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

Statement of Activities

The following table presents revenues and expenses of governmental activities:

Changes in Net Assets
For the Fiscal Year Ended June 30, 2011 and 2010
($ in thousands)

	Governmental Activities 2011	Governmental Activities 2010	Total % Change 2011-2010
Revenues:			
Program Revenues:			
Charges for Services	$ 5,132	$ 3,921	30.88%
Operating grants and contributions	21,964	20,764	5.78%
Capital grants and contributions	282	207	36.23%
General Revenues:			
General property taxes, real and personal	136,848	140,241	-2.42%
Other taxes	45,350	43,489	4.28%
Grants and contributions not restricted	15,691	15,557	0.86%
Use of Money and Property	806	847	-4.84%
Miscellaneous Revenue	204	937	-78.23%
Total Revenues	$ 226,277	$ 225,963	0.14%
Expenses:			
General Government	$ 10,817	$ 9,702	11.49%
Judicial Administration	4,904	4,817	1.81%
Public Safety	32,684	31,948	2.30%
Public Works	8,792	6,348	38.50%
Health and Welfare	23,218	22,711	2.23%
Education	103,577	108,682	-4.70%
Parks, Recreation, and Cultural	7,192	7,477	-3.81%
Community Development	28,360	30,104	-5.79%
Interest on long-term debt	5,711	6,038	-5.42%
Total Expenses	$ 225,255	$ 227,827	-1.13%
Increase (decrease) in net assets	$ 1,021	$ (1,863)	-154.80%
Beginning net assets, restated	91,570	89,312	2.53%
Ending net assets	$ 92,591	$ 87,449	5.88%

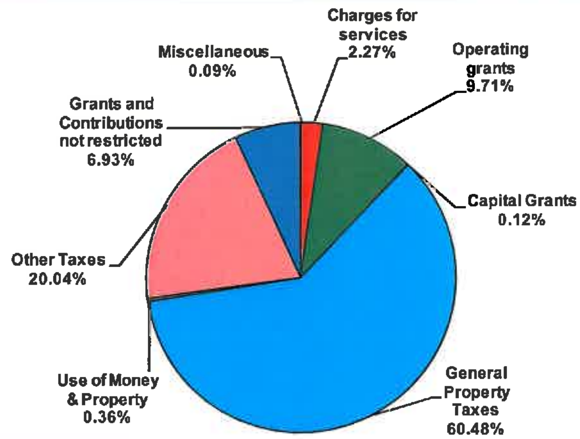
Revenues from charges for services rose over 30% from 2010 primarily as a result of an increase in the EMS Billing as well as the Facilities Development Coordinator fees. Capital grants and contributions increased over 36% due to a grant from the Department of Conservation and Recreation. Miscellaneous Revenues decreased 78% with General fund miscellaneous revenues totaling $129,610 compared to $209,148 in FY 2010. Miscellaneous revenue in other governmental funds decreased as well; The Crozet Crossing Trust fund contribution decreased from $430,800 in FY 2010 to $44,559 in FY 2011.

General Government experienced an 11.49% increase in total expenses as a result of reorganization and the filling of several vacant positions. Public Works experienced a double-digit increase in total expenditures during FY 2011 due to new capital projects such as Crozet Streetscapes project.

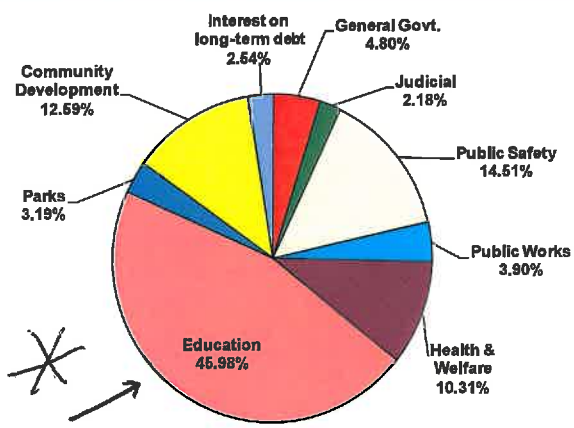
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE: (CONTINUED)

Governmental Activities - Revenues by Source
For the Fiscal Year Ended June 30, 2011

Governmental activities total net assets increased by $1,020,675. This increase is due to a 1.13% decrease in total expenses and a 0.14% increase in total revenues. Revenues from governmental activities totaled $226,277,376 for FY 2011 compared to FY 2010 revenues from governmental activities of $225,963,638. Taxes comprise the largest source of these revenues, totaling $182,198,525 or 81% of all governmental activities revenue. Of this amount, general property taxes comprise 75% of the taxes collected totaling $136,848,200.



Governmental Activities - Expenses by Function
For the Fiscal Year Ended June 30, 2011



The total cost of all governmental activities for this fiscal year was $225,256,702. As the chart illustrates, Education continues to be the County's largest program with expenses totaling $103,576,934. Public Safety expenses, which total $32,684,377 represents the second largest expense, followed by Community Development at $28,360,299 and Health and Welfare at $23,217,827.

For the County's governmental activities, the net expense (total cost less associated fees and program-specific governmental aid) is illustrated in the following table.

Total Cost and Net Cost of Governmental Activities
For the Fiscal Year Ended June 30, 2011 and 2010

	Total Cost of Services			Net Cost of Services		
	2011	2010	Percentage Change	2011	2010	Percentage Change
General Government	$ 10,817,203	$ 9,701,766	11.50%	$ 9,114,963	$ 8,055,717	13.15%
Judicial Administration	4,904,469	4,817,482	1.81%	2,443,946	2,457,457	-0.55%
Public Safety	32,684,377	31,947,939	2.31%	26,966,545	27,368,156	-1.47%
Public Works	8,792,358	6,348,136	38.50%	8,029,101	6,052,247	32.66%
Health & Welfare	23,217,827	22,711,257	2.23%	12,090,642	8,815,469	37.15%
Education	103,576,934	108,681,711	-4.70%	103,576,934	108,681,711	-4.70%
Parks, Recreation & Culture	7,191,757	7,477,447	-3.82%	6,865,761	7,096,691	-3.25%
Community Development	28,360,299	30,103,606	-5.79%	23,079,341	28,369,780	-18.65%
Interest on long-term debt	5,711,478	6,037,722	-5.40%	5,711,478	6,037,722	-5.40%
Total	$ 225,256,702	$ 227,827,066	-1.13%	$ 197,878,711	$ 202,934,950	-2.49%

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget and actual revenues and expenditures in the general fund:

Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2011	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	$ 178,301,218	$ 178,301,218	$ 181,012,451
Other	5,157,376	5,736,630	6,214,991
Intergovernmental	27,445,543	27,535,449	28,035,373
Total	$ 210,904,137	$ 211,573,297	$ 215,262,815
Expenditures:			
Expenditures	$ 193,269,042	$ 195,916,693	$ 190,407,818
Excess (deficit) of revenues over expenditures	$ 17,635,095	$ 15,656,604	$ 24,854,997
Other Financing Sources (Uses):			
Transfers In	2,362,161	5,040,652	1,685,860
Transfers Out	(19,997,256)	(20,697,256)	(19,179,038)
Total	$ (17,635,095)	$ (15,656,604)	$ (17,493,178)
Change in Fund Balance	$ -	$ -	$ 7,361,819
Fund balance, beginning of year	$ -	-	24,619,746
Fund balance, end of year	-	-	31,981,565

The final amended budget appropriations for expenditures exceeded the original appropriations by $2,647,651. This increase is due primarily to appropriation of funds for uncompleted projects and prior year purchase order commitments.

Actual revenues were $3,689,518, or 1.74% more than final budget amounts and actual expenditures were $5,508,875 or 2.89% less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2011, include the following:

- Actual tax revenues exceeded budgeted amounts by $2,711,233 primarily due to conservative budgeting in anticipation of lower property and other local tax collections.
- General government actual expenditures were $581,259 less than budgeted, Public Safety actual expenditures were $889,610 less than budgeted, Health and Welfare actual expenditures were $1,092,863 less than budgeted, and Community Development actual expenditures were $507,545 less than budgeted. These savings were primarily due to employee retirement and a large number of frozen and unfilled vacancies.
- Expenditures in Public Works were $537,221 less than budgeted as a result primarily of uncompleted projects carried forward to FY 2012.

School Transfer Information

Language from the Board's approved financial policies:

> "The County has established a Memorandum of Understanding with the School Board regarding the amount of annual General Fund support received each year, which is currently established at approximately 60% of all new available local tax revenues. Available revenues are revenues that can be used for County and School Division operations after any increases in debt service, capital improvement program funding, City of Charlottesville revenue sharing, and the Board reserve fund have been funded. This guideline will be reviewed annually."

60% of the increase or decrease in shared revenues is allocated to the School Division after certain transfers and expenditures are deducted.

- Shared revenues include general property taxes, sales tax, consumer utility taxes* (see #6 below), business license tax, vehicle registration, recordation tax, transient occupancy tax, food and beverage tax, and other local tax revenue sources. Though Personal Property Tax Relief (PPTR) is currently classified as a state revenue, it is also included in the shared local tax revenue category since the 60/40 formula originated before the PPTR Act was enacted.
- Deducted transfers/revenues include 1) transfer to capital and debt service, 2) revenue sharing, 3) tax relief for the elderly and disabled, 4) tax refunds, 5) contingency reserves, 6) an estimated portion of telecommunications taxes dedicated for E-911 operations which until recently was collected and allocated separately by the state.

Sample calculation:

County of Albemarle
Allocation of New Local Tax Revenue
Between General Government & Schools

	Prior Year	Current Year	Change
Shared Local Tax Revenue			
General Property Taxes	150,000,000	153,000,000	3,000,000
PPTR	15,000,000	15,000,000	-
Other Local Taxes	40,000,000	42,000,000	2,000,000
Total Local Taxes	205,000,000	210,000,000	5,000,000
Less: E911 Surcharge	(1,500,000)	(1,500,000)	-
Net Local Taxes	203,500,000	208,500,000	5,000,000
Less Expenditure Deductions			
Revenue Sharing	(16,000,000)	(18,190,000)	(2,190,000)
Transfer to CIP/Debt Service	(20,000,000)	(20,300,000)	(300,000)
Tax Relief for the Elderly & Handicapped	(1,000,000)	(1,000,000)	-
Refunds	(150,000)	(160,000)	(10,000)
Total Expenditure Deductions	(37,150,000)	(39,650,000)	(2,500,000)
NET REVENUE	166,350,000	168,850,000	**2,500,000**
Proposed Preliminary Distribution:			
School Annual Increase @ 60% of New Local Tax			1,500,000
Gen'l Gov't Annual Increase @ 40% of New Local Tax			1,000,000
Schools @ 60% of Net Local Taxes	**100,000,000**	**101,500,000**	