

**ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

ALBEMARLE—CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS  
COUNTY OF ALBEMARLE, VIRGINIA AS FISCAL AGENT FOR  
ALBEMARLE-CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER  
CHARLOTTESVILLE, VIRGINIA

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Albemarle-Charlottesville Emergency Communications Center, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Center's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Albemarle-Charlottesville Emergency Communications Center, as of June 30, 2017, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding on pages 29-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Albemarle-Charlottesville Emergency Communications Center's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of Albemarle-Charlottesville Emergency Communications Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albemarle-Charlottesville Emergency Communications Center's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia

November 13, 2017

- Basic Financial Statements -

**ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER**

**Statement of Net Position  
As of June 30, 2017**

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 3,102,152
Accounts receivable	5,528
Due from other governments	887,035
Total current assets	<u>\$ 3,994,715</u>
<b>Capital assets:</b>	
Land and construction in progress	\$ 2,910,862
Other capital assets, net of accumulated depreciation	2,326,133
Total capital assets, net	<u>\$ 5,236,995</u>
Total assets	<u>\$ 9,231,710</u>
<b>Deferred Outflows of Resources:</b>	
Pension contributions subsequent to measurement date	\$ 283,088
Differences between projected and actual earnings on pension plan investments	175,745
Differences between actual and expected experience	2,872
Total deferred outflows of resources	<u>\$ 461,705</u>
Total assets and deferred outflows of resources	<u><u>\$ 9,693,415</u></u>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 400,315
Compensation payable	25,275
Current portion of compensated absences	23,293
Total current liabilities	<u>\$ 448,883</u>
<b>Noncurrent liabilities:</b>	
Noncurrent portion of compensated absences	\$ 209,635
Net pension liability	1,994,229
Net OPEB obligation	432,000
Total noncurrent liabilities	<u>\$ 2,635,864</u>
Total liabilities	<u>\$ 3,084,747</u>
<b>Deferred Inflows of Resources:</b>	
Differences in proportionate share of net pension liabilities	\$ 120,335
Differences between expected and actual experience	22,202
Total deferred inflows of resources	<u>\$ 142,537</u>
<b>Net Position:</b>	
Investment in capital assets	\$ 5,236,995
Unrestricted	1,229,136
Total net position	<u>\$ 6,466,131</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 9,693,415</u></u>

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

ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2017

Operating revenues:	
Intergovernmental:	
Charges for services:	
City of Charlottesville	\$ 2,009,174
County of Albemarle	2,454,845
University of Virginia	780,959
Charlottesville-Albemarle Airport Authority	20,288
Albemarle-Charlottesville Regional Jail	16,149
Rivanna Water and Sewer Authority	21,687
Other	10,354
Total charges for services	<u>\$ 5,313,456</u>
Total operating revenues	<u>\$ 5,313,456</u>
Operating expenses:	
Personnel	\$ 2,626,191
Payroll taxes and fringe benefits	876,227
Contractual services	1,154,492
Other charges	993,249
Depreciation	452,330
Total operating expenses	<u>\$ 6,102,489</u>
Operating loss	<u>\$ (789,033)</u>
Nonoperating revenues:	
Revenue from the use of money and property	\$ 16,940
Commonwealth of Virginia	618,772
Federal government	25,452
Total nonoperating revenues	<u>\$ 661,164</u>
Loss before contributions	<u>\$ (127,869)</u>
Capital contributions:	
City of Charlottesville	\$ 304,336
County of Albemarle	403,127
University of Virginia	115,971
Other contributions	90,120
Total capital contributions	<u>\$ 913,554</u>
Change in net position	\$ 785,685
Net position, beginning of year	<u>5,680,446</u>
Net position, end of year	<u><u>\$ 6,466,131</u></u>

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

ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER

Statement of Cash Flows  
Year Ended June 30, 2017

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Cash flows from operating activities:	
Operating receipts	\$ 5,320,614
Payments to and for employees	(3,512,400)
Payments to suppliers and others	<u>(2,011,823)</u>
Net cash (used for) operating activities	<u>\$ (203,609)</u>
Cash flows from investing activities:	
Investment income	\$ 13,312
Rental income	<u>3,628</u>
Net cash provided by investing activities	<u>\$ 16,940</u>
Cash flows from noncapital financing activities:	
Receipts from federal and state grants	<u>\$ 644,224</u>
Cash flows from capital financing activities:	
Purchases of capital assets	\$ (472,460)
Capital contributions	<u>1,430,622</u>
Net cash (used for) capital and related financing activities	<u>\$ 958,162</u>
Net change in cash and cash equivalents	\$ 1,415,717
Cash and cash equivalents, beginning of year	<u>1,686,435</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,102,152</u></u>
Reconciliation of operating loss to net cash (used for) operating activities:	
Operating loss	\$ (789,033)
Adjustments to reconcile operating loss to net cash (used for) operating activities:	
Depreciation	452,330
Changes in assets, liabilities, and deferred inflows/outflows of resources:	
Accounts receivable	7,158
Accounts payable	135,918
Compensation payable	818
Deferred outflows of resources	(176,318)
Deferred inflows of resources	(122,703)
Net pension liability	234,531
Compensated absences	35,690
Net OPEB obligation	<u>18,000</u>
Net cash (used for) operating activities	<u><u>\$ (203,609)</u></u>

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017

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**NOTE 1—NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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**A. Nature of Operations:**

Albemarle-Charlottesville Emergency Communications Center, formed January 20, 1984, provides emergency dispatch services to the citizens in the area. The County of Albemarle serves as the fiscal agent and provides all accounting for the Center.

**B. Financial Reporting Entity:**

Albemarle-Charlottesville Emergency Communications Center has determined that it is a related organization to the County of Albemarle and City of Charlottesville in accordance with Governmental Accounting Standards Board (GASB) Statement 14 and as amended by GASB No. 39. The Center is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The County of Albemarle, City of Charlottesville, and the University of Virginia provide the financial support for the Center. The Center is controlled by a ten member board composed primarily of representatives from the County of Albemarle, the City of Charlottesville, and the University of Virginia. No one entity contributes more than 50% of the Center's funding or has oversight responsibility over its operations.

**C. Basis of Accounting:**

The Center operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges for services. Operating expenses include the cost of providing services and comprise administrative and depreciation expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Cash and Cash Equivalents:**

The Center's cash and cash equivalents is part of the pooled cash and investments of the County of Albemarle. All cash on hand, in banks, and certificates of deposit and investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

**E. Capital Assets:**

Capital assets consist of property, equipment, and leasehold improvements and are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Donated fixed assets are valued at their acquisition value on the date donated. Depreciation is provided on the straight-line method over the estimated useful lives as follows:

Leasehold improvements	20 years
Vehicles	5 years
Communications equipment	5 years

Depreciation expense amounted to \$452,330 for 2017.

**NOTE 1—NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**F. Construction in Progress:**

Construction in progress represents expended funds for engineering, furnishing, installation, and construction of an Entity Wide Mobile Data System. At the completion of the project, amounts will be transferred to capital assets. Administrative, overhead and other costs that do not increase the value of the property are expensed as incurred.

**G. Use of Estimates:**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

**H. Net Position:**

Net position is the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**I. Net Position Flow Assumption:**

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

**J. Compensated Absences:**

The Center accrues compensated absences (annual and sick leave benefits) when vested. The current and noncurrent portions of the compensated absences are recorded as accrued liabilities.

**K. Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Center has two items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience and differences between projected and actual earnings on pension plan investments. The other is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Center has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences in proportionate share of net pension liabilities and differences between expected and actual experience. For more detailed information on these items, reference the pension note.

L. Pensions:

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

NOTE 2—DEPOSITS AND INVESTMENTS:

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The Center's cash and cash equivalents are a part of the pooled cash and investments of the County of Albemarle, the Center's fiscal agent. The components of the Center's cash and equivalents as to bank and investment balances are not identifiable. The portion of the County's cash and investments which are applicable to the Center consist of deposits covered by FDIC insurance, the Virginia Security for Public Deposits Act, or are a part of the County's investments in the Virginia Local Government Investment Pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balances, no amounts were uninsured and uncollateralized in banks and savings and loans not qualifying under the Act at June 30, 2017.

NOTE 3—DUE FROM OTHER GOVERNMENTS:

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Receivables and amounts due from other governments are as follows:

Due from other governmental units:		
County of Albemarle	\$	197,905
City of Charlottesville		613,376
University of Virginia		<u>75,754</u>
Total due from other governmental units	\$	<u><u>887,035</u></u>

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

**NOTE 4—CAPITAL ASSETS:**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 90,027	\$ -	\$ -	\$ 90,027
Construction in progress*	3,415,107	444,738	1,039,010	2,820,835
Total capital assets not being depreciated	<u>\$ 3,505,134</u>	<u>\$ 444,738</u>	<u>\$ 1,039,010</u>	<u>\$ 2,910,862</u>
Other capital assets:				
Buildings	\$ 282,281	\$ -	\$ -	\$ 282,281
Leasehold improvements	159,138	-	-	159,138
Vehicles	49,391	-	-	49,391
Communications equipment	21,284,484	1,066,732	-	22,351,216
Total other capital assets	<u>\$ 21,775,294</u>	<u>\$ 1,066,732</u>	<u>\$ -</u>	<u>\$ 22,842,026</u>
Accumulated depreciation:				
Buildings	\$ 34,502	18,819	\$ -	\$ 53,321
Leasehold improvements	159,138	-	-	159,138
Vehicles	49,390	1	-	49,391
Communications equipment	19,820,533	433,510	-	20,254,043
Total accumulated depreciation	<u>\$ 20,063,563</u>	<u>\$ 452,330</u>	<u>\$ -</u>	<u>\$ 20,515,893</u>
Other capital assets, net	<u>\$ 1,711,731</u>	<u>\$ 614,402</u>	<u>\$ -</u>	<u>\$ 2,326,133</u>
Net capital assets	<u>\$ 5,216,865</u>	<u>\$ 1,059,140</u>	<u>\$ 1,039,010</u>	<u>\$ 5,236,995</u>

\*Construction in progress relates primarily to engineering, furnishing and installation of a mobile data computer system.

**NOTE 5—LONG-TERM OBLIGATIONS:**

The following is a summary of changes in long-term obligations transactions for fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Compensated absences	\$ 197,238	\$ 48,790	\$ 13,100	\$ 232,928	\$ 23,293
Net pension liability	1,759,698	866,238	631,707	1,994,229	-
Net OPEB obligation	414,000	18,000	-	432,000	-
Total Long-Term Obligations	<u>\$ 2,370,936</u>	<u>\$ 933,028</u>	<u>\$ 644,807</u>	<u>\$ 2,659,157</u>	<u>\$ 23,293</u>

**NOTE 6—REVENUES:**

Revenues consist primarily of operating appropriations from the City of Charlottesville, the County of Albemarle and the University of Virginia. The Center also receives operating and capital grants from state and federal sources.

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

**NOTE 7—COMPENSATED ABSENCES:**

In accordance with GASB Statement 16, “Accounting for Compensated Absences,” the Center has accrued the liability arising from compensated absences. Center employees earn vacation and sick leave based upon length of service. The Center has outstanding accrued compensated absences totaling \$232,928.

**NOTE 8—PENSION PLAN:**

*Plan Description*

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

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

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b> <u><b>Defined Contribution Component:</b></u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <u><b>Defined Benefit Component:</b></u> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p>

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

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### NOTE 8—PENSION PLAN: (CONTINUED)

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#### *Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Center's contractually required contribution rate for the year ended June 30, 2017 was 12.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Center were \$283,088 and \$281,167 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the Center reported a liability of \$1,994,229 for its proportionate share of the net pension liability. The Center's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. The Center's proportionate share of the same was calculated using retirement contributions as of June 30, 2016 and 2015 as a basis for allocation. At June 30, 2016 and 2015, the Center's proportion was 5.42% and 5.72%, respectively.

#### *Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Center's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

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NOTE 8—PENSION PLAN: (CONTINUED)

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*Actuarial Assumptions - General Employees (Continued)*

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

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

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

*Discount Rate*

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Center's proportionate share of Albemarle retirement Plan Net Pension Liability (Asset)	\$ 3,276,752	\$ 1,994,229	\$ 931,201

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ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

**NOTE 8—PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2017, the Center recognized pension expense of \$215,961. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,872	\$ 22,202
Net difference between projected and actual earnings on pension plan investments	175,745	-
Differences in proportionate share of net pension liabilities	-	120,335
Employer contributions subsequent to the measurement date	<u>283,088</u>	<u>-</u>
Total	<u>\$ 461,705</u>	<u>\$ 142,537</u>

\$283,088 reported as deferred outflows of resources related to pensions resulting from the Center's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2018	\$ (44,156)
2019	(44,156)
2020	68,721
2021	55,671
Thereafter	-

**NOTE 9—FISCAL AGENT:**

The County of Albemarle serves as fiscal agent for the Center. As a part of the fiscal agent agreement the County provides treasury, accounting, purchasing and personnel services for the Center.

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

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**NOTE 10—OTHER POSTEMPLOYMENT BENEFITS-VERIP:**

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**A. Plan Description:**

The Albemarle County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits.

To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement. The plan is administered by the County and does not have a separate financial report.

**B. Funding Policy:**

The Albemarle County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits is \$40,000 for the Emergency Communications Center for fiscal year 2017. The Emergency Communications Center has elected not to pre-fund OPEB liabilities. The Center is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded liability is amortized over a closed 25 year period as a level percentage of payroll.

For 2017, the Center's estimated contribution of \$40,000 was less than the annual OPEB cost. The Center's annual OPEB cost, the estimated contributions made, and the increase in net OPEB obligation are as follows:

Annual required contribution	\$	63,000
Interest on net OPEB obligation		14,000
Adjustment to annual required contribution		(19,000)
Annual OPEB cost (expense)	\$	<u>58,000</u>
Contributions made		<u>40,000</u>
Increase (decrease) in net OPEB obligation	\$	18,000
Net OPEB obligation - beginning of year		414,000
Net OPEB obligation - end of year	\$	<u><u>432,000</u></u>

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

**NOTE 10—OTHER POSTEMPLOYMENT BENEFITS-VERIP: (CONTINUED)**

**C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

The Center’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Estimated Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 55,000	\$ 9,000	16%	\$ 390,000
June 30, 2016	56,000	32,000	57%	414,000
June 30, 2017	58,000	40,000	69%	432,000

**D. Funded Status and Funding Progress:**

The funded status of the plan as of June 30, 2017, the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 705,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	705,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	2,258,354
UAAL as a percentage of covered payroll	31%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**E. Actuarial Methods and Assumptions:**

**Cost Method**

The valuation uses the projected unit credit method, with linear pro-ratio to assumed benefit commencement.

**Coverage Status and Age of Spouse**

Actual medical coverage status was used in the valuation. Females are assumed to be 3 years younger than male spouses. Employees with individual coverage are assumed to elect individual coverage at retirement while those with family / spouse coverage are assumed to continue family / spouse coverage at retirement. All of the active participants who are eligible to retire under the County’s Voluntary Early Retirement Incentive Program (VERIP) will take the flat dollar subsidy, which for FY 17 was \$8,388. The VERIP Subsidy is assumed to increase at a flat rate of 3% per year. It is assumed that 50% of active employees currently enrolled in the health care plan will continue in the plan upon retiring from active service. Medical and prescription drugs are assumed to increase at rates ranging from 7.00% in FY 17 to 6.1% in FY 26.

ALBEMARLE—CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Notes to Financial Statements  
As of June 30, 2017 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS-VERIP: (CONTINUED)

E. Actuarial Methods and Assumptions: (Continued)

The assumptions and calculations are based on the past three years of premium rates at the time of the valuation and the sharing of costs between the employer and plan members.

	Percentage
Discount rate	3.50%
Payroll growth	4.00%
Inflation rate	3.00%
Investment return	4.00%
VERIP increase	3.00%

Medical Trend Assumption

Based on the Society of Actuaries long-term medical trend model, as revised September 2012.

Trends for the next ten years are as follows:

Fiscal Year Ended	Percentage	Fiscal Year Ended	Percentage
2017	6.00%	2022	6.20%
2018	6.40%	2023	6.10%
2019	6.40%	2024	6.10%
2020	6.20%	2025	6.10%
2021	6.20%	2026	6.10%

The following chart shows explicit costs, total medical costs, and drug costs between pre and post medicare as well as single and family coverage:

Total costs		Single		Family
1. Explicit Costs				
a. Pre-medicare	\$	9,762	\$	11,910
b. Medicare age		-		-
2. Total Medical Costs				
a. Under 50	\$	5,691	\$	11,497
b. Age 50-54		6,775		13,686
c. Age 55-59		7,818		15,792
d. Age 60-64		9,277		18,740
e. Over Age 65		-		-
3. Total Drug Costs				
a. Under 50	\$	1,549	\$	3,129
b. Age 50-54		1,974		3,987
c. Age 55-59		2,338		4,724
d. Age 60-64		2,672		5,398
e. Over Age 65		-		-

- Required Supplementary Information -

ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER

Schedule of Center's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2017

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2016	5.42%	\$ 1,994,229	\$ 2,085,278	95.63%	78.49%
2015	5.72%	1,759,698	2,550,811	68.99%	81.12%
2014	6.01%	1,693,868	2,350,779	72.06%	81.67%

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

ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER

Schedule of Employer Contributions  
Year Ended June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2017	\$ 283,088	\$ 283,088	-	\$ 2,085,278	14%
2016	281,167	281,167	-	2,550,811	11%
2015	288,697	288,697	-	2,350,779	12%

Schedule is intended to show information for 10 years. Information prior to the 2015 valuation is not available. However, additional years will be included as they become available.

ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER

Notes to Required Supplementary Information  
Year Ended June 30, 2017

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced duty benefits. Because this was a new benefit and the number of new participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

ALBEMARLE-CHARLOTTESVILLE  
EMERGENCY COMMUNICATIONS CENTER

Schedule of Other Postemployment Benefits Funding  
Last Three Fiscal Years

Other Postemployment Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2014	\$ -	\$ 538,000	\$ 538,000	0.00%	\$ 2,392,369	22.49%
June 30, 2016	-	668,000	668,000	0.00%	2,392,369	27.92%
June 30, 2017	-	705,000	705,000	0.00%	2,258,354	31.22%

- Other Supplementary Information -

Schedule of Revenues and Expenditures  
Budgetary Basis  
Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Intergovernmental:				
Charges for services:				
City of Charlottesville	\$ 1,612,438	\$ 1,612,438	\$ 2,009,174	\$ 396,736
County of Albemarle	2,449,119	2,454,845	2,454,845	-
University of Virginia	775,919	775,919	780,959	5,040
Charlottesville-Albemarle Airport Authority	20,288	20,288	20,288	-
Albemarle Charlottesville Regional Jail	8,745	8,745	16,149	7,404
Rivanna Water and Sewer Authority	21,687	21,687	21,687	-
Other	19,238	19,238	10,354	(8,884)
Total charges for services	<u>\$ 4,907,434</u>	<u>\$ 4,913,160</u>	<u>\$ 5,313,456</u>	<u>\$ 400,296</u>
Total operating revenues	<u>\$ 4,907,434</u>	<u>\$ 4,913,160</u>	<u>\$ 5,313,456</u>	<u>\$ 400,296</u>
Expenditures:				
Operating:				
Salaries and wages	\$ 2,605,726	\$ 2,605,726	\$ 2,489,579	\$ 116,147
Fringes	998,006	998,006	841,038	156,968
Contractual	257,424	472,538	374,217	98,321
Other charges	502,108	517,834	433,720	84,114
Capital outlays	46,000	407,470	90,300	317,170
Total operating	<u>\$ 4,409,264</u>	<u>\$ 5,001,574</u>	<u>\$ 4,228,854</u>	<u>\$ 772,720</u>
Emergency Services:				
Salaries and wages	\$ 127,791	\$ 135,291	\$ 136,612	\$ (1,321)
Fringes	47,640	74,086	81,679	(7,593)
Contractual	76,373	78,873	78,373	500
Other charges	14,565	37,517	29,225	8,292
Capital outlays	1,300	1,300	4,506	(3,206)
Total emergency services	<u>\$ 267,669</u>	<u>\$ 327,067</u>	<u>\$ 330,395</u>	<u>\$ (3,328)</u>
800 MHZ Operations:				
Contractual	\$ 722,759	\$ 722,759	\$ 701,902	\$ 20,857
Other charges	144,396	144,396	122,366	22,030
Capital outlays	22,000	22,000	14,309	7,691
Total 800 MHZ operations	<u>\$ 889,155</u>	<u>\$ 889,155</u>	<u>\$ 838,577</u>	<u>\$ 50,578</u>

Schedule of Revenues and Expenditures  
 Budgetary Basis  
 Year Ended June 30, 2017 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenditures: (continued)				
Total expenditures	\$ 5,566,088	\$ 6,217,796	\$ 5,397,826	\$ 819,970
Net operating income (loss)	\$ (658,654)	\$ (1,304,636)	\$ (84,370)	\$ 1,220,266
Nonoperating revenue:				
Revenue from use of money of property:				
Investment earnings	\$ 30,000	\$ 30,000	\$ 13,312	\$ (16,688)
Rent income	3,654	3,654	3,628	(26)
Total revenue from use of money of property	\$ 33,654	\$ 33,654	\$ 16,940	\$ (16,714)
Commonwealth of Virginia:				
Wireless E-911 grant	\$ 625,000	\$ 627,000	\$ 611,272	\$ (15,728)
Other categorical aid from the commonwealth	-	32,952	7,500	(25,452)
Total revenue from the commonwealth	\$ 625,000	\$ 659,952	\$ 618,772	\$ (41,180)
Federal Government:				
Emergency Services grant	\$ -	\$ -	\$ 25,452	\$ 25,452
Total Federal Government	\$ -	\$ -	\$ 25,452	\$ 25,452
Total nonoperating revenues	\$ 658,654	\$ 693,606	\$ 661,164	\$ (32,442)
Excess (deficiency) of revenues over expenditures	\$ -	\$ (611,030)	\$ 576,794	\$ 1,187,824

This statement is prepared using the Center's budgetary basis of accounting which differs from that required by generally accepted accounting principles.

ALBEMARLE-CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER

Reconciliation of the Schedule of Revenues and Expenditures - Budgetary Basis  
to the Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2017

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Reconciliation of excess (deficiency) of revenues over expenses to changes in net position per the Statement of Revenues, Expenses and Changes in Net Position:	
Excess (deficiency) of revenues over expenditures per budgetary basis schedule	\$ 576,794
Nonbudgetary funds activity not included on the Schedule of Revenues and Expenses - Budgetary Basis:	
Capital Projects Fund - expenses	(5,070)
800 MHz Radio System Fund - expenses	(135,912)
Integrated computer aided dispatch - expenses	(630,301)
Changes in other post employment benefits	(18,000)
Capital contributions	913,554
Changes in deferred outflows of resources	176,318
Changes in deferred inflows of resources	122,703
Changes in net pension liability	(234,531)
Additions to capital assets	472,460
Depreciation	<u>(452,330)</u>
Change in net position, per statement of revenues, expenses, and changes in net position	\$ <u><u>785,685</u></u>

- Compliance -

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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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 BOARD OF SUPERVISORS  
COUNTY OF ALBEMARLE, VIRGINIA AS FISCAL AGENT FOR  
ALBEMARLE-CHARLOTTESVILLE EMERGENCY COMMUNICATIONS CENTER  
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 Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Albemarle-Charlottesville Emergency Communications Center as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's financial statements and have issued our report thereon dated November 13, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Albemarle-Charlottesville Emergency Communications Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Albemarle-Charlottesville Emergency Communications Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Albemarle-Charlottesville Emergency Communications Center'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.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Albemarle-Charlottesville Emergency Communications Center'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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, Farnell, Cox Associates*

Charlottesville, Virginia

November 13, 2017