,899</u>	<u>560,761</u>	<u>3,010,230</u>	<u>5,840,198</u>
Noncurrent liabilities:					
Liabilities due in more than one year	9,280	82,986	4,294	6,417	102,977
Net pension liability	1,530,122	1,150,661	135,176	48,900	2,864,859
Net OPEB liability	893,157	270,914	25,744	26,306	1,216,121
Total noncurrent liabilities	<u>2,432,559</u>	<u>1,504,561</u>	<u>165,214</u>	<u>81,623</u>	<u>4,183,957</u>
Total liabilities	<u>2,544,867</u>	<u>3,661,460</u>	<u>725,975</u>	<u>3,091,853</u>	<u>10,024,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred charges-pension	119,384	157,317	28,997	33,323	339,021
Deferred charges-OPEB	54,834	155,612	30,573	25,415	266,434
Total deferred inflows of resources	<u>174,218</u>	<u>312,929</u>	<u>59,570</u>	<u>58,738</u>	<u>605,455</u>
<b>NET POSITION</b>					
Net investment in capital assets	407,169	6,313	-	-	413,482
Unrestricted	5,392,128	(2,904,258)	412,960	12,200,970	15,101,800
Total net position	<u>\$ 5,799,297</u>	<u>\$ (2,897,945)</u>	<u>\$ 412,960</u>	<u>\$ 12,200,970</u>	<u>\$ 15,515,282</u>

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

**JUNE 30, 2023**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,463,787	\$ 2,686,316	\$ 790,599	\$ 21,418,423	\$ 26,359,125
Total operating revenues	<u>1,463,787</u>	<u>2,686,316</u>	<u>790,599</u>	<u>21,418,423</u>	<u>26,359,125</u>
<b>OPERATING EXPENSES</b>					
Purchases for resale	-	908,678	651,794	-	1,560,472
Personnel costs	139,034	1,104,953	112,867	264,059	1,620,913
Materials and supplies	754,079	161,336	1,936	6,413	923,764
Contractual services and charges	154,696	971,126	39,231	585,085	1,750,138
Depreciation	185,229	62,128	-	-	247,357
Claims incurred	-	-	-	17,225,816	17,225,816
Insurance premiums	-	-	-	3,085,422	3,085,422
Total operating expenses	<u>1,233,038</u>	<u>3,208,221</u>	<u>805,828</u>	<u>21,166,795</u>	<u>26,413,882</u>
Operating income (loss)	<u>230,749</u>	<u>(521,905)</u>	<u>(15,229)</u>	<u>251,628</u>	<u>(54,757)</u>
<b>NONOPERATING REVENUES</b>					
Interest income	-	-	-	98,973	98,973
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,973</u>	<u>98,973</u>
Profit/(Loss) before transfers	<u>230,749</u>	<u>(521,905)</u>	<u>(15,229)</u>	<u>350,601</u>	<u>44,216</u>
Transfers in	1,159,000	-	-	-	1,159,000
Change in net position	<u>1,389,749</u>	<u>(521,905)</u>	<u>(15,229)</u>	<u>350,601</u>	<u>1,203,216</u>
Total net position - July 1, 2022	<u>4,409,548</u>	<u>(2,376,040)</u>	<u>428,189</u>	<u>11,850,369</u>	<u>14,312,066</u>
Total net position - June 30, 2023	<u>\$ 5,799,297</u>	<u>\$ (2,897,945)</u>	<u>\$ 412,960</u>	<u>\$ 12,200,970</u>	<u>\$ 15,515,282</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**
**JUNE 30, 2023**

	<u>Information Technology</u>	<u>Departmental Services</u>	<u>Warehouse</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,464,187	\$ 2,686,316	\$ 684,586	\$ 21,420,055	\$ 26,255,144
Payments to suppliers	(843,425)	(1,425,287)	(560,246)	(21,073,014)	(23,901,972)
Payments to employees	(140,920)	(1,211,719)	(124,340)	(120,803)	(1,597,782)
Net cash provided by (used in) operating activities	<u>479,842</u>	<u>49,310</u>	<u>-</u>	<u>226,238</u>	<u>755,390</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	1,159,000	-	-	-	1,159,000
Net cash provided by (used in) noncapital financing activities	<u>1,159,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,159,000</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(101,712)	4,900	-	-	(96,812)
Net cash provided by (used in) capital and related financing activities	<u>(101,712)</u>	<u>4,900</u>	<u>-</u>	<u>-</u>	<u>(96,812)</u>
<b>INVESTING ACTIVITIES</b>					
Interest on investments	-	-	-	98,973	98,973
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,973</u>	<u>98,973</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,537,130</b>	<b>54,210</b>	<b>-</b>	<b>325,211</b>	<b>1,916,551</b>
<b>Balances - July 1, 2022</b>	<b><u>6,320,507</u></b>	<b><u>219,959</u></b>	<b><u>-</u></b>	<b><u>14,820,911</u></b>	<b><u>21,361,377</u></b>
<b>Balances - June 30, 2023</b>	<b><u>\$ 7,857,637</u></b>	<b><u>\$ 196,710</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,146,122</u></b>	<b><u>\$ 23,200,469</u></b>
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>					
Operating Income (Loss)	230,750	(521,905)	(15,229)	251,628	(54,756)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	185,229	62,128	-	-	247,357
(Increase) decrease in accounts receivable	-	-	(106,012)	-	(106,012)
(Increase) decrease in inventories	-	206,775	(160,005)	-	46,770
(Increase) decrease in prepaid expenses	-	-	-	17,808	17,808
Increase (decrease) in accounts payable	65,749	409,077	292,719	11,819	779,364
Increase (decrease) in accrued liabilities	(4,005)	(28,297)	(1,004)	61,757	28,451
Increase (decrease) in compensated absences	2,119	12,961	450	(8,767)	6,763
Increase (decrease) in insurance claims payable	-	-	-	(108,890)	(108,890)
Net pension liability change for measurement year	-	(29,843)	(4,984)	9,543	(25,284)
Net OPEB liability change for measurement year	-	(61,586)	(5,935)	(8,660)	(76,181)
Net cash provided by (used in) operating activities	<u>\$ 479,842</u>	<u>\$ 49,310</u>	<u>\$ -</u>	<u>\$ 226,238</u>	<u>\$ 755,390</u>



**CHARLOTTESVILLE SCHOOL BOARD  
COMPONENT UNIT**

**Financial Statements**

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 26,033,983
Accounts receivable, net	135,582
Due from other governments	9,542,758
Inventories	27,465
Net pension asset	2,059,153
Capital assets:	
Land	982,889
Depreciable assets, net	17,786,247
Total assets	<u>56,568,076</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges - pension	12,139,750
Deferred charges - OPEB	1,788,433
	<u>13,928,183</u>
Total deferred outflows of resources	
<b>LIABILITIES</b>	
Accounts payable	3,023,867
Accrued liabilities	6,044,194
Due to other governments	4,422,395
Unearned revenue	14,208
Long-term liabilities:	
Amounts due within one year	300,497
Amounts due in more than one year	2,203,648
Net pension liability	43,936,611
Net OPEB liability	11,259,142
	<u>71,204,561</u>
Total liabilities	
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred credits - pension	11,780,896
Deferred credits - OPEB	2,157,691
	<u>13,938,587</u>
Total deferred inflows of resources	
<b>NET POSITION</b>	
Net investment in capital assets	18,769,136
Restricted	11,714,913
Restricted for Net Pension Asset	2,059,153
Unrestricted	<u>(47,190,090)</u>
Total net position	<u>\$ (14,646,888)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction and instruction related services	\$ 62,069,907	\$ 2,152,388	\$ 12,329,502	\$ -
Support services - student based	11,202,177	250,451	-	-
Administrative support services	11,255,046	234,994	-	-
Total School Board	<u>\$ 84,527,130</u>	<u>\$ 2,637,833</u>	<u>\$ 12,329,502</u>	<u>\$ -</u>
<b>General Revenues:</b>				
State aid - formula grants				29,526,515
Payment from City				<u>55,084,021</u>
Total general revenues				<u>84,610,536</u>
Change in net position				15,050,741
Total Net Position - July 1, 2022				<u>(29,697,629)</u>
Net position - June 30, 2023				<u>\$ (14,646,888)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>General Fund</b>	<b>Grant and Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,390,156	\$ 10,335,383	\$ 21,725,539
Accounts receivable, net	10,891	119,355	130,246
Due from other governments	7,385,805	2,156,953	9,542,758
Inventory of supplies	-	27,465	27,465
Total assets	<u>\$ 18,786,852</u>	<u>\$ 12,639,156</u>	<u>\$ 31,426,008</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,843,160	\$ 180,707	\$ 3,023,867
Accrued liabilities	4,697,475	729,328	5,426,803
Due to City - Gainshare	4,422,395	-	4,422,395
Unearned revenue	-	14,208	14,208
Total liabilities	<u>11,963,030</u>	<u>924,243</u>	<u>12,887,273</u>
<b>Fund Balance</b>			
Nonspendable	-	27,465	27,465
Restricted	-	11,687,448	11,687,448
Unassigned	6,823,823	-	6,823,823
Total fund balances	<u>6,823,823</u>	<u>11,714,913</u>	<u>18,538,735</u>
Total liabilities and fund balances	<u>\$ 18,786,852</u>	<u>\$ 12,639,156</u>	<u>\$ 31,426,008</u>
Total fund balances per Balance Sheet for Governmental Funds			\$ 18,538,735
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.			18,769,136
Other long-term assets are not available to pay current-period expenditures and therefore are deferred in the governmental funds are not included in the fund balance.			
Net Pension Asset			2,059,153
Net deferred outflows of resources for pension changes			12,139,751
Net deferred outflows of resources for OPEB changes			1,788,433
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of the Healthcare Fund are included in governmental activities in the Statement of Net Position.			
Internal Service Fund net position			3,696,389
Some liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities are included in the Statement of Net Position			
Net deferred inflows of resources for pension changes			(11,780,896)
Net deferred inflows of resources for OPEB changes			(2,157,691)
Compensated absences			(2,504,145)
Net pension liability			(43,936,611)
Net OPEB liability			(11,259,142)
Net position of governmental activities			<u>\$ (14,646,888)</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General Fund</b>	<b>Grant and Other Governmental Funds</b>	<b>Totals</b>
<b>REVENUES</b>			
City contribution (net of contactual services)	\$ 51,505,517	\$ 3,578,504	\$ 55,084,021
Intergovernmental	29,526,515	12,329,502	41,856,017
Charges for services	250,451	359,864	610,315
Miscellaneous	234,994	1,792,527	2,027,521
Total revenues	<u>81,517,476</u>	<u>18,060,397</u>	<u>99,577,873</u>
<b>EXPENDITURES</b>			
Current:			
Instruction and instruction related services	56,637,287	9,507,143	66,144,430
Support services - student based	8,688,389	5,409,503	14,097,892
Administrative support services	11,669,406	-	11,669,406
Total expenditures	<u>76,995,082</u>	<u>14,916,646</u>	<u>91,911,728</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>4,522,395</u>	<u>3,143,751</u>	<u>7,666,145</u>
Net change in fund balance	4,522,395	3,143,751	7,666,145
<b>FUND BALANCE - JULY 1, 2022</b>	<u>2,301,428</u>	<u>8,571,162</u>	<u>10,872,590</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 6,823,823</u>	<u>\$ 11,714,913</u>	<u>\$ 18,538,735</u>
Net change in fund balances - total governmental funds			\$ 7,666,145
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)			478,626
Depreciation expense			(1,545,157)
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			205,390
Change in pension outflows and inflows			16,390,912
Change in OPEB outflows and inflows			42,891
Change in net pension liability			(8,622,711)
Change in net OPEB liability			398,730
The net income of internal service funds is combined with governmental activities on the Statement of Activities			<u>35,912</u>
Change in net position of governmental activities			<u>\$ 15,050,739</u>

DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUND  
JUNE 30, 2023

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	<u>Healthcare</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,308,444
Accounts receivable, net	<u>5,336</u>
Total assets	<u>4,313,780</u>
<b>ACCRUED LIABILITIES</b>	
Insurance claims payable	<u>617,391</u>
Total liabilities	<u>617,391</u>
<b>NET POSITION</b>	
Unrestricted	<u>3,696,389</u>
Total net position	<u>\$ 3,696,389</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, 2023**

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	<u>Healthcare</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 9,256,336
Total operating revenues	<u>9,256,336</u>
 <b>OPERATING EXPENSES</b>	
Claims incurred and related charges	<u>9,220,424</u>
Total operating expenses	<u>9,220,424</u>
 Operating income	<u>35,912</u>
Change in net position	35,912
 Total net position - July 1, 2022	<u>3,660,477</u>
Total net position - June 30, 2023	<u>\$ 3,696,389</u>

**DISCRETELY PRESENTED COMPONENT UNIT - CHARLOTTESVILLE SCHOOL BOARD**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Healthcare</u>
<b>OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 9,252,577
Payments to suppliers	<u>(9,272,567)</u>
Net cash provided by operating activities	<u>(19,990)</u>
Net increase in cash and cash equivalents	(19,990)
Cash and cash equivalents July 1, 2022	<u>4,328,434</u>
Cash and cash equivalents, June 30, 2023	<u>\$ 4,308,444</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 35,912
Adjustments to reconcile operating income to net	
Decrease in accounts receivables	(3,758)
Increase in insurance claims payable	(52,144)
Net cash provided by operating activities	<u>\$ (19,990)</u>



**STATISTICAL SECTION**

## STATISTICAL SECTION

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

### Contents

#### **Financial Trends**

**Tables 1 - 4**

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

#### **Revenue Capacity**

**Tables 5 - 10**

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

#### **Debt Capacity**

**Tables 11 - 14**

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

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

**Tables 15 - 17**

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

#### **Operating Information**

**Tables 18 - 20**

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 178,213,360	\$ 146,771,789	\$ 148,423,736	\$ 156,302,696	\$ 150,327,831	\$ 147,349,262	\$ 129,422,307	\$ 138,310,542	\$ 132,554,513	\$ 139,313,423
Restricted For:										
Expendable	1,247,928	1,227,703	-	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436
Nonexpendable	162,502	171,962	1,109,033	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501
Unrestricted	52,726,131	23,331,106	138,014	(11,771,787)	(6,781,306)	(10,616,958)	34,145,789	11,167,288	23,465,667	67,085,400
Total governmental activities net position	<u>\$ 232,349,921</u>	<u>\$ 171,502,560</u>	<u>\$ 149,670,783</u>	<u>\$ 145,492,723</u>	<u>\$ 144,215,058</u>	<u>\$ 137,256,907</u>	<u>\$ 169,609,689</u>	<u>\$ 155,466,381</u>	<u>\$ 158,382,992</u>	<u>\$ 209,002,760</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 50,401,414	\$ 44,909,801	\$ 45,218,630	\$ 49,896,266	\$ 43,208,912	\$ 41,719,356	\$ 33,246,970	\$ 28,416,350	\$ 26,407,757	\$ 25,036,215
Restricted-expendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,035,663	21,607,679	12,639,169	5,036,771	8,577,443	5,800,462	19,663,499	24,816,588	21,070,253	25,377,815
Total business-type activities net position	<u>\$ 66,437,077</u>	<u>\$ 66,517,480</u>	<u>\$ 57,857,799</u>	<u>\$ 54,933,037</u>	<u>\$ 51,786,355</u>	<u>\$ 47,519,818</u>	<u>\$ 52,910,469</u>	<u>\$ 53,232,938</u>	<u>\$ 47,478,010</u>	<u>\$ 50,414,030</u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 228,614,774	\$ 191,681,590	\$ 193,642,366	\$ 206,198,962	\$ 193,536,743	\$ 189,068,618	\$ 162,669,277	\$ 166,726,892	\$ 158,962,270	\$ 164,349,638
Restricted For:										
Expendable	1,247,928	1,227,703	-	-	-	340,099	378,342	1,097,425	2,200,311	2,441,436
Nonexpendable	162,502	171,962	1,109,033	961,814	668,533	184,504	5,663,251	4,891,126	162,501	162,501
Unrestricted	68,761,794	44,938,785	12,777,183	(6,735,016)	1,796,137	(4,816,496)	53,809,288	35,983,876	44,535,920	92,463,215
Total primary government net position	<u>\$ 298,786,998</u>	<u>\$ 238,020,040</u>	<u>\$ 207,528,582</u>	<u>\$ 200,425,760</u>	<u>\$ 196,001,413</u>	<u>\$ 184,776,725</u>	<u>\$ 222,520,158</u>	<u>\$ 208,699,319</u>	<u>\$ 205,861,002</u>	<u>\$ 259,416,790</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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 29,628,675	\$ 40,219,990	\$ 32,639,091	\$ 28,371,946	\$ 28,445,537	\$ 21,921,172	\$ 25,116,791	\$ 27,127,026	\$ 26,796,174	\$ 24,270,356
Public safety	41,402,137	37,098,350	38,168,385	39,716,740	39,513,247	39,334,221	45,118,838	38,827,913	33,615,196	33,358,970
Community services	29,215,029	21,951,554	24,058,257	22,139,189	22,110,867	19,938,224	25,259,071	23,003,605	22,323,559	20,704,251
Health and welfare	35,020,443	35,027,830	36,271,499	35,800,041	35,670,836	34,893,670	37,155,165	31,493,206	31,115,213	29,785,968
Parks, recreation and culture	15,972,266	15,212,695	12,079,902	14,638,408	14,061,131	13,476,760	17,120,453	13,868,610	12,782,459	12,666,217
Education	65,924,088	66,009,065	59,179,414	59,941,139	55,709,768	52,237,967	52,714,685	50,053,416	52,968,559	45,368,328
Conservation and development	14,602,408	17,443,746	16,759,036	18,093,478	15,426,140	15,142,115	12,626,012	10,244,623	9,501,823	8,870,158
Interest on long-term debt	2,342,281	1,694,940	1,892,395	919,779	860,768	3,705,543	1,746,162	2,465,754	3,604,179	2,241,591
Total governmental activities	<u>234,107,327</u>	<u>234,658,170</u>	<u>221,047,979</u>	<u>219,620,720</u>	<u>211,798,294</u>	<u>200,649,672</u>	<u>216,857,177</u>	<u>197,084,153</u>	<u>192,707,162</u>	<u>177,265,839</u>
Business-type activities:										
Water	12,552,647	11,441,564	10,560,049	10,183,626	10,037,485	9,056,356	8,971,472	8,332,731	8,988,566	8,834,334
Sewer	12,894,454	12,305,110	12,914,698	12,244,661	13,623,419	10,762,194	10,301,902	10,583,241	10,770,341	11,503,795
Gas	28,831,476	28,114,095	21,447,761	19,019,501	22,276,461	23,467,175	23,698,603	18,420,330	26,493,000	28,239,126
Other enterprise funds	2,743,763	2,475,771	2,442,938	2,355,636	1,616,129	1,459,846	1,534,483	1,393,942	1,341,548	1,038,023
Total business-type activities	<u>57,022,340</u>	<u>54,336,540</u>	<u>47,365,446</u>	<u>43,803,424</u>	<u>47,553,494</u>	<u>44,745,571</u>	<u>44,506,460</u>	<u>38,730,244</u>	<u>47,593,455</u>	<u>49,615,278</u>
<b>Total Primary Government Expenses</b>	<b>\$ 291,129,667</b>	<b>\$ 288,994,710</b>	<b>\$ 268,413,425</b>	<b>\$ 263,424,144</b>	<b>\$ 259,351,788</b>	<b>\$ 245,395,243</b>	<b>\$ 261,363,637</b>	<b>\$ 235,814,397</b>	<b>\$ 240,300,617</b>	<b>\$ 226,881,117</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services										
General government	\$ 12,169,364	\$ 10,936,503	\$ 2,164,225	\$ 2,059,764	\$ 2,171,318	\$ 900,906	\$ 7,808,336	\$ 13,289,075	\$ 13,365,582	\$ 14,156,093
Public safety	377,848	163,913	92,620	167,254	56,035	165,172	7,130,597	12,349	16,206	10,969
Community services	1,319,311	654,851	859,721	1,186,067	1,305,654	1,336,122	5,112,907	1,968,282	1,808,948	1,820,062
Health and welfare	3,692,546	4,440,760	4,525,367	4,746,752	5,235,853	5,594,608	8,753,432	4,653,306	4,588,956	4,203,244
Parks, recreation and culture	1,043,233	850,046	389,345	974,336	1,588,889	1,117,006	5,350,770	1,630,679	1,744,910	1,785,912
Education	123,841	53,133	12,336	163,775	210,003	209,591	1,288,687	214,120	243,413	273,615
Conservation and development	3,017,383	2,913,388	2,328,459	4,143,519	4,803,067	2,787,740	3,922,782	40,047	34,496	27,506
Operating Grants and Contributions										
General government	3,163,129	3,641,175	11,101,348	3,099,467	3,065,503	2,503,684	29,242,564	151,621	2,212,016	2,275,679
Public safety	6,844,173	5,257,546	4,856,650	4,980,799	4,686,110	997,666	1,636,764	718,675	889,252	2,647,082
Community services	22,827,948	10,033,919	8,891,692	9,203,947	7,623,041	8,204,371	5,441,190	5,028,690	11,009,042	8,184,560
Health and welfare	3,271,626	7,540,124	3,105,847	1,728,546	1,838,249	18,423,390	17,076,168	16,730,096	17,046,746	15,664,102
Parks, recreation and culture	222,920	382,125	700,518	235,102	621,157	644,671	467,158	218,771	142,942	265,890
Education	2,716,934	3,193,106	200,000	200,000	-	228,081	347,685	217,188	269,716	232,043
Conservation and development	1,606,738	2,680,887	4,659,459	529,701	3,502,830	3,292,265	4,506,454	185,529	133,588	63,905
Gas	-	-	-	-	-	-	-	0	-	-
Capital Grants and Contributions										
General government	241,665	568,595	193,071	-	-	-	-	-	-	-
Public safety	-	592,409	34,370	-	154,845	(34,568,687)	(34,568,687)	0	-	-
Community services	2,948,082	-	1,779,503	-	661,930	411,471	592,408	3,039,031	6,948,100	13,486,069
Parks, recreation and culture	22,510	518,523	-	1,131,851	1,131,851	1,131,851	1,131,851	-	-	-
Education	475,028	946,047	-	-	-	-	-	119,915	144,700	-
Conservation and development	3,178,341	486,746	-	4,626,998	60,800	3,323,240	5,977,748	0	33,162	16,839
Total governmental activities	<u>69,262,620</u>	<u>55,853,796</u>	<u>45,894,531</u>	<u>39,177,878</u>	<u>38,717,135</u>	<u>16,703,148</u>	<u>71,218,814</u>	<u>48,217,374</u>	<u>60,631,775</u>	<u>65,113,570</u>
Business-type activities:										
Charges for Services										
Water	15,194,347	13,674,925	12,254,574	12,578,445	11,815,767	11,049,045	11,189,236	10,311,760	9,868,917	9,163,447
Sewer	15,804,318	15,423,099	14,928,814	15,531,423	15,201,858	14,562,317	14,704,642	13,254,116	11,970,322	11,338,460
Gas	28,363,102	34,881,091	25,453,987	21,209,685	27,104,835	22,419,210	20,544,734	22,813,188	30,826,233	33,856,411
Other enterprise funds	3,366,606	3,267,081	3,228,518	2,844,140	2,720,462	2,780,797	2,810,284	2,719,146	2,818,345	1,780,508
Operating Grants and Contributions										
Other enterprise funds	19,613	50,915	-	-	-	-	-	-	-	-
Capital Grants and Contributions										
Other enterprise funds	-	-	-	-	-	-	-	-	68,552	-
Total business-type activities	<u>62,747,986</u>	<u>67,297,111</u>	<u>55,865,893</u>	<u>52,163,693</u>	<u>56,842,922</u>	<u>50,811,369</u>	<u>49,248,896</u>	<u>49,098,210</u>	<u>55,552,369</u>	<u>56,138,826</u>
<b>Total Primary Government Revenues</b>	<b>\$ 132,010,606</b>	<b>\$ 123,150,907</b>	<b>\$ 101,760,424</b>	<b>\$ 91,341,571</b>	<b>\$ 95,560,057</b>	<b>\$ 67,514,517</b>	<b>\$ 120,467,710</b>	<b>\$ 97,315,584</b>	<b>\$ 116,184,144</b>	<b>\$ 121,252,396</b>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Net (Expense) Revenue</b>										
<b>Governmental activities:</b>										
General government	\$ (14,054,517)	\$ (25,073,717)	\$ (19,180,447)	\$ (23,212,715)	\$ (23,208,716)	\$ (18,516,582)	\$ 11,934,109	\$ (13,686,330)	\$ (11,218,576)	\$ (7,838,584)
Public safety	(34,180,116)	(31,084,482)	(33,184,745)	(34,568,687)	(34,616,257)	(72,740,070)	(70,920,164)	(38,096,889)	(32,709,738)	(30,700,919)
Community services	(2,119,688)	(11,262,784)	(12,527,341)	(11,749,175)	(12,520,242)	(9,986,260)	(14,112,566)	(12,967,602)	(2,557,469)	2,786,440
Health and welfare	(28,056,271)	(23,046,946)	(28,640,285)	(28,192,892)	(27,464,883)	(9,743,821)	(10,193,714)	(10,109,804)	(9,479,511)	(9,918,622)
Parks, recreation and culture	(14,683,603)	(13,980,524)	(10,990,039)	(12,297,119)	(10,719,234)	(10,583,232)	(10,170,674)	(12,019,160)	(10,894,607)	(10,614,415)
Education	(62,608,285)	(61,816,779)	(58,967,078)	(59,577,364)	(55,499,765)	(51,800,295)	(51,078,313)	(49,502,193)	(52,310,730)	(44,862,670)
Conservation and development	(6,799,946)	(11,362,725)	(9,771,118)	(8,793,260)	(7,059,443)	(5,738,870)	1,780,972	(10,019,047)	(9,300,577)	(8,778,747)
Interest on long-term debt	(2,342,281)	(1,694,940)	(1,892,395)	(919,779)	(860,768)	(3,705,543)	(1,746,162)	(2,465,754)	(3,604,179)	(2,241,591)
Gas	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>(164,844,707)</u>	<u>(179,322,897)</u>	<u>(175,153,448)</u>	<u>(179,310,991)</u>	<u>(171,949,308)</u>	<u>(182,814,673)</u>	<u>(144,506,512)</u>	<u>(148,866,779)</u>	<u>(132,075,387)</u>	<u>(112,169,108)</u>
<b>Business-type activities:</b>										
Water	2,641,700	2,233,361	1,694,525	2,394,819	1,778,282	1,992,689	2,217,764	1,979,029	880,351	329,113
Sewer	2,909,864	3,117,989	2,014,116	3,286,762	1,578,439	3,800,123	4,402,740	2,670,875	1,199,981	(165,335)
Gas	(468,374)	6,766,996	4,006,226	2,190,184	4,828,374	(1,047,965)	(3,153,869)	4,392,858	4,333,233	5,617,285
Other enterprise funds	642,456	842,225	785,580	488,504	1,104,333	1,320,951	1,275,801	1,325,204	1,545,349	742,485
Total business-type activities	<u>5,725,646</u>	<u>12,960,571</u>	<u>8,500,447</u>	<u>8,360,269</u>	<u>9,289,428</u>	<u>6,065,798</u>	<u>4,742,436</u>	<u>10,367,966</u>	<u>7,958,914</u>	<u>6,523,548</u>
<b>Total Primary Government Net Expense</b>	<b>\$ (159,119,061)</b>	<b>\$ (166,362,326)</b>	<b>\$ (166,653,001)</b>	<b>\$ (170,950,722)</b>	<b>\$ (162,659,880)</b>	<b>\$ (176,748,875)</b>	<b>\$ (139,764,076)</b>	<b>\$ (138,498,813)</b>	<b>\$ (124,116,473)</b>	<b>\$ (105,645,560)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>General Revenues</b>										
General property taxes	\$ 110,208,465	\$ 97,568,094	\$ 89,152,047	\$ 84,518,162	\$ 80,460,113	\$ 75,042,232	\$ 68,384,143	\$ 62,940,310	\$ 59,566,818	\$ 58,158,711
Sales tax	14,377,795	14,526,660	12,202,161	11,497,058	11,876,599	11,619,460	11,670,485	11,466,250	10,767,263	10,747,757
Utility tax	4,584,020	4,611,301	4,477,998	4,491,483	4,764,420	4,616,495	4,540,179	4,478,748	4,614,299	4,539,149
Communications tax	-	2,288,232	2,357,526	2,654,196	2,716,128	2,927,794	3,022,277	3,098,436	3,192,960	3,221,105
Meals tax	18,632,606	15,925,582	11,032,143	12,600,643	12,212,802	11,781,447	11,746,648	11,320,042	8,703,398	8,156,709
Lodging tax	8,118,587	7,222,710	3,792,490	5,049,858	5,659,226	5,151,629	4,846,549	3,664,156	3,166,309	2,933,227
Other taxes	4,118,076	4,306,912	4,284,816	11,587,139	12,261,038	4,256,433	4,593,226	4,511,753	4,319,279	4,139,312
Business license tax	783,327	722,740	8,249,480	1,457,867	1,447,032	8,767,125	7,918,093	6,925,402	6,788,971	6,442,386
Grants and contributions not restricted	39,647,809	45,108,421	37,787,437	37,969,151	39,975,597	27,056,841	-	30,117,894	23,502,728	24,353,298
Unrestricted revenue from use of money and property	899,545	1,153,333	471,689	1,658,588	1,893,575	1,297,431	-	-	-	-
Interest and investment earnings	2,916,023	(823,391)	749,166	1,223,063	1,033,337	-	406,625	341,347	365,070	259,548
Leases	232,055	209,163	-	-	-	-	-	-	-	-
Miscellaneous	1,594,719	1,678,536	945,673	1,319,692	896,195	980,353	-	-	-	-
Transfers, net	5,999,804	6,137,857	5,776,201	5,648,201	5,567,298	5,264,759	-	-	-	-
Gain from sale of assets	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>212,112,831</u>	<u>200,636,150</u>	<u>181,278,827</u>	<u>181,675,101</u>	<u>180,763,360</u>	<u>158,761,999</u>	<u>117,128,225</u>	<u>138,864,338</u>	<u>124,987,095</u>	<u>122,951,202</u>
<b>Business-type activities:</b>										
Unrestricted revenue from use of money and property	7,660	6,052	-	-	-	-	-	-	-	-
Interest on investment earnings	186,095	78,442	66,122	123,969	206,128	-	101,036	141,362	113,151	32,668
Miscellaneous	-	1,752,473	-	-	-	-	-	-	-	-
Transfers, net	(5,999,804)	(6,137,857)	-	-	-	-	-	-	-	-
Total business-type activities	<u>(5,806,049)</u>	<u>6,052</u>	<u>-</u>							
<b>Total Primary Government Revenues</b>	<b>\$ 206,306,782</b>	<b>\$ 200,642,202</b>	<b>\$ 181,278,827</b>	<b>\$ 181,675,101</b>	<b>\$ 180,763,360</b>	<b>\$ 158,761,999</b>	<b>\$ 117,128,225</b>	<b>\$ 138,864,338</b>	<b>\$ 124,987,095</b>	<b>\$ 122,951,202</b>
<b>Change in net position</b>										
Governmental Activities	\$ 47,268,124	\$ 21,831,777	\$ 6,125,379	\$ 1,232,259	\$ 6,550,350	\$ 8,252,311	\$ 10,372,952	\$ (4,803,942)	\$ (1,773,911)	\$ 16,075,578
Business-type Activities	\$ (80,403)	\$ 8,659,681	\$ 3,716,635	\$ 3,146,682	\$ 4,266,537	\$ 1,099,874	(322,469)	5,310,729	2,757,684	1,279,571
<b>Total change in net position</b>	<b>\$ 47,187,721</b>	<b>\$ 30,491,458</b>	<b>\$ 9,842,014</b>	<b>\$ 4,378,941</b>	<b>\$ 10,816,887</b>	<b>\$ 9,352,185</b>	<b>\$ 10,050,483</b>	<b>\$ 506,787</b>	<b>\$ 870,622</b>	<b>\$ 17,355,149</b>

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

Schedule prepared using the accrual basis of accounting

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ -	\$ 9,460	\$ 9,460	\$ 25,970	\$ 1,920	\$ 22,002	\$ -	\$ -	\$ -	\$ -
Restricted	559,223	602,542	414,753	484,048	327,770	637,910	-	656,777	728,278	725,441
Committed	6,289,041	6,335,548	14,483,982	9,435,257	7,990,059	8,779,538	4,931,956	6,732,612	6,363,639	7,004,685
Assigned	1,908,229	37,971,591	3,186,325	4,458,676	6,229,997	5,818,834	1,102,935	7,804,945	5,130,563	3,786,220
Unassigned	63,391,418	21,355,113	35,319,585	32,544,441	33,272,338	30,502,351	41,933,825	29,054,913	28,251,814	27,291,468
Total General Fund	\$ 72,147,911	\$ 66,274,254	\$ 53,414,105	\$ 46,922,422	\$ 47,820,164	\$ 45,738,633	\$ 47,968,716	\$ 44,249,247	\$ 40,474,294	\$ 38,807,814
All Other Governmental Funds										
Nonspendable	\$ 162,502	\$ 2,692,502	\$ 162,502	\$ 162,502	\$ 162,502	\$ 162,502	\$ 5,663,250	\$ 4,891,126	\$ 1,260,860	\$ 1,542,501
Restricted	702,748	625,161	495,809	292,296	176,341	2,951,459	8,300,066	440,648	6,159,927	4,216,750
Committed	23,290,672	12,987,110	13,225,476	13,410,790	12,830,074	11,905,368	15,541,112	12,082,178	11,745,744	15,202,070
Assigned	30,452,636	29,044,917	21,314,234	7,895,219	16,622,433	18,153,704	1,977,246	7,770,919	5,928,263	1,364,421
Unassigned	-	-	1,411,224	-	-	(5,117,190)	-	-	-	-
Total All Other Governmental Funds	\$ 54,608,558	\$ 45,349,690	\$ 36,609,245	\$ 21,760,807	\$ 29,791,350	\$ 28,055,843	\$ 31,481,674	\$ 25,184,871	\$ 25,094,794	\$ 22,325,742

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

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

Schedule prepared using the modified accrual basis of accounting

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues</b>										
General property taxes	\$ 162,261,369	\$ 146,877,665	\$ 135,496,329	\$ 133,162,943	\$ 130,457,652	\$ 122,940,708	\$ 116,721,600	\$ 108,365,439	\$ 101,869,696	\$ 98,699,930
Fee and permits	11,521,135	10,944,026	2,814,829	2,945,186	2,852,058	2,719,933	2,575,469	2,169,777	2,283,546	1,966,895
Intergovernmental	83,604,425	72,572,090	70,401,027	60,981,652	60,040,284	61,458,198	61,924,408	55,268,548	60,955,964	66,426,300
Charges for services	12,583,950	12,118,772	10,892,325	13,952,648	15,313,883	11,917,913	12,117,670	11,701,232	11,685,158	10,920,381
Fines and forfeitures	358,419	302,224	157,302	201,617	362,381	419,344	481,032	481,630	476,632	393,398
Leases	232,055	209,163	-	-	-	-	-	-	-	-
Investment earnings	2,916,024	(823,391)	-	-	-	-	-	-	-	-
Miscellaneous	1,470,235	2,426,200	2,056,437	3,960,736	3,394,302	3,381,950	2,789,931	2,386,349	2,296,159	2,226,308
<b>Total governmental revenues</b>	<b>274,947,612</b>	<b>244,626,749</b>	<b>221,818,249</b>	<b>215,204,782</b>	<b>212,420,560</b>	<b>202,838,046</b>	<b>196,610,110</b>	<b>180,372,975</b>	<b>179,567,155</b>	<b>180,633,212</b>
<b>Expenditures</b>										
General government	28,527,681	39,308,396	31,825,290	25,161,292	26,980,864	20,817,229	18,107,974	17,206,445	18,446,310	14,825,220
Public safety	43,570,836	40,716,189	38,612,063	38,727,179	38,240,448	39,397,475	35,081,163	36,357,223	33,290,687	32,609,199
Community services	26,917,020	20,009,122	21,349,995	19,100,385	19,006,475	16,980,656	17,257,531	18,470,598	20,824,429	21,796,529
Health and welfare	35,729,463	36,213,373	36,540,423	35,848,437	35,736,307	35,175,725	32,346,926	30,975,824	31,318,573	29,948,939
Parks, recreation and culture	14,396,861	13,760,771	10,985,927	13,700,003	13,326,020	12,709,049	11,912,756	13,023,170	12,152,256	11,739,822
Education	65,136,897	61,115,717	58,236,465	58,902,075	54,798,480	51,757,047	50,385,279	49,397,353	46,999,266	44,279,012
Conservation and development	11,008,357	13,888,767	13,954,074	15,854,748	13,244,853	13,070,791	9,620,535	10,710,688	8,928,892	7,469,535
Debt service										
Principal	11,002,912	8,370,931	7,280,278	7,566,058	7,140,323	7,417,376	7,146,882	6,379,799	6,084,318	6,685,521
Interest	3,984,393	2,958,534	3,134,902	3,155,879	3,041,563	3,099,780	2,832,293	2,591,814	2,660,459	2,725,366
Miscellaneous	-	-	-	-	-	-	123,892	172,063	384,966	100,571
Other activities	-	-	-	-	-	-	289,665	1,055,402	1,052,619	975,456
Capital outlay	40,276,952	13,392,994	9,190,991	9,941,161	13,331,752	16,960,272	19,795,285	5,613,733	11,713,606	23,165,369
<b>Total governmental expenditures</b>	<b>280,551,372</b>	<b>249,734,794</b>	<b>231,110,409</b>	<b>227,957,217</b>	<b>224,847,085</b>	<b>217,385,400</b>	<b>204,900,181</b>	<b>191,954,112</b>	<b>193,856,381</b>	<b>196,320,539</b>
<b>Revenues over (under) expenditures</b>	<b>(5,603,760)</b>	<b>(5,108,045)</b>	<b>(9,292,160)</b>	<b>(12,752,435)</b>	<b>(12,426,525)</b>	<b>(14,547,354)</b>	<b>(8,290,071)</b>	<b>(11,581,137)</b>	<b>(14,289,226)</b>	<b>(15,687,327)</b>
<b>Other financing sources (uses)</b>										
Transfers in	54,351,966	39,651,121	29,584,232	28,416,690	36,720,138	38,479,757	32,386,616	30,657,532	29,059,645	29,291,985
Transfers out	(49,511,162)	(33,513,264)	(23,808,032)	(24,568,490)	(31,551,066)	(31,547,212)	(27,166,718)	(25,140,392)	(22,880,748)	(23,356,855)
Issuance of debt	14,470,000	22,576,647	25,500,700	-	9,520,000	4,610,000	11,140,000	7,250,000	11,405,000	5,740,000
Refunding bonds issued	-	-	-	-	-	-	-	3,875,466	11,663,366	1,390,695
Premium on issuance of debt	975,480	2,248,607	3,643,188	-	1,126,606	420,561	1,076,892	1,282,326	2,261,124	417,486
Payment to refunded bond escrow agent	-	(4,254,472)	(4,538,777)	-	-	-	-	(4,365,996)	(13,096,411)	(1,506,186)
Sale of capital assets	-	-	-	-	-	-	-	-	312,782	107,650
<b>Total other financing sources (uses)</b>	<b>20,286,284</b>	<b>26,708,639</b>	<b>30,381,311</b>	<b>3,848,200</b>	<b>15,815,678</b>	<b>11,963,106</b>	<b>17,436,790</b>	<b>13,558,936</b>	<b>18,724,758</b>	<b>12,084,775</b>
<b>Net change in fund balances</b>	<b>\$ 14,682,524</b>	<b>\$ 21,600,594</b>	<b>\$ 21,089,151</b>	<b>\$ (8,904,235)</b>	<b>\$ 3,389,153</b>	<b>\$ (2,584,248)</b>	<b>\$ 9,146,719</b>	<b>\$ 1,977,799</b>	<b>\$ 4,435,532</b>	<b>\$ (3,602,552)</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
Total debt service expenditures	\$ 14,987,305	\$ 11,329,465	\$ 10,415,180	\$ 10,721,937	\$ 10,181,886	\$ 10,517,156	\$ 9,979,175	\$ 8,971,613	\$ 8,744,777	\$ 9,410,887
Total governmental expenditures	280,551,372	249,734,794	231,110,409	227,957,217	224,847,085	217,385,400	204,900,181	191,954,112	193,856,381	196,320,539
Change in capital assets	(40,378,665)	(13,392,993)	(9,390,495)	(10,720,847)	(13,346,753)	(16,960,272)	(21,634,978)	(9,215,151)	(16,487,414)	(27,697,576)
Noncapital expenditures	\$ 240,172,707	\$ 236,341,801	\$ 221,719,914	\$ 217,236,370	\$ 211,500,332	\$ 200,425,128	\$ 183,265,203	\$ 182,738,961	\$ 177,368,967	\$ 168,622,963
Debt service as a percentage of noncapital expenditures	6.24%	4.79%	4.70%	4.94%	4.81%	5.25%	5.45%	4.91%	4.93%	5.58%

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
2023	\$ 162,261,369	\$ 111,839,022	\$ 14,377,795	\$ 6,805,840	\$ 18,632,606	\$ 8,118,587	\$ -	\$ -	\$ 1,170,883	\$ 728,613	\$ 588,023
2022	135,496,329	99,572,574	14,526,660	6,899,533	15,925,582	7,222,710	-	-	1,225,370	1,058,718	446,519
2021	133,162,912	91,116,055	12,202,161	6,835,524	11,032,143	3,792,490	7,648,188	-	1,244,963	853,716	771,089
2020	130,457,651	85,976,029	11,497,058	7,145,681	12,600,643	5,049,858	8,169,497	-	1,057,296	795,323	871,527
2019	122,940,708	81,561,358	11,876,599	7,480,548	12,212,802	5,659,226	8,540,881	3,500	1,369,883	751,569	1,001,285
2018	116,724,600	75,616,895	11,619,460	7,658,576	11,781,447	5,151,629	8,230,107	3,500	1,348,260	581,600	949,234
2017	108,365,439	69,739,801	11,670,485	7,562,456	11,746,648	4,846,549	7,918,093	3,500	1,226,609	904,353	1,106,106
2016	101,869,696	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	98,699,930	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	95,714,241	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

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.

**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
2023	\$10,408,254,800	\$ 180,850,860	\$ 10,589,105,660	0.96	\$ 2,247,884,800	\$ 12,836,990,460
2022	9,312,647,000	168,894,020	9,481,541,020	0.96	2,649,257,800	12,130,798,820
2021	8,410,772,999	166,301,295	8,577,074,294	0.95	2,528,582,300	11,105,656,594
2020	8,187,130,300	161,534,532	8,348,664,832	0.95	2,260,050,500	10,608,715,332
2019	7,647,893,000	152,574,032	7,800,467,032	0.95	2,046,675,800	9,847,142,832
2018	7,060,139,700	151,135,069	7,211,274,769	0.95	1,917,683,250	9,128,958,019
2017	6,740,234,600	143,303,198	5,641,414,880	0.95	1,746,952,600	7,388,367,480
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

**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.

**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)	
2023	0.96	4.20	4.20	9.36	0.96	4.20	5.16
2022	0.96	4.20	4.20	9.36	0.96	4.20	5.16
2021	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2020	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2019	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2018	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2017	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2016	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2015	0.95	4.20	4.20	9.35	0.95	4.20	5.15
2014	0.95	4.20	4.20	9.35	0.95	4.20	5.15

**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.

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
JUNE 30, 2023**

Taxpayer	Type of Business	2023 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)	2014 Assessed Valuation (1)	Tax Amount (2)	Rank	Percentage of Total Assessed Valuation (1)
Federal Realty Investment Trust	Shopping Center	\$ 181,256,100	\$ 1,721,933	1	1.74 %	\$ 119,728,800	\$ 1,137,424	1	2.27 %
Woodard United, LLC	Apartments	157,391,900	1,495,223	2	1.51	47,328,208	\$ 449,618	4	0.90
Neighborhood Development Inc	Apartments	122,478,600	1,163,547	3	1.18	-	-	-	-
Pavilion UVA, LLC & Pavilion UVA II, LLC	Apartments	110,740,100	1,052,031	4	1.06	41,269,200	392,057	6	0.78
KRE Up III Pavilion Owner, LLC	Apartments	101,234,200	961,725	5	0.97	-	-	-	-
853 West Main, LLC	Apartments	99,311,900	943,463	6	0.95	-	-	-	-
Piedmont Hospital, LLC	Apartments	93,597,200	889,173	7	0.90	47,868,344	454,749	3	0.91
Oxford Hill, LLC	Apartments	93,382,000	887,129	8	0.90	-	-	-	-
Brands Hatch, LLC	Office Building	90,298,500	857,836	9	0.87	-	-	-	-
Madison Loft LLC	Apartments	82,668,800	785,354	10	0.79	-	-	-	-
Dominion Virginia Power Company	Public Utility	-	-	-	-	59,878,484	568,846	2	1.13
Towers Limited Partnership, ETAL	Real Estate	-	-	-	-	43,701,815	415,167	5	0.83
Caton, Douglas E.	Real Estate	-	-	-	-	39,585,617	376,063	7	0.75
CenturyLink	Public Utility	-	-	-	-	36,810,649	349,701	8	0.70
Blue Atlantic Charlottesville, LLC	Real Estate	-	-	-	-	35,641,100	338,590	9	0.67
Peyton Associates Partnership	Real Estate	-	-	-	-	35,409,331	336,389	10	0.67
		<u>\$ 1,132,359,300</u>	<u>\$ 10,757,414</u>		<u>10.86 %</u>	<u>\$ 507,221,548</u>	<u>\$ 4,818,605</u>		<u>9.61 %</u>

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

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

(2) Tax rate of \$0.96 in 2023; Tax rate of \$0.95 in 2014

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(1)</sup>	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2023	\$ 112,113,975	\$110,046,896	98.16 %	\$ -	\$110,046,896	98.16 %
2022	101,074,101	98,874,159	97.82	1,686,827	100,560,986	99.49
2021	92,084,435	90,266,459	98.03	1,614,592	91,881,052	99.78
2020	88,263,566	86,287,564	97.76	1,830,525	88,118,089	99.84
2019	83,339,710	82,035,675	98.44	1,189,628	83,225,303	99.86
2018	77,696,498	76,521,606	98.49	1,128,715	77,650,321	99.94
2017	71,965,946	71,139,950	98.85	784,747	71,924,697	99.94
2016	65,952,891	65,027,636	98.60	850,676	65,878,312	99.89
2015	63,892,891	62,863,991	98.39	961,928	63,825,919	99.90
2014	62,251,968	61,010,246	98.01	1,178,588	62,188,834	99.90 %

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Federal	\$ 45,853,500	\$ 39,416,600	\$ 38,787,700	\$ 38,480,800	\$ 36,863,200	\$ 32,717,600	\$ 31,919,100	\$ 23,817,800	\$ 21,652,500	\$ 21,652,500
State and regional	145,107,300	767,344,500	758,897,900	513,759,400	463,218,100	455,398,000	450,963,700	306,883,300	279,103,600	278,984,600
Local	576,922,400	498,566,400	491,338,500	497,777,300	446,420,700	417,963,500	362,990,800	214,399,600	194,685,500	192,076,800
Religious, charitable, educational and other	1,480,001,600	1,343,930,300	1,239,558,200	1,195,913,200	1,088,276,900	1,011,604,150	901,079,000	589,954,700	531,941,200	524,902,700
<b>Total</b>	<b>2,247,884,800</b>	<b>2,649,257,800</b>	<b>\$ 2,528,582,300</b>	<b>\$ 2,245,930,700</b>	<b>\$ 2,034,778,900</b>	<b>\$ 1,917,683,250</b>	<b>\$ 1,746,952,600</b>	<b>\$ 1,135,055,400</b>	<b>\$ 1,027,382,800</b>	<b>\$ 1,017,616,600</b>

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

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

Fiscal Year	Population (1)	Real Estate Assessed Value	Total Bonded Debt	Total Bonded Business Type Debt	Governmental Bonded Debt Service Due (2)	General Fund Expenditures and Net Other Financing Sources	Ratio of Net Bonded Debt to Assessed Value	Total Bonded Debt per Capita	Ratio of Debt Service to Total General Fund Expenditures and Transfers
2023	51,278	\$10,408,254,800	\$ 179,270,051	\$ 61,280,727	\$ 9,866,007	\$ 128,469,825	1.72 %	\$ 3,496	7.68 %
2022	51,079	9,312,647,000	165,600,134	61,269,414	9,403,570	138,028,018	1.78	3,242	6.81
2021	49,447	9,312,647,000	152,301,059	58,438,152	8,257,217	132,117,051	1.64	3,080	6.25
2020	49,181	8,410,772,999	125,345,907	45,241,232	7,157,428	176,636,788	1.49	2,549	4.05
2019	49,281	6,740,234,600	132,121,039	44,022,607	7,443,208	173,674,353	1.96	2,681	4.29
2018	49,132	6,740,234,600	132,121,039	44,022,607	7,137,004	165,389,458	1.96	2,689	4.32
2017	49,071	6,740,264,600	132,121,039	44,022,607	7,417,376	152,655,215	1.96	2,692	4.86
2016	48,210	5,704,217,700	128,929,869	44,824,556	9,489,053	139,577,852	2.26	2,674	6.80
2015	47,783	5,503,669,500	130,376,506	48,052,860	9,121,289	139,577,852	2.37	2,729	6.53
2014	46,623	5,281,021,000	126,266,932	48,149,184	8,682,449	138,100,498	2.39	2,708	6.29

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

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

(2) Governmental debt due within next fiscal year.

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>General Governmental Expenditures and Transfers</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
2023	\$ 9,403,570	\$ 3,720,886	\$ 13,124,456	\$ 128,469,825	10.22 %
2022	8,260,524	3,275,009	11,535,533	138,028,018	8.36
2021	7,280,278	3,134,902	10,415,181	132,117,051	7.88
2020	7,566,058	3,155,879	10,721,937	176,593,646	6.07
2019	7,140,323	3,041,563	10,181,885	173,673,353	5.86
2018	7,417,377	3,099,780	10,517,157	224,199,432	4.69
2017	7,146,882	2,832,293	9,979,175	205,739,944	4.85
2016	6,379,799	2,591,814	8,971,613	195,491,554	4.59
2015	6,084,318	2,660,459	8,744,777	191,875,061	4.56
2014	6,685,521	2,725,366	9,410,887	190,189,617	4.95

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

CITY OF CHARLOTTESVILLE, VIRGINIA

TABLE 13

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities			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	Lease and Subscription Liability				
2023	\$ 117,989,324	\$ -	\$ -	\$ 117,989,324	\$ 61,280,727	\$ -	\$10,982,915	\$ 190,252,966	*	%	3,710
2022	113,274,881	-	-	113,274,881	66,673,995	-	9,879,714	189,828,590	*		3,716
2021	101,232,493	-	-	101,232,493	63,423,659	-	*	164,656,152	3.25		3,330
2020	84,534,916	-	-	84,534,916	46,837,903	-	*	131,372,819	3.77		2,671
2019	94,090,552	-	-	94,090,552	51,904,783	-	*	145,995,335	3.75		2,963
2018	92,582,812	-	-	92,582,812	48,729,590	-	*	141,312,402	4.21		2,876
2017	94,208,523	-	-	94,208,523	46,333,995	-	*	140,542,518	4.23		2,864
2016	89,930,778	10,366	-	89,941,144	47,116,873	-	*	137,058,017	4.63		2,843
2015	88,877,912	30,385	-	88,908,297	50,639,481	-	*	139,547,778	4.94		2,920
2014	82,188,687	50,403	-	82,239,090	50,389,955	-	*	132,629,045	4.91		2,845

\* Information not available at this time.

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Assessed value of real property	\$ 10,408,254,800	\$ 9,312,647,000	\$ 8,410,772,999	\$ 6,740,234,600	\$ 6,740,234,600	\$ 6,740,264,600	\$ 5,953,910,000	\$ 5,704,217,700	\$ 5,503,669,500	\$ 5,281,021,000
Debt limit - 10% of assessed value	\$ 1,040,825,480	\$ 931,264,700	\$ 841,077,300	\$ 674,023,460	\$ 674,023,460	\$ 674,026,460	\$ 595,391,000	\$ 570,421,770	\$ 550,366,950	\$ 528,102,100
Amount of debt applicable to debt limit	179,270,051	179,948,876	164,656,152	131,372,819	132,121,039	132,121,039	128,929,869	119,460,105	114,398,907	110,304,028
Legal debt margin	\$ 861,555,429	\$ 751,315,824	\$ 676,421,148	\$ 542,650,641	\$ 541,902,421	\$ 541,905,421	\$ 466,461,131	\$ 450,961,665	\$ 435,968,043	\$ 417,798,072
Total net debt applicable to the limit as a percentage of debt limit	17.22%	19.32%	19.58%	19.49%	19.60%	19.60%	21.65%	20.94%	20.79%	20.89%

**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
2023	31	\$14,358,184	382	\$ 51,558,618	1,340	\$ 68,599,786	\$ 2,760,318	2023	\$ 10,408,254,800	\$ 2,247,884,800
2022	21	4,148,192	362	36,755,026	1,133	65,404,631	3,182,307	2022	9,312,647,000	2,649,257,800
2021	38	11,942,828	502	115,599,788	1,378	124,612,849	3,042,549	2021	9,312,647,000	2,528,582,300
2020	3	220,039	402	46,511,751	1,517	143,325,608	2,999,524	2020	8,410,772,999	2,245,930,700
2019	30	1,015,033	468	150,662,370	1,546	218,624,551	2,486,055	2019	6,740,234,600	2,034,778,900
2018	44	3,404,801	566	45,291,407	1,556	107,599,017	2,499,593	2018	6,740,234,600	1,917,683,250
2017	17	1,204,091	467	128,400,704	1,653	63,999,554	2,476,231	2017	6,740,264,600	1,746,952,600
2016	19	2,300,978	582	88,939,069	1,383	48,684,124	2,366,694 (4)	2016	5,704,217,700	1,135,055,400
2015	22	8,635,285	469	63,025,855	1,420	51,009,735	2,328,209 (4)	2015	5,503,669,500	1,027,382,800
2014	49	5,519,838	514	49,726,636	1,261	50,124,989	2,158,543	2014	5,281,021,000	1,017,616,600

(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
2023	51,278	4,391	2.6	*	*	*	*
2022	51,079	4,295	2.8	*	*	\$ 1,108,763	\$ 21,707
2021	49,447	4,259	4.3	\$ 13,670,666	\$ 77,070	956,280	19,339
2020	49,181	4,307	5.7	12,752,341	72,025	821,026	16,694
2019	49,281	4,337	2.5	12,230,910	67,809	989,912	20,087
2018	49,132	4,313	3.1	11,900,382	66,577	972,265	19,789
2017	49,071	4,210	3.6	10,531,351	63,300	971,359	19,795
2016	48,210	4,134	3.4	9,375,633	60,964	1,006,304	20,873
2015	47,783	4,101	3.7	9,182,721	60,294	959,435	20,079
2014	46,623	4,022	4.3	8,795,194	58,603	942,421	20,214

\* 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, 2023**

Employer	2023		2014	
	Rank	Number of Employee	Rank	Number of Employees
University of Virginia / Blue Ridge Hospital	1	1000+	1	1000+
County of Albemarle	2	1000+		
Sentara Healthcare	3	1000+		
UVA Health Services Foundation	4	1000+	3	500 to 999
City of Charlottesville	5	1000+	2	1000+
Charlottesville City School Board	6	500 to 999	4	500 to 999
U.S. Department of Defense	7	500 to 999		
Food Lion	8	500 to 999		
Walmart	9	500 to 999		
Fluvanna County Public School Board	10	500 to 999		
Servicelink Management Com Inc.			5	500 to 999
Aramark Campus			6	500 to 999
SNL Security LP			7	500 to 999
Atlantic Coast Athletic Club			8	250 to 499
Lakeland Tours			9	250 to 499
Fresh Fields Whole Food Market			10	250 to 499

**Source:** Virginia Employment Commission 50 Largest Employers during 4th Quarter (October, November, December) 2022

**Note:** 2014 employer rank/number of employees received from 4th quarter 2013 Virginia Employment Commission Labor Market Information

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

Department	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Management</b>										
Council/Clerk of Council	3.00	3.00	3.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office/Administration and Communications	15.00	14.00	14.00	13.00	12.00	11.00	11.00	9.00	9.00	9.00
Office of Economic Development	10.00	11.50	11.50	11.50	7.50	6.50	6.00	6.00	5.50	4.00
Office of the City Manager/Parking Enterprise Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
City Attorney	8.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Voting Registrar	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Total</b>	<b>40.00</b>	<b>39.50</b>	<b>39.50</b>	<b>39.50</b>	<b>34.50</b>	<b>28.50</b>	<b>28.00</b>	<b>25.00</b>	<b>24.50</b>	<b>23.00</b>
<b>Internal Services</b>										
Finance Department: Purchasing/Risk Management/Warehouse	10.00	9.00	9.00	9.00	8.00	7.00	6.00	6.00	6.00	6.00
Information Technology	20.00	20.00	20.00	20.00	20.00	20.00	19.00	19.00	19.00	19.00
Human Resources	10.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>Total</b>	<b>40.00</b>	<b>38.00</b>	<b>38.00</b>	<b>37.00</b>	<b>36.00</b>	<b>35.00</b>	<b>33.00</b>	<b>33.00</b>	<b>33.00</b>	<b>33.00</b>
<b>Financial Services</b>										
Commissioner of Revenue	14.00	14.00	14.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00
Finance Department: Management/Real Estate Assessment/Utility Billing Office	33.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00
Treasurer	14.00	14.00	14.00	14.00	13.50	13.50	13.00	13.00	13.00	13.00
<b>Total</b>	<b>61.00</b>	<b>62.00</b>	<b>62.00</b>	<b>62.00</b>	<b>61.50</b>	<b>60.50</b>	<b>60.00</b>	<b>60.00</b>	<b>60.00</b>	<b>60.00</b>
<b>Healthy Families &amp; Community</b>										
Charlottesville/Albemarle Visitors Bureau <sup>(1)</sup>	-	-	-	-	10.00	10.00	10.00	10.00	10.00	10.00
Department of Human Services	37.50	37.50	37.50	37.50	36.50	35.50	35.50	35.50	34.25	34.25
Children & Youth Commission/CCF	-	-	-	-	-	-	-	-	-	-
Department of Social Services	106.50	106.50	106.50	106.50	104.50	102.50	102.50	102.25	99.98	99.85
Neighborhood Development Services	29.00	26.00	26.00	40.00	39.00	39.00	37.50	37.50	36.00	33.00
Office of Human Rights/Human Rights Commission	2.00	2.00	2.00	2.00	2.00	1.50	1.50	2.00	2.00	2.00
Parks and Recreation/Parks Maintenance	38.00	40.00	40.00	40.00	40.00	40.00	39.00	39.00	37.00	37.00
Parks & Rec/Recreation and Programs	29.50	29.50	29.50	29.50	29.50	27.50	27.50	27.50	28.50	28.75
Parks & Rec/Golf Fund	2.00	2.00	2.00	2.00	4.00	4.00	4.00	4.00	4.00	4.75
CDBG/HOME Grant Coordinator (Grant Funded)	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>244.50</b>	<b>243.50</b>	<b>243.50</b>	<b>257.50</b>	<b>266.50</b>	<b>261.00</b>	<b>258.50</b>	<b>258.75</b>	<b>252.73</b>	<b>250.60</b>
<b>Infrastructure/Transportation</b>										
Public Works: Administration, Facilities Development	28.90	23.90	26.86	26.86	26.86	21.86	21.86	21.86	16.73	15.73
Public Works: School Building Maintenance	19.28	19.28	19.28	19.28	19.28	19.28	19.28	19.28	18.28	18.28
Public Works: Fleet Management	13.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Public Works: Public Service	60.00	60.00	60.00	47.00	49.00	51.00	51.00	51.00	51.00	51.00
Charlottesville Area Transit (CAT)	104.50	104.50	80.00	80.00	72.00	72.00	69.00	68.00	68.00	68.00
Public Works: Pupil Transportation	29.00	29.00	29.00	29.00	29.00	29.00	28.50	28.50	28.50	28.00
Public Utilities: Gas, Water, Wastewater	90.00	90.00	90.00	90.00	89.00	92.00	92.00	92.00	92.00	92.00
Public Utilities: Stormwater Utility	10.00	10.00	10.00	10.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>Total</b>	<b>354.68</b>	<b>347.68</b>	<b>326.14</b>	<b>313.14</b>	<b>300.14</b>	<b>300.14</b>	<b>296.64</b>	<b>295.64</b>	<b>289.51</b>	<b>288.01</b>
<b>Public Safety &amp; Justice</b>										
City Sheriff	13.00	13.00	13.00	13.00	12.00	11.00	11.00	11.00	11.00	11.00
Commonwealth's Attorney	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Courts and Other Support Service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Fire Department	95.00	95.00	95.00	95.00	95.00	91.00	91.00	91.00	91.00	89.00
Police Department	155.00	155.00	155.00	159.00	157.00	157.00	156.00	154.00	154.00	146.00
<b>Total</b>	<b>287.50</b>	<b>287.50</b>	<b>287.50</b>	<b>291.50</b>	<b>288.50</b>	<b>283.50</b>	<b>282.50</b>	<b>280.50</b>	<b>280.50</b>	<b>270.50</b>
<b>City-Wide Total</b>	<b>1,027.68</b>	<b>1,018.18</b>	<b>996.64</b>	<b>1,000.64</b>	<b>987.14</b>	<b>968.64</b>	<b>958.64</b>	<b>952.89</b>	<b>940.24</b>	<b>925.11</b>

Source: Adopted Operating and Capital Improvement Budget

Note: FTE positions

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Government</b>										
Date of incorporation	1888	1888	1888	1888	1888	1888	1888	1888	1888	1888
Form of government	Council-Mgr									
Area	10.4 sq miles									
Bond rating:										
Moody's Investor Services	Aaa									
Standard & Poor's Corporation	AAA									
Number of employees:										
City (full-time)	1027.7	1018.2	996.6	1000.6	1000.6	987.14	969	959	940	940
School Board	809	798	798	840	840	835	767	797	772	767
Elections:										
Number of registered voters:										
Last general election - November, 2022	34,781	33,683	33,099	32,853	32,854	31,876	35,725	31,039	32,273	32,290
Last municipal election - November, 2021	33,683	33,683	32,853	32,853	32,290	31,876	31,039	31,039	32,291	32,290
Number of votes cast in:										
Last general election	16,692	17,342	24,084	11,095	14,039	16,548	22,652	6,077	10,816	12,494
Last municipal election	17,342	17,342	11,095	11,095	6,237	16,548	6,077	6,077	12,560	11,045
Percentage of registered voters voting in:										
Last general election	48.0%	51.5%	72.8%	33.8%	42.7%	51.9%	63.4%	19.2%	33.5%	38.7%
Last municipal election	51.5%	51.5%	33.8%	33.8%	19.3%	51.9%	19.6%	19.2%	38.9%	34.2%
<b>Public Safety</b>										
Fire protection:										
Number of firefighters and officers (exclusive of volunteer firefighters)	111	106	106	90	90	90	88	88	88	86
Police protection:										
Number of police officers	89	83	121	119	125	127	129	127	127	119
Number of arrests	1,791	1,618	1,566	1,732	1,676	3,216	2,763	2,639	2,741	3,018
Traffic Citations Issued	3,958	2,569	1,131	1,739	3,142	4,737	5,912	4,978	5,740	5,459
911 calls received	41,865	37,121	36,016	37,866	37,121	39,692	44,481	40,504	43,512	45,581
Cases investigated	5,407	5,301	4,240	4,610	5,502	4,442	5,267	4,962	5,198	5,443
Parking Violations										
Violations written	15,136	12,116	6,738	6,842	17,141	17,653	16,637	18,734	17,647	12,633
Building permits issued	1,753	1,656	1,920	1,922	2,033	2,166	2,137	1,984	1,911	1,824
<b>Education</b>										
Schools:										
Number of teachers	478	482	481	478	478	456	440	429	421	415
Number of students	4,391	4,290	4,259	4,307	4,337	4,313	4,210	4,134	4,101	4,022
Pupil: teacher ratio	9.19:1	8.90:1	8.85:1	9.01:1	9.07:1	9.46:1	9.56:1	9.64:1	10.26:1	9.69:1
<b>Public Utilities</b>										
Municipal utilities:										
Gas:										
Number of customers	21,313	21,244	21,078	20,871	20,994	20,665	20,467	20,043	19,849	19,454
Average daily consumption	7841 DTH	8297 DTH	8327 DTH	7,712 DTH	8,051 DTH	7,570 DTH	7,562 DTH	6,802 DTH	8,487 DTH	8,688 DTH
Water:										
Number of customers	14,524	14,541	14,888	15,307	14,661	14,639	14,756	14,692	14,652	14,554
Average daily consumption	530 MCF	537 MCF	520 MCF	531 MCF	551 MCF	569.4 MCF	579.2 MCF	569.4 MCF	569.3 MCF	569.1 MCF
Sewer:										
Number of customers	14,425	14,437	14,791	14,956	14,564	14,528	14,626	14,558	14,511	14,406
Average daily treatment	464 MCF	467 MCF	456 MCF	465 MCF	483 MCF	502.8 MCF	564.6 MCF	502.8 MCF	505.6 MCF	520.7 MCF
<b>Public Works</b>										
Refuse disposed at Zion's Transfer Station (City totals):										
Number of customers	13,500	13,500	13,500	13,500	13,200	13,200	13,200	13,200	13,200	13,200
Tons of domestic refuse	6,695	6,608	6,588	6,955	6,681	6,577	6,532	6,435	6,281	6,694
Tons of curbside recycling	3,582	3,560	3,745	3,738	4,429	3,865	3,666	3,647	3,557	3,254
Tons of stumps, demolition material & street sweeping <sup>(1)</sup>	1,639	2,589	1,375	1,584	1,300	866	1,160	2,117	1,048	2,063

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

<sup>(1)</sup> In FY2015, accounts for brush, street sweeping, and leaves  
In FY2017, the total accounts for street sweeping.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Government</b>										
Miles of streets	160.14	159.91	159.91	159.91	160	159	158	158	157	156
Number of streetlights	6,070	6,070	6,070	6,070	6,070	6,070	6,070	6,040	6,025	6,016
<b>Public Safety</b>										
Fire protection:										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	*	7	7	7	7	10	8	4	4	4
Number of vehicular patrol units	*	72	73	73	58	50	64	68	67	63
Total vehicles	*	146	134	134	119	129	128	122	123	123
Motor Cycles	*	7	7	7	7	6	8	8	6	8
Unmarked cars	*	44	45	45	54	59	53	46	50	52
Bicycle patrol	*	23	18	18	14	14	14	24	17	17
<b>Education</b>										
Number of schools	9	9	9	9	9	9	9	9	9	9
<b>Parks, Recreation, &amp; Culture</b>										
Number of parks <sup>(1)</sup>	36	36	36	36	36	36	36	36	31	31
Acres of park land <sup>(2)</sup>	1,049.9	1,049.9	1050	1050	904	900	900	902	872	822
Number of golf courses	1	1	1	1	1	1	1	1	1	2
Number of swimming pools	4	4	4	4	4	4	4	4	4	6
Number of recreation centers	5	5	5	5	5	5	5	5	5	5
Number of libraries	3	3	3	3	3	3	3	3	3	3
<b>Public Utilities</b>										
Gas:										
Miles of gas main lines	343	342	341	340	333	331	330	329	328	319
Miles of gas service lines	303	302	300	296	292	288	282	274	272	226
Water:										
Water treatment plant capacity (millions of gallons per day)	19	19	19	19	19	19	19	19	19	19
Miles of water lines	185	184	184	184	183.0	183	180	180.0	180.8	180.0
Number of fire hydrants	1,199	1,187	1,156	1,117	1,088	1,088	1,050	1,047	1,031	1,026
Sewer:										
Sewer treatment plant capacity (millions of gallons per day)	15	15	15	15	15	15	15	15	15	15
Miles of sanitary sewers	174	173	173	172	171	171	170	166	170	166

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

**Note:**

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



## **City of Charlottesville, Virginia**

**605 East Main Street**

**P O Box 911 Charlottesville, Virginia 22902**

**(434) – 970 – 3200      [www.charlottesville.org/finance](http://www.charlottesville.org/finance)**



**SINGLE AUDIT REPORT**

*For the Year Ended June 30, 2023*

**CITY OF CHARLOTTESVILLE, VIRGINIA**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Charlottesville, Virginia's basic financial statements, and have issued our report thereon dated December 12, 2023. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit – Charlottesville School Board School Activity Funds, as described in our report on the City of Charlottesville, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Charlottesville, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Charlottesville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Charlottesville, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Report on Internal Control over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Charlottesville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

January 29, 2024



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

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

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

***Opinion on Each Major Federal Program***

We have audited the City of Charlottesville, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Charlottesville, Virginia's major federal programs for the year ended June 30, 2023. The City of Charlottesville, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Charlottesville, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Charlottesville, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Charlottesville, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Charlottesville, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## **Report on Internal Control over Compliance (Continued)**

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 12, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

March 27, 2025

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
 Schedule of Expenditures of Federal Awards - Reissued  
 Year ended June 30, 2023

Federal granting agency/recipient state agency/grant program/grant number	Assistance Listing Number	Pass-Through Entity UEI	Pass-Through Entity DUNS	Amount Passed- Through to Subrecipients	FY2023 Federal Expenditures
<b><u>DEPARTMENT OF AGRICULTURE</u></b>					
<u>Pass-through payments:</u>					
<u>Virginia Department of Agriculture &amp; Consumer Services</u>					
Food Distribution - USDA Commodities (unavailable)	10.555			\$	220,712
<u>Virginia Department of Education</u>					
National School Lunch Program (457-07-05)	10.555				1,509,060
Total 10.555				\$	1,729,772
School Breakfast Program (unavailable)	10.553				394,839
Summer Food Service Program for Children (10013)	10.559			\$	79,653
Fresh Fruit and Vegetables Program (179-01-00)	10.582				38,702
Total Child Nutrition Cluster				\$	2,242,966
<u>Virginia Department of Social Services</u>					
<u>SNAP Cluster</u>					
State Administrative Matching Grant for SNAP (unavailable)	10.561			\$	1,870,479
<u>Virginia Department of Education</u>					
Child and Adult Care Food Program (60090)	10.558			\$	40,330
Pandemic Electronic Benefit Transfer Administrative Costs (unavailable)	10.649				3,135
Total Department of Agriculture				\$	4,156,910
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
<u>Direct payments:</u>					
<u>CDBG Cluster</u>					
Community Development Block Grants/Entitlement Grants	14.218	GCMUZ77L2AN6	078675710	\$ 23,924	\$ 197,231
	14.218	HWVVV5NL3759	097420038	6,739	
	14.218	XTECKLXX4SJ3	008652775	35,904	
	14.218	RZHHN3Q7L4K9	962428301	18,660	
	14.218	EUH2SP66FDP3	607425837	26,332	
				\$ 111,559	
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	GCMUZ77L2AN6	078675710	28,772	28,772
Total 14.218/CDBG Cluster				\$ 140,331	\$ 226,003
<u>Pass-through payments:</u>					
<u>Virginia Department of Housing &amp; Community Development</u>					
Home Investment Partnerships Program (Foster Care to Adult) (unavailable)	14.239	N1P4LD86NEG3	832619907	\$ 4,662	\$ 4,662
Emergency Solutions Grant Program (23-VHSP-008)	14.231	N1P4LD86NEG3	832619907	96,048	96,048
COVID-19 - Emergency Solutions Grant Program (20-VHSP-008/20-CHERP-008)	14.231	N1P4LD86NEG3	832619907	199,046	199,046
Total 14.231				\$ 295,094	\$ 295,094
Housing Opportunities for Persons with Aids (20-HW-303/21-HW-303)	14.241	N1P4LD86NEG3	832619907	\$ 126,565	\$ 126,565
COVID-19 - Housing Opportunities for Persons with Aids (unavailable)	14.241	N1P4LD86NEG3	832619907	30,806	30,806
Total 14.241				\$ 157,371	\$ 157,371
Total Department of Housing and Urban Development				\$ 597,458	\$ 683,130
<b><u>DEPARTMENT OF JUSTICE</u></b>					
<u>Direct payments:</u>					
Treatment Court Discretionary Grant Program	16.585	HDF6NN5P5J73	074745829	\$ 208,407	\$ 208,407
State Criminal Alien Assistance Program	16.606	HRV1NBKDNF9	105255769	12,491	12,491
Bulletproof Vest Partnership Program	16.607				9,833
Edward Byrne Memorial Justice Assistance Grant Program	16.738				15,720
COVID-19 - Edward Byrne Memorial Justice Assistance Grant Program	16.738				69,877
Total 16.738					\$ 85,597
<u>Pass-through payments:</u>					
<u>Virginia Department of Criminal Justice Services:</u>					
Crime Victim Assistance (21-B4736SB19/21-A8566VW19)	16.575				\$ 261,649
Total Department of Justice				\$ 220,898	\$ 577,977
<b><u>DEPARTMENT OF LABOR</u></b>					
<u>Pass-through payments:</u>					
<u>Virginia Community College System</u>					
WIOA - Adult Program (unavailable)	17.258	RNM9AFK8FJJ3	957031974	\$ 524,331	\$ 524,331
WIOA - Youth Activities (unavailable)	17.259	RNM9AFK8FJJ3	957031974	162,754	162,754
WIOA - Dislocated Worker Formula Grants (unavailable)	17.278	RNM9AFK8FJJ3	957031974	432,821	432,821
Total Workforce Innovation and Opportunity Act Cluster				\$ 1,119,906	\$ 1,119,906
Total Department of Labor				\$ 1,119,906	\$ 1,119,906

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
Schedule of Expenditures of Federal Awards - Reissued  
Year ended June 30, 2023

Federal granting agency/recipient state agency/grant program/grant number	Assistance Listing Number	Pass-Through Entity UEI	Pass-Through Entity DUNS	Amount Passed- Through to Subrecipients	FY2023 Federal Expenditures
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>					
<u>Direct payments:</u>					
<u>Federal Transportation Agency</u>					
<u>Federal Transit Cluster</u>					
Federal Transportation Formula Grants	20.507	SNAJY8DZKHV1	099592768	\$ 956,676	\$ 2,523,009
COVID-19 - CARES Act - Federal Transportation Formula Grants	20.507			-	1,734,409
COVID-19 - ARPA - Federal Transportation Formula Grants	20.507	SNAJY8DZKHV1	099592768	377,546	2,458,757
Total 20.507				\$ 1,334,222	\$ 6,716,175
<u>Pass-through payments:</u>					
<u>Virginia Department of Conservation and Recreation</u>					
Recreation Trails Program (unavailable)	20.219				\$ 22,510
<u>Virginia Department of Transportation</u>					
Highway Planning and Construction (unavailable)	20.205				\$ 7,398,458
Total Department of Transportation				1,334,222	\$ 14,137,143
<b><u>DEPARTMENT OF THE TREASURY</u></b>					
<u>Direct payments:</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027				\$ 3,743,251
<u>Pass-through payments:</u>					
<u>Virginia Department of Education</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (unavailable)	21.027				922,443
<u>Virginia Housing and Community Development</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (unavailable)	21.027				15,135
Total 21.027					\$ 4,680,829
Total Department of the Treasury					\$ 4,680,829
<b><u>DEPARTMENT OF EDUCATION</u></b>					
<u>Direct payments:</u>					
Elementary and Secondary Education Act:					
Title VIII, Impact Aid (SO41B-2005-5233)	84.041				\$ 13,293
School Safety National Activities	84.184				7,247
Title X, Part C, Education for Homeless Children & Youth (G10403)	84.196				27,380
<u>Pass-through payments:</u>					
<u>Virginia Department of Education</u>					
NCLB - Title I Grants to Local Educational Agencies (171-01-05)	84.010				\$ 1,884,272
COVID-19 - ARPA Title VI, B, IDEA - Part B Section 611 Special Education Grants to States (unavailable)	84.027				1,354,977
IDEA - Part B Section 619 Special Education Preschool (171-02-50)	84.173				52,010
Total Special Education Cluster					\$ 1,406,987
Career and Technical Education Basic Grants to States (171-03-50)	84.048				\$ 93,549
NCLB - Title III Part A - English Language Acquisition State Grants (171-06-05)	84.365				88,596
Title II, Part A, ESEA Improving Teacher Quality State Grants (560-45-45)	84.367				248,797
School Improvement Grant (unavailable)	84.377				51,135
Title IV Part A LEA Student Support and Academic Enrichment Program (unavailable)	84.424				133,174
COVID-19 - Elementary and Secondary School Emergency Relief Fund (unavailable)	84.425D				676,480
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Program (unavailable)	84.425U				7,485,521
Total 84.425					\$ 8,162,001
Total Department of Education					\$ 12,116,431

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
Schedule of Expenditures of Federal Awards - Reissued  
Year ended June 30, 2023

Federal granting agency/recipient state agency/grant program/grant number	Assistance Listing Number	Pass-Through Entity UEI	Pass-Through Entity DUNS	Amount Passed- Through to Subrecipients	FY2023 Federal Expenditures
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
<u>Direct payments:</u>					
Basic Center Grant	93.623	TPQMKLGK6LS8	84136464	\$ 144,256	\$ 221,625
<u>Pass-through payments:</u>					
<u>Virginia Department of Social Services</u>					
Temporary Assistance for Needy Families (unavailable)	93.558			\$	706,720
Temporary Assistance for Needy Families (BEN-17-056/BEN-19-024/BEN-19-113)	93.558				30,752
Total 93.558				\$	<u>737,472</u>
Guardianship Assistance (unavailable)	93.090			\$	11,263
Title IV-E Prevention Program (unavailable)	93.472				15,873
Marylee Allen Promoting Safe and Stable Families (unavailable)	93.556				59,629
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (unavailable)	93.566				25,517
Low-Income Home Energy Assistance (unavailable)	93.568				136,513
<u>CCDF Cluster</u>					
Child Care Mandatory and Matching Funds of CCDF (unavailable)	93.596				153,766
Chafee Education and Training Vouchers Program (unavailable)	93.599				2,341
Adoption and Legal Guardianship Incentive Payments (unavailable)	93.603				3,525
Stephanie Tubbs Jones Child Welfare Services Program (unavailable)	93.645				1,367
Foster Care – Title IV-E (unavailable)	93.658				692,625
Adoption Assistance (unavailable)	93.659				1,882,100
Social Services Block Grant (unavailable)	93.667				663,420
John H. Chafee Foster Care Program for Successful Transition to Adulthood (unavailable)	93.674				10,420
Children's Health Insurance Program (unavailable)	93.767				8,638
<u>Medicaid Cluster</u>					
Medical Assistance Program (Medicaid; Title XIX) (unavailable)	93.778				978,836
<u>Virginia Department of Education</u>					
Epidemiology and Laboratory Capacity for Infectious Diseases (unavailable)	93.323				150,632
Public Health Emergency Response: Cooperative Agreement for Emergency Response:					
Public Health Crisis Response (unavailable)	93.354				101,173
Total Department of Health and Human Services				\$ <u>144,256</u>	\$ <u>5,856,735</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>					
<u>Direct payments:</u>					
<u>Federal Emergency Management Agency (FEMA)</u>					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			\$	1,079,852
<u>Pass-through payments:</u>					
<u>Virginia Department of Emergency Management</u>					
Emergency Management Performance Grants (7522)	97.042				7,478
Total Department of Homeland Security				\$	<u>1,087,330</u>
Total				\$ <u>3,195,842</u>	\$ <u>44,416,391</u>

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-REISSUED**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – GENERAL**

The Uniform Guidance requires a schedule of expenditures of federal awards showing total federal expenditures for each federal financial assistance program as identified in the Assistance Listing Numbers on SAM.gov. The accompanying schedule of federal awards presents the activity of all federal financial assistance programs of the City of Charlottesville, Virginia, and its component units. The City of Charlottesville reporting entity is defined in Note 1 of the City’s financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The schedule of federal awards is presented using the modified accrual basis of accounting, which is more fully described in Note 1 (c) to the City’s financial statements. The City of Charlottesville participated in federal programs below in which non-cash benefits are provided through the state to eligible program participants:

**Food Distribution Programs** (AL Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists.

**Food Stamps** (AL Number 10.561) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for food stamp benefit distribution statewide.

**NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal financial assistance revenues are reported in the City’s basic financial statements as follows:

	<u>Intergovernmental revenue per financial statements</u>	<u>Less: amounts not related to federal financial assistance</u>	<u>Less: federal revenue received for prior year expenditures</u>	<u>Less: unearned federal revenue</u>	<u>Add: prior year unearned federal revenue expended in the current year</u>	<u>Total schedule of expenditures of federal awards</u>
General Government	\$ 30,152,241	\$ (30,142,408)	\$ -	\$ -	\$ -	\$ 9,833
American Relief Program Act	3,758,386	-	-	-	-	3,758,386
Capital Projects	25,053,940	(17,672,262)	-	-	-	7,381,678
Social Services	10,653,753	(3,430,721)	-	-	-	7,223,032
Other Governmental	21,158,020	(11,720,284)	-	-	8,588	9,446,324
Total Governmental	<u>\$ 90,776,340</u>	<u>\$ (62,965,675)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,588</u>	<u>\$ 27,819,253</u>
Component Unit Schools	<u>\$ 41,856,017</u>	<u>\$ (26,378,785)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,477,232</u>
CVPED*	<u>\$ 1,119,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,119,906</u>

\* The City of Charlottesville and Central Virginia Partnership for Economic Development are parties to a Workforce Act Fiscal and Administrative Agent Agreement. As fiscal agent, Central Virginia Partnership for Economic Development directly manages WIOA funds. The City monitors WIOA financials.

**CITY OF CHARLOTTESVILLE, VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-REISSUED**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 4 – SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>UEI</b>	<b>DUNS</b>	<b>ALN</b>	<b>Amount</b>	<b>Subrecipients</b>
Community Development Block Grant	HWVVV5NL3759	097420038	14.218	\$ 6,739	ARC of the Piedmont
Community Development Block Grant	GCMUZ77L2AN6	078675710	14.218	52,696	Community Investment Collaborative
Community Development Block Grant	XTECKUXX4SJ3	008652775	14.218	35,904	Public Housing Associoion
Community Development Block Grant	RZHNN3Q7L4K9	962428301	14.218	18,660	Local Energy Alliance Program
Community Development Block Grant	EUH2SP66FDP3	607425837	14.218	26,332	Literacy Volunteers of CharlottesvilleAlbemarle
Virginia Homeless Solutions Program	N1P4LD86NEG3	832619907	14.231	295,094	Thomas Jefferson Area Coalition for the Homeless
Foster Care to Adult	N1P4LD86NEG3	832619907	14.239	4,662	Thomas Jefferson Area Coalition for the Homeless
Housing Opportunities for Persons with Aids	N1P4LD86NEG3	832619907	14.241	157,371	Thomas Jefferson Area Coalition for the Homeless
Drug Court Discretionary Grant Program	HDF6NN5P5J73	74745829	16.585	208,407	Region Ten Community Services Board
State Criminal Alien Assistance Program	HRV1NBKDNF9	105255769	16.606	12,491	Charlottesville-Albemarle Regional Jail
Workforce Investment Act - Adult Services	RNM9AFK8FJJ3	957031974	17.258	524,331	Central VA Partnership for Economic Development
Workforce Investment Act - Youth Services	RNM9AFK8FJJ3	957031974	17.259	162,754	Central VA Partnership for Economic Development
Workforce Investment Act- Dislocated Worker Services	RNM9AFK8FJJ3	957031974	17.278	432,821	Central VA Partnership for Economic Development
Federal Highway Administration	SNAJY8DZKHV1	099592768	20.507	1,334,222	JAUNT
H&HS - Basic Center Program for Runaway Services	TPQMKGK6LS8	84136464	93.623	144,256	Ready Kids
Total				<u>\$ 3,416,740</u>	

**NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports, except that certain federal financial reports are prepared on the cash basis of accounting and the schedule of federal awards is prepared on the modified accrual basis of accounting (see Note 2 above).

**NOTE 6 – DE MINIMIS INDIRECT COST RATE**

The City did not elect to use the 10% de minimis cost rate.

**NOTE 7 – OUTSTANDING LOAN BALANCES**

At June 30, 2023, the City had no outstanding loan balances requiring disclosure.

**NOTE 8 – REISSUANCE OF REPORT DUE TO CORRECTION OF ERROR**

The City received \$7,171,915 in federal funding from the Virginia Department of Transportation that was previously reported as funds received from the Commonwealth of Virginia. Accordingly, the Schedule of Expenditures of Federal Awards has been restated to reflect this correction.

**CITY OF CHARLOTTESVILLE, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-REISSUED  
YEAR ENDED JUNE 30, 2023**

**A. SUMMARY OF AUDITORS' RESULTS:**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	None noted

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
10.582	Fresh Fruit and Vegetable Program
	WIOA Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.425	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,332,492
Auditee qualified as low-risk auditee?	Yes

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**CITY OF CHARLOTTESVILLE, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-REISSUED (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**D. FINDINGS– COMMONWEALTH OF VIRGINIA**

None.

**CITY OF CHARLOTTESVILLE, VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2023**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA**

None.