

TOWN OF CHRISTIANSBURG, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(JULY 1, 2014 TO JUNE 30, 2015)



VALERIE TWEEDIE, CPA CFE CGFM  
FINANCE DIRECTOR/TREASURER



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## Introductory Section

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# Town of Christiansburg, Virginia 24073

100 East Main Street ~ Telephone 540-382-6128 ~ Fax 540-382-7338

ESTABLISHED

NOVEMBER 10, 1792

INCORPORATED  
JANUARY 7, 1833

MAYOR  
D. MICHAEL BARBER

COUNCIL MEMBERS  
R. CORD HALL  
STEVE HUPPERT  
HENRY SHOWALTER  
BRADFORD J. "BRAD" STIPES  
JAMES W. "JIM" VANHOOZIER  
SAMUEL BISHOP

TOWN MANAGER  
BARRY D. HELMS

ASSISTANT TOWN MANAGER  
RANDY S. WINGFIELD

DIRECTOR OF FINANCE/TOWN  
TREASURER  
VALERIE L. TWEEDIE  
CPA CFE CGFM

CLERK OF COUNCIL  
MICHELE M. STIPES

TOWN ATTORNEY  
GUYNN, MEMMER &  
DILLON, P.C.

November 16, 2015

The Honorable Mayor, Members of Town Council  
and the Citizens of the Town of Christiansburg, Virginia:

Section 15.1-167 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Finance Department and Town Manager's Office hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Christiansburg, Virginia for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the Town of Christiansburg. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the Town.

## The Report

The Town of Christiansburg's financial statements have been audited by the independent certified public accounting firm of Michael B. Cooke, C.P.A., P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Christiansburg, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Christiansburg's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the financial section of this report.

The independent audit of the financial statements of the Town of Christiansburg was part of a broader, federally mandated audit performed in accordance with Government

*Town of Christiansburg*  
*Letter of Transmittal continued*

Auditing Standards as issued by the Comptroller General of the United States of America. Those standards are designed to meet the special needs of federal grantor agencies. The standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with certain provisions of laws, regulations, contracts, and grants. These reports are contained at the end of the Comprehensive Annual Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with the report of the independent auditor.

Profile of the Government

Location, History, and Government

The Town of Christiansburg was founded and organized in 1792 and incorporated in 1833. The Town is located in Montgomery County, and is the county seat. The Town has a land area of 13.9 square miles. Christiansburg is the fourth largest town in the Commonwealth of Virginia with 21,041 residents (2010 Census). The Town is empowered to levy a property tax on real properties located within its boundaries. Town residents are also citizens of and are subject to taxation by Montgomery County.

The Town of Christiansburg is organized under the Council-Manager form of government. The Town Council is the legislative body of the Town and is comprised of the mayor and six council members, who enact laws, determine policies, and adopt the annual budget. The Council, including the Mayor, is elected at large for four-year overlapping terms. Town Council appoints a Town Manager who is responsible for the daily management of the Town.

For financial reporting purposes, the Town of Christiansburg includes all funds, agencies, boards, commissions, and authorities that are controlled by, or are financially dependent upon, the Town. Controlled by, or financial dependence, was determined on the basis of obligations of the Town to finance deficits, guarantee debt, select the governing authority, approve the budget, have authority to make a public levy, and to have ownership of assets. The Town of Christiansburg has not identified any entities that should be reported as discretely presented component units of the Town.

Jointly governed organizations of the Town of Christiansburg that require only note disclosure presentation are the NRV Regional Water Authority, Montgomery Regional Solid Waste Authority, the Virginia Tech-Montgomery Regional Airport Authority, the Blacksburg/Christiansburg/

*Town of Christiansburg*  
*Letter of Transmittal continued*

Montgomery Area Metropolitan Planning Organization, the New River Valley Emergency Communications Regional Authority, and the Montgomery Regional Tourism Board.

*Services Provided*

The Town of Christiansburg provides services for its citizens that have proven to be necessary and meaningful. Major services provided under the general government and enterprise function include: general administration, public safety, public works, planning, and recreational activities. The Town also provides and maintains water and sewer utilities, solid waste and recycling services. Montgomery County provides public school services and educational programs for the students of the Town of Christiansburg as well as courts and social services programs.

*Accounting System and Budgetary Control*

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on the accrual basis.

In developing the Town's accounting system, consideration is given to the adequacy of internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Town Council adopts an annual budget for all funds prepared by Town management. The legally adopted budgets for the general fund, special revenue fund, permanent fund, and capital projects fund are prepared on the modified accrual basis. These budgets are reviewed by the Town Council and are formally adopted by the passage of a budget ordinance. The Director of Finance is authorized to transfer budgeted amounts between line items and departments within the general fund upon request and justification from management; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

*Town of Christiansburg*  
*Letter of Transmittal continued*

The legal level of budgetary control has been established at the individual fund level except within the special revenue fund where the legal level of compliance is at the functional/program level. Financial reports are produced showing budget to actual expenditures by line item, and are distributed monthly to Town departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and special revenue fund, these comparisons are presented in Exhibit G and Exhibit H as part of the basic financial statements for the governmental funds. The Cemetery, Capital Projects, and other funds budget-to-actual comparisons are presented in the other supplementary information in Exhibit P through Exhibit U.

#### Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Christiansburg operates.

The Town of Christiansburg is located along the I-81 corridor in Montgomery County and is the county seat. The Town is the major retail shopping outlet for the surrounding community which includes the City of Radford and the Town of Blacksburg. The City of Radford is home to Radford University and the Town of Blacksburg is home to Virginia Tech. Each University houses a large annual student population and Virginia Tech has a strong and popular football team which attracts thousands of visitors throughout the football season. Christiansburg is also home to the Nationwide Dish Network customer service facility. In October of 2012, BackCountry.com opened a major distribution center in the industrial park and is expected to employ approximately 300 people when fully operational over the next several years. The Town continues to work with the Economic Development Department of Montgomery County to increase its business base and industrial customers. Although the Town saw declines in revenues during the recessionary period, the Town's economy is beginning to see small improvements and the Town's reserves are stable.

#### Long-term Financial Planning

In 2009, the Town Council established its 2020 Vision which outlined nine vision statements that guide the short and long-term planning for operations and decisions within the Town. Those vision statements include the following objectives to be: Everyone's Hometown; a Retail, Commerce, and



*Town of Christiansburg*  
*Letter of Transmittal continued*

Tourist Destination; To Have Well Informed Citizens; A Green Community; A Recreation, Cultural, and Entertainment Mecca; A Clean, Healthy, Safe Place to Live; A Model of Effective Land Use; An Interconnected Community; and a Sound Financial Entity. Each of these objectives are considered when evaluating financial and operational issues and they are the framework under which the annual budget is established. Over the last several years the Town has been establishing new policies and procedures for various aspects of its operations to achieve these objectives. The Town Council Chambers were updated to include projectors and microphones, and taping of monthly meetings are now available on the public cable channel designated for government use so that the citizens may be better informed. Furthermore, new initiatives have been made to establish more sidewalks and trails throughout the Town for recreational purposes as well as fostering an interconnected community.

Relevant Financial Policies

The annual budget serves as the Town's operations plan and is prepared in accordance with Virginia Law providing a forecast for future year's operations and capital needs. This format provides the governing body with information to assess the sustainability of ongoing operational as well as capital needs, and what changes may need to be made in the future to create a fiscally sound and sustainable plan.

Each year the budget includes new assignments of fund balance for projects and capital needs in the future. The Town has adopted a fund balance policy that sets forth best practices for the amount of unassigned fund balance to be retained and the use of those balances for nonoperational costs. These fund balances are reviewed each year and appropriate actions are taken to ensure appropriate fund balances are in place. Assignments of fund balances are determined as a part of the budget review and approval of the annual budget.

The Town invests its reserved or assigned fund balances in local banks in certificates of deposits, savings, and money market funds to provide liquidity and to guard against the risk of loss. This past year a number of local governments joined together to form the Virginia Investment Pool (VIP) to strengthen localities resources for investment of local government funds. The VIP is designed to follow all the current laws required for the Local Government Investment Pool (LGIP), managed by the Commonwealth for investment of funds by local governments. The VIP anticipates achieving higher rates of return on the funds and is more actively managed by the participants. Through periodic requests for proposals the Town strives to increase the investment earnings on these funds.

The real estate tax rate remained unchanged in the Town for six years and was actually reduced in 2007 from 0.144 per \$100 to a rate of 0.1126 per \$100. In 2014-2015 the tax rate was increased to .13 per \$100. In 1980, the tax rate was 0.225 per \$100 and was reduced in 1983 to 0.175 per \$100.

*Town of Christiansburg*  
*Letter of Transmittal continued*

The rate was reduced again in 1990 to 0.144 per \$100 during significant growth and development and increased assessed values. The personal property tax rate is 0.45 per \$100 and has not been changed since 1987 when the rate was reduced from 2.25 per \$100. Citizens of Christiansburg are taxed by both the Town and Montgomery County. The County increased its real estate tax rate for 2013 from 0.87 per \$100 to 0.89 and the rate has remained at 0.89. Its personal property tax rate increased from 2.45 per \$100 in 2012 to 2.55 in 2013 and has remained unchanged to date. The increased real estate rate is primarily to fund the construction of three new schools within the County.

The Town participates in the Virginia Retirement System (VRS) with benefits as outlined in the footnotes to the financial statements. The Town's annual contractually required contributions totaled \$ 1,411,075. With the implementation of GASB Statement No. 68, the Town's pension cost totaled \$1,088,710. The Town currently funds the current year requirement as well as an amortized portion of the unfunded liability. The unfunded actuarial accrued liability is amortized over a period of 30 years. The unfunded actuarial accrued liability of the pension fund as of the last measurement date of June 30, 2014 is approximately \$10.6 million.

The Town also provides another pension benefit for personnel hired before June 30, 2011 that accrues from divesting a retiree of accrued sick leave upon retirement. The details of this plan are also described in the footnotes of the financial statements (Note 10). The system is on a pay-as-you-go basis and has an unfunded accrued liability of \$ 1,868,728 as of the last valuation date of June 30, 2014.

Christiansburg also provides its employees who retire from the Town with 20 years of service an amount that is to be paid into a medical reimbursement account. This other post-employment benefit is also a pay-as-you-go system and has an unfunded accrued liability of \$1,471,417 as of the last valuation date of June 30, 2014. This plan is more fully described in the footnotes of the financial statements (Note 11).

Major Initiatives

During this fiscal year the Town made great strides in completing the design and acquiring easements for the full connectivity of the Huckleberry Trail from the NRV Mall to the Recreation Center. 6,500 feet of trail completed in the prior year along this route were connected to the Renva Knowles Bridge which crosses over Peppers Ferry Road opened in September of 2015. Our sincerest thanks and appreciation to Rodger & Barbara Woody and Shah Development for their generous donations of just over 11 acres of land for development of the trail system, which were integral in achieving connectivity of the trail system to the newly acquired 62 acre Wilson parcel for future park development.

The Town acquired approximately 62 acres of land for future recreational development in keeping with the Town's Vision for A Green Community; A Recreation, Cultural, and Entertainment Mecca;

*Town of Christiansburg*  
*Letter of Transmittal continued*

and A Clean, Healthy, Safe Place to Live. In 2014, a master plan for the development of all of the Town parks was prepared and the full plan is available on the Town's Website. The Town is currently undergoing a master planning project for development of the Truman Wilson Property. The study is expected to be completed in late 2016.

The Diamond Hills Park Stream Restoration Project restored approximately 2,233 linear feet of impaired stream channel below Independence Boulevard that drains to Crab Creek. The stream restoration utilized natural stream channel design and construction techniques. In addition to the multitude of planting required of the project, an area was graded for a potential future walking trail. This project is associated with a mitigation project in Wythe County and was proposed and constructed by Branch Highways at no cost to the Town. The town is now in design phase for improvements to a section of the tributary adjacent to Blue Leaf Court which drains to the Diamond Hills Park Stream Restoration Project as well as a section of the tributary to Crab Creek. Natural stream channel design techniques and principals will be utilized.

The AMI Water Metering System Up-Grade project is replacing all of the Town's 10,000 water meters with electronically read meters. When the system is complete, it will allow the Town to convert to a monthly billing process, allow customers to view their own water use over the web, and provide valuable information to the town and customers about their water usage.

Awards and Acknowledgements

*The Christiansburg Police Department* has received the following awards and accreditations:

The Town of Christiansburg Police Department is a fully accredited agency. The Department sought and received accreditation in 2000 and continues to maintain that standing. The accreditation is provided by the Virginia Law Enforcement Professional Standards Commission and requires regular reviews and recertification of the departments operations.

The Christiansburg Police Department also earned the May 2015 Click It or Ticket Seat Belt Use Award. Based on the seat belt rates reported in TREDs, the agency had the highest seat belt use among agencies in Virginia of a similar size in the Town's area of the Commonwealth.

*Town of Christiansburg*  
*Letter of Transmittal continued*



Anti-Bullying Patrol Car

Each year the police department attempts to initiate a campaign within the agency that brings awareness to a certain issue. This year we decided to develop an anti-bullying vehicle, which is driven each day by our elementary school resource officer. Our hope is that we develop a culture within our community that bullying is not acceptable and that it will not be tolerated. We believe that by bringing attention to this issue in Christiansburg, we can be part of the solution.

*The Christiansburg Rescue Squad* was recognized by the Western Virginia Emergency Medical Services Council and received the following Regional Awards:

Outstanding EMS Agency 2012

Chief Coyle was recognized as Outstanding EMS Agency Administrator 2013

Chief Coyle was recognized For Excellence in EMS 2014

In January of 2014, the Town began billing insurance for Emergency medical responses within the community. Proceeds from those funds have been set aside by policy of the Town Council only for use in funding rescue and emergency services needs. During the fiscal year, the Town collected \$715,500 in revenue, distributed related expenses of \$99,060, and purchased capital equipment of \$147,050, netting a carryover amount for future acquisition of equipment of \$617,530. These funds will be used for expansion of services, purchase of equipment and building improvements for the

*Town of Christiansburg*  
*Letter of Transmittal continued*

Rescue Department. In 2015, the Town was able to purchase a new fully equipment ambulance to replace one of the Town's older models that was becoming very costly to operate due to extensive repairs.



Last year was the third year that the Town produced a Comprehensive Annual Financial Report (CAFR). In prior years the Town issued General Purpose Financial Statements. The Town submitted that report to Government Finance Officers Association and is very pleased to announce that we again received the Certificate of Achievement for Excellence in Financial Reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Christiansburg for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town believes its current report also conforms to the Certificate of Achievement Program's requirements, and is submitting it to the GFOA for consideration again this year.



*Town of Christiansburg*  
*Letter of Transmittal continued*

Finance/Treasurers Office Staff

Left to right front Row: Deborah Mauricio, Valerie Tweedie, Sherry Hunter, Becky Lucas,  
Back Row: Stacy Harris, Marc Evans, Brittany Kast, Amber Beasley, Kayla Crawford



The Town continues to strive to increase the level of information available to the citizens so that they may be better informed about the governments operations and activities.

We would like to express our sincere thanks to all of the staff in the finance office and all the department directors and staff for their assistance and support in gathering and compiling all the data and information required for this report. Their cooperation and dedication to improving the Town in every way is remarkable.

Respectfully submitted,

Valerie L. Tweedie CPA CFE CGFM  
Director of Finance/Treasurer  
Town of Christiansburg

Barry Helms  
Town Manager  
Town of Christiansburg



Government Finance Officers Association

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

Presented to

**Town of Christiansburg  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## TOWN OF CHRISTIANSBURG, VIRGINIA

### LIST OF PRINCIPAL OFFICIALS

June 30, 2015

#### MEMBERS OF TOWN COUNCIL

D. Michael Barber.....	Mayor
Samuel Bishop.....	Council Member
Cord Hall.....	Council Member
Steve Huppert.....	Council Member
Henry Showalter.....	Council Member
Bradford J. Stipes.....	Council Member
James W. Vanhoozier.....	Council Member

#### GENERAL TOWN GOVERNMENT

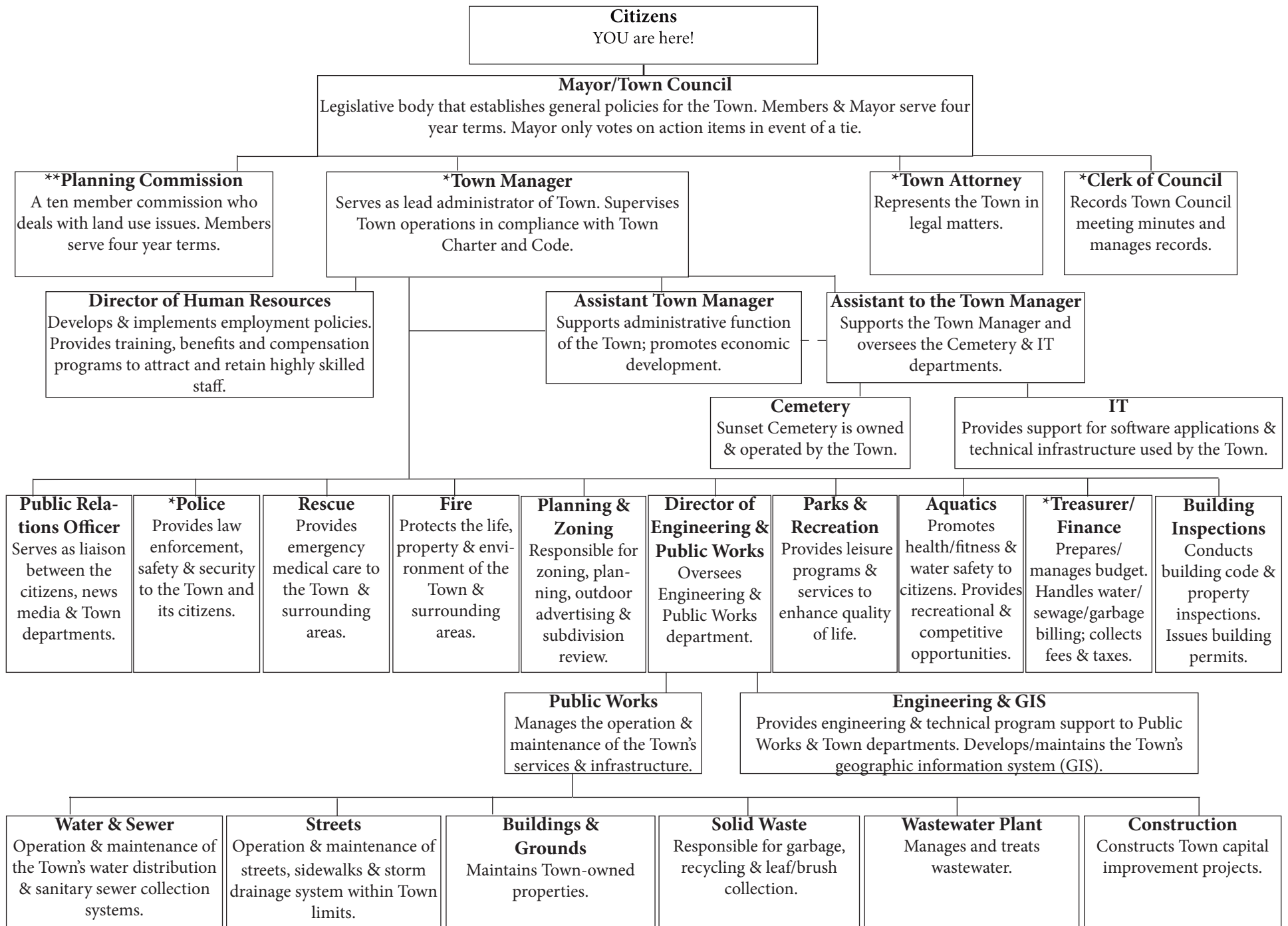
Barry Helms.....	Town Manager
Valerie Tweedie, CPA, CFE, CGFM.....	Director of Finance/Treasurer
Randy Wingfield.....	Assistant Town Manager
Adam Carpenetti.....	Assistant to the Town Manager
Gwynn & Waddell, PC.....	Town Attorney
Michelle Stipes.....	Town Clerk
Wayne Nelson, PE.....	Director of Engineering
Ricky Bourne.....	Director of Public Works
Nichole Hair.....	Director of Planning
Mark Sisson.....	Chief of Police
Brad Epperley.....	Director of Parks and Recreation
Becky Wilbur.....	Director of Human Resources and Public Relations
Terry Caldwell.....	Director of Aquatics

#### INDEPENDENT AUDITORS

Michael B. Cooke, C.P.A., P.C.



# Town of Christiansburg Organizational Structure & Departmental Functions



\* Position appointed by Council

\*\* Planning Commission Members appointed by Council

For more information on these departments & the functions they oversee, please visit [www.christiansburg.org](http://www.christiansburg.org)

## Financial Section

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# Michael B. Cooke, C.P.A., P.C.

Certified Public Accountants

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6 Colony Park  
2001 South Main Street  
Blacksburg, Virginia 24060  
(540) 953-1152

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Town Council  
Town of Christiansburg, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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 the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective fund budgetary comparison statements 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 Management's Discussion and Analysis, Analysis of Funding Progress for Sick Pay Plan, Analysis of Funding Progress for Retirement Service Merit Plan, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory, supporting schedules and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules are the responsibility of management and was derived from and relate 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 financials 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 supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Michael B. Cooke CPA, PC*

CERTIFIED PUBLIC ACCOUNTANTS

Blacksburg, Virginia  
November 16, 2015

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TOWN OF CHRISTIANSBURG, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015

The following discussion and analysis of the Town of Christiansburg's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the Town's basic financial statements.

#### FINANCIAL HIGHLIGHTS

- The Town's total net position decreased by \$12,491,955 (including a prior period adjustment reducing net position by \$13,837,888 and an increase in net position from current year activity totaling \$1,345,933) during the fiscal year, on the government-wide basis. The Town's total net position, on the government-wide basis, totaled \$138,957,863 at June 30, 2015. Of this amount, \$5,363,215 may be used to meet ongoing obligations to citizens and creditors, \$126,154,684 is invested in capital assets, net of related debt, \$522,364 is restricted for perpetual care in the Cemetery Fund; \$6,917,601 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$20,796,016, which were \$740,263 less than the general revenues of \$21,536,279.
- At June 30, 2015 the Town's Governmental Funds Balance Sheet reported total ending fund balances of \$23,102,092 of which \$615,719 was non-spendable as a part of the cemetery perpetual care fund and prepaid expenses of the general fund, \$1,964,871 was restricted by law or donor restrictions; \$3,814,143 was assigned to specific savings for future needs of the Town and \$16,707,359 was unassigned and available to meet future needs.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements present two types of statements, each with a different snapshot of the Town's finances. The focus is on both the Town as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both short-term and long-term information about the Town's overall financial status. The fund financials focus on the individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements, which present a longer-term view. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons, and better reflects the Town's accountability.

#### Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the Town as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the Town's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the Town's net position and changes that affected net position during the fiscal year. The change in the Town's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the Town's financial health, or financial position. Increases or decreases in net position are indicators of whether the Town's financial health is improving or deteriorating. Other nonfinancial factors, such

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

as changes in the Town's property tax base and the condition of the Town's infrastructure should also be considered in assessing the overall financial health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town's fund-based activity is classified as follows:

Governmental activities – Most of the Town's basic services are reported here, including general government, public safety, public works, health and welfare, parks and recreation, cemetery, community development, and capital projects. Property taxes, other local taxes, and federal and state grants finance most of these activities.

Business-type activities – The Town's water and sewer operations are reported here as the Town charges a fee to customers designed to cover all or most of the cost of the services it provides.

### Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements focus on the Town's most significant funds rather than fund types. The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the Town as a whole. The Town has two types of funds:

Governmental funds – Most of the Town's basic services are included in governmental funds. Fund-based statements for these funds focus on how resources flow into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits D and F on pages 17 and 19.

The Cemetery Fund (Permanent Fund) is used to account for the operations of the cemetery and the perpetual care funds and related interest income. The earnings can be used to maintain the community cemetery. On April 1, 2008 the Town took over control of the cemetery from the Cemetery Corporation. The Town funds a portion of the operational costs of the cemetery each year.

The Special Revenue Fund is used in accordance with generally accepted accounting principles to account for the proceeds of specific revenue sources that are legally restricted by contract or donor to expenditures for a specified purpose. The funds primarily come from federal, state, and county grants and specific donations to the Fire department and Rescue department.

The Capital Projects Fund 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 assets. Revenues for this fund are obtained from federal and state highway funds and transfers from the General Fund. The Town funds a portion of the capital support of the fund each year.

Proprietary funds – When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, utilize the accrual basis of accounting, and their statements provide both short and long-term financial information.



# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Town's enterprise fund, one type of proprietary fund, is the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The Town's enterprise fund is the Water and Sewer Fund.

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Christiansburg, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$138,957,863 at the close of the most recent fiscal year, June 30, 2015.

By far the largest portion of the Town of Christiansburg's net position (91 percent) reflects its investment in capital assets (e.g., land, buildings and structures, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town of Christiansburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Christiansburg's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

### Summary of Net Position:

The following table presents a condensed summary of net position:

**Summary of Net Position**  
**As of June 30, 2014 and 2015**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 30,373	\$ 24,127	\$ 3,061	\$ 4,652	\$ 33,434	\$ 28,779
Capital assets, net	106,087	109,485	40,369	38,985	146,456	148,470
<b>Total Assets</b>	<b>136,460</b>	<b>133,612</b>	<b>43,430</b>	<b>43,637</b>	<b>179,890</b>	<b>177,249</b>
Deferred charge on refunding, net	348	366	-	-	348	366
Pension contributions after measurement date	1,223	-	188	-	1,411	-
<b>Total Deferred Outflows Of Resources</b>	<b>1,571</b>	<b>366</b>	<b>188</b>	<b>-</b>	<b>1,759</b>	<b>366</b>
Other liabilities	2,521	1,589	935	968	3,456	2,557
Long-term liabilities	22,988	14,535	9,780	9,070	32,768	23,605
<b>Total Liabilities</b>	<b>25,509</b>	<b>16,124</b>	<b>10,715</b>	<b>10,038</b>	<b>36,224</b>	<b>26,162</b>
Net diff. projected/ actual earnings pension plan	1,554	-	247	-	1,801	-
Unearned revenue	321	-	-	-	321	-
Unavailable tax revenue	4,345	4	-	-	4,345	4
<b>Total Deferred Inflows Of Resources</b>	<b>6,220</b>	<b>4</b>	<b>247</b>	<b>-</b>	<b>6,467</b>	<b>4</b>

Net position:

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

Net investment in capital assets	93,994	96,639	32,161	30,020	126,155	126,659
Restricted	7,440	6,517	-	-	7,440	6,517
Unrestricted	4,867	14,694	496	3,580	5,363	18,274
<b>Total Net Position</b>	<b>\$ 106,301</b>	<b>\$ 117,850</b>	<b>\$ 32,657</b>	<b>\$ 33,600</b>	<b>\$138,958</b>	<b>\$151,450</b>

The Town's combined net position decreased from \$151,449,818 to \$138,957,863 primarily as a result of implementation of the new GASB 68 pronouncement that requires the recording of the net unfunded pension obligation of the government. Previously, this liability was only presented in the notes to the financial statements and was not an entry in the financial statements. Additionally, a change in how the Town reports the January tax levy resulted in an adjustment to the fund balance. Without these changes, fund balance would have increased by \$1,345,933. This increase is primarily due to several large capital projects not getting underway in 2015 and the available funds for those projects are being carried into the next year through net position. Unrestricted net position, the portion of net position that can be used to finance the day-to-day operations of the Town totaled \$5,363,215. Net investment in capital assets, represents the amount of capital assets owned by the Town, including infrastructure, net of any outstanding debt. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions. The total amount of restricted net position is \$7,439,965; \$522,364 is restricted for the use of perpetual care in the Cemetery Fund and \$6,917,601 is restricted by law, contract or donor restrictions or has been assigned for specific use.

Summary of Changes in Net Position:

The following table shows the revenues and expenses of the government:

**Summary of Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2014 and 2015**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 2,724	\$ 2,580	\$ 7,629	\$ 6,874	\$ 10,353	\$ 9,454
Operating grants and contributions	4,237	4,599	-	-	4,237	4,599
Capital grants and contributions	-	887	125	-	125	887
General Revenues:						
Property taxes	3,659	3,921	-	-	3,659	3,921
Local portion of state sales taxes	1,810	1,768	-	-	1,810	1,768
Business and professional occupational license taxes	2,236	2,146	-	-	2,236	2,146
Utility taxes	585	570	-	-	585	570
Franchise taxes	726	812	-	-	726	812
Prepared food and beverage taxes	6,357	6,120	-	-	6,357	6,120
Commonwealth share-personal property taxes	229	229	-	-	229	229
Cigarette taxes	554	606	-	-	554	606
E-911 and communication taxes	933	924	-	-	933	924
Transient room taxes	1,410	1,286	-	-	1,410	1,286
Other taxes	512	523	-	-	512	523
Permits, fees and licenses	273	157	-	-	273	157
Interest and investment income	316	238	-	-	316	238

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

Miscellaneous	1,020	2,437	171	158	1,191	2,595
Cemetery	30	45	-	-	30	45
Payments from Other Governments- State and Federal	886	164	-	-	886	164
<b>Total Revenues</b>	<b>28,497</b>	<b>30,012</b>	<b>7,925</b>	<b>7,032</b>	<b>36,422</b>	<b>37,044</b>
<b>Expenses</b>						
General Government	2,748	2,805	-	-	2,748	2,805
Public Safety	8,583	8,418	-	-	8,583	8,418
Public Works	9,810	8,496	-	-	9,810	8,496
Health and Welfare	3	3	-	-	3	3
Parks, Recreation and Cultural	4,803	5,713	-	-	4,803	5,713
Community Development	1,520	1,224	-	-	1,520	1,224
Interest and Fiscal Charges	290	302	-	-	290	302
Water	-	-	7,319	6,844	7,319	6,844
<b>Total Expenses</b>	<b>27,757</b>	<b>26,961</b>	<b>7,319</b>	<b>6,844</b>	<b>35,076</b>	<b>33,805</b>
Capital contributions	-	-	-	53	-	53
<b>Change in net position</b>	<b>740</b>	<b>3,050</b>	<b>606</b>	<b>241</b>	<b>1,346</b>	<b>3,291</b>
Net Position, beginning	117,850	114,800	33,600	32,359	151,450	148,159
Prior Period Adjustments (see footnote number 2)	(12,289)	-	(1,549)	-	(13,838)	-
<b>Net Position, ending</b>	<b>\$106,301</b>	<b>\$117,850</b>	<b>\$32,657</b>	<b>\$33,600</b>	<b>\$138,958</b>	<b>151,450</b>

The property tax classification, which comprises approximately 13% of total revenue generated by governmental activities, includes real estate taxes, the local portion of personal property taxes, machinery and tools taxes, and public service corporation taxes. Real estate tax revenues totaled \$2,598,721.

Sales taxes, consumer's utility taxes, Commonwealth share of personal property taxes, business and professional occupational license taxes, prepared food and beverage taxes, transient room taxes, E-911 taxes, and cigarette taxes comprised the majority of other local taxes collected by the Town. Other taxes comprised approximately 50% of total revenues generated for governmental activities and are the largest source of revenue for the Town.

Charges for services include items such as recreational fees, fines, forfeitures, and garbage collection fees, when combined represent approximately 10% of the governmental activities revenues.

Public Safety expenses comprised approximately 31% of expenses of the governmental activities. Operations of the labor-intensive Police Department are included in this category, along with expenses of the Building Inspections, Rescue Squad, Fire Department and E-911 Call Center.

Public Works expenses comprised approximately 35% of governmental activities expenses. Expenses for solid waste management, building maintenance, street paving, and street maintenance are included in the Public Works category.

Recreation expenses comprised approximately 17% of governmental activities expenses.

Community Development and Health & Welfare include such items as industrial development, planning district commission, planning, and engineering services.

The net position of business-type activities decreased slightly primarily due to the recording of the net pension liability per GASB 68.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2015, the governmental funds reflect a total fund balance of \$23,102,092. Of this amount, \$16,707,359 constitutes unassigned fund balance, which is available for spending for services, debt obligations, and future capital projects. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

The General Fund balance increased by \$2,498,841 (net of a prior period adjustment of \$122,572) during the fiscal year ending June 30, 2015 primarily due to capital projects not being completed as planned during the year.

The Special Revenue fund balance increased by \$459,643 from the prior year; this was the net effect of a number of transactions within the special revenue funds. The most noteworthy being the increase in funds from the revenue recovery program for the rescue department and expenditures from the Renva Knowles fund to support the construction of the Renva Knowles Bridge and Huckleberry Trail projects. The Huckleberry Trail is a recreational bike and walking trail throughout the Town and connecting the trail through Montgomery County to the Town of Blacksburg.

Local taxes generated the majority of General Fund revenue, totaling approximately \$18,710,171 in fiscal year ending June 30, 2015.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$4,068,578 in fiscal year ending June 30, 2015. The majority of this revenue is received from the Commonwealth and includes reimbursement for law enforcement funding received under House Bill 599, street maintenance funds from the Virginia Department of Transportation, and communication taxes from the Commonwealth.

## GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were more than the budgeted revenues by \$832,910. This was primarily due to an increase in state funding for street maintenance, slightly higher than expected meals and lodging taxes, and better investments earnings.

General Fund expenditures were less than the budgeted amount by \$1,887,296 for general operations due primarily to several large capital projects and capital vehicles not being completed and purchased within the fiscal year.

## CAPITAL ASSETS

As of June 30, 2015, the Town's capital assets for its governmental and business-type activities amounted to \$146,456,298 (net of accumulated depreciation). This investment includes land, streets and highways, construction in progress, land improvements, buildings and structures, vehicles, equipment, and infrastructure. The total net decrease (additions less retirements and depreciation) in the Town's investment in capital assets for the current fiscal year was \$2,013,693. This decrease was primarily because depreciation expense exceeded the addition of new assets and infrastructure.

### Capital Assets, Net of Depreciation (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Land	\$ 6,658	\$ 6,610	\$ 12	\$ 12	\$ 6,670	\$ 6,622
Construction in Progress	314	1,831	2,050	59	2,364	1,890
Streets & Highways	64,152	67,451	-	-	64,152	67,451

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Land Improvements	1,271	1,422	-	-	1,271	1,422
Buildings & Structures	25,038	25,261	17,477	17,826	42,515	43,087
Equipment	3,178	3,430	20,830	21,088	24,008	24,518
Vehicles	2,008	1,811	-	-	2,008	1,811
Infrastructure	3,468	1,669	-	-	3,468	1,669
Total	\$ 106,087	\$ 109,485	\$ 40,369	\$ 38,985	\$ 146,456	\$ 148,470

The changes in each category of Capital Assets are presented in detail in note 7 (pages 35-36) of the notes to financial statements.

Major capital asset events during the fiscal year included the following: restoration of the stream and culverts on Independence Blvd. and Diamond Hills \$140,429; improvements to the information technology structure of \$139,068; completion of renovations to the Treasurer's office \$30,818; four new vehicles for the Police Department of \$157,766; land donation valued at \$23,500; office space for Public Works of \$86,069; new ambulance at \$204,746; AMI water meter project of \$1,934,217; and paving and resurfacing of streets of \$690,825.

### LONG-TERM DEBT

At June 30, 2015, the Town's long-term liabilities, not including compensated absences, landfill closure and post closure care costs, bond premiums and OPEB payable, totaled \$20,600,887; which is comprised of \$12,392,200 related to governmental activities, and \$8,208,687 related to business-type activities. Total debt decreased by \$1,523,038 during the fiscal year.

The Charter of the Town of Christiansburg and Code of Virginia limits the Town's net debt to 10% of the assessed valuation of real estate within the Town limits. This limit applies to governmental activity debt as well as long-term liabilities of business-type funds which were issued as general obligations of the Town, even though those debts are expected to be paid with revenues generated by those activities. The Town's total general obligation debt of \$20,649,474 (including bond premium of \$48,587) is well below the legal debt limit of \$206,308,786 (see Schedule 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2015 were \$289,866 of the total governmental activities expenses and \$271,118 of the enterprise expenses.

For more detailed information about long-term debt refer to note 8 (page 36-39) in the notes to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic outlook during 2015 was somewhat improved over the previous 3 years; the growth has been slightly less than anticipated but conditions are improving. The unemployment rate has decreased from 5.9% at June 2014 to 4.2% as of June 2015. The unemployment rate for the Commonwealth of Virginia is at 4.8%, as of August 2015, compared to the U.S. overall rate of 5.3%.

One indicator of the state of the economy is the sales tax revenue, which is directly related proportionally to the retail sales. Retail sales increased 6% over the prior year throughout the County. The Town's distribution of sales tax increased by 2% over prior years due in part to overall increase in sales tax collections and a slight reduction in the percentage of our distributive share of the sales tax collections as that distribution is based on school-age population. The Town's proportional school-age population decreased 1.09%, resulting in a net increase of 2% of the Town's distributive share. Overall, the economic indicator is that retail sales are improving indicating some economic stability going forward.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In addition to sales tax, the tax imposed by the Town on meals and lodging have increased over prerecession levels even when factoring out the increases in the rates charged. Both meals and lodging taxes increased over 2014 levels. Lodging tax increased by 10% and meals tax increased by 4% .

In the fiscal year ending, June 30, 2014, the Town saw an 8% decline in building permits within the Town which indicates a slowdown in the construction industry and construction activities within the Town by developers. In 2015, permit levels increased by 99% indicating that projects in development over the past couple of years are now moving forward and the real estate market is beginning to rebound.

These signals seem to indicate the economy in our area is stabilizing with small growth in the retail and real estate markets. The Town also has concerns with future intergovernmental revenues from both federal and state sources, declining as a result of State and Federal budget constraints, particularly as it relates to street maintenance funds and law enforcement funds.

The 2015-2016 budget includes a rate increase for both water and sewer fees to help offset the increased costs of water purchases from the NRV Regional Water Authority, as well as, improvements in the Town's infrastructure for water and waste water systems. The budget also includes a \$0.03 increase in real estate taxes to offset general budgetary increases and projections for implementation of a new stormwater fee in late 2016 that are expected to offset new stormwater regulations implemented by the state legislature. We have anticipated only moderate improvement in the economy and hence, the Town has made conservative estimates of revenues in this budget cycle.

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Town Manager or the Director of Finance at 100 East Main Street, Christiansburg, Virginia 24073, telephone (540)382-6128. The Town's website address is [www.christiansburg.org](http://www.christiansburg.org).

**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 22,625,963	\$ -	\$ 22,625,963
Cash and Cash Equivalents, restricted	2,772,308	-	2,772,308
Investments	251,932	-	251,932
Investments, restricted	16,294	-	16,294
Receivables (net of allowance for uncollectible)	5,614,039	1,252,992	6,867,031
Prepaid Items	93,355	2,529	95,884
Internal Balances	(1,805,227)	1,805,227	-
Due from Other Governments	804,094	-	804,094
Capital Assets (net of accumulated depreciation)			
Land	6,658,732	12,500	6,671,232
Land Improvements	1,271,149	-	1,271,149
Buildings and Structures	25,038,045	17,476,887	42,514,932
Machinery and Equipment	3,177,950	20,830,195	24,008,145
Vehicles	2,007,552	-	2,007,552
Infrastructure	3,467,712	-	3,467,712
Construction in Progress	313,676	2,049,482	2,363,158
Streets and Highways	64,152,418	-	64,152,418
Total Assets	<u>136,459,992</u>	<u>43,429,812</u>	<u>179,889,804</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding, net	347,862	-	347,862
Pension Contributions Subsequent to Measurement Date	1,222,982	188,093	1,411,075
Total Deferred Outflows of Resources	<u>1,570,844</u>	<u>188,093</u>	<u>1,758,937</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	1,583,460	28,617	1,612,077
Consumer Deposits	-	371,373	371,373
Due to Water Authority	-	395,916	395,916
Accrued Payroll and Related Liabilities	828,212	50,333	878,545
Accrued General Obligation Bond Interest	-	88,438	88,438
Interest Payable	108,995	-	108,995
Long-Term Liabilities:			
Due within one year	652,277	999,334	1,651,611
Due in more than one year	12,684,874	7,329,141	20,014,015
Other Post-Employment Benefits	513,630	-	513,630
Net pension liability	9,137,927	1,451,462	10,589,389
Total Liabilities	<u>25,509,375</u>	<u>10,714,614</u>	<u>36,223,989</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	4,345,394	-	4,345,394
Unearned Revenue	321,110	-	321,110
Net difference between projected and actual earnings on pension plan investments	1,553,611	246,774	1,800,385
Total Deferred Inflows of Resources	<u>6,220,115</u>	<u>246,774</u>	<u>6,466,889</u>
<b>Net Position</b>			
Net Investment in Capital Assets	93,994,308	32,160,376	126,154,684
Restricted for:			
Non Expendable:			
Cemetery Perpetual Care	522,364	-	522,364
General Administration	93,355	-	93,355
Expendable:			
General Administration	357,494	-	357,494
Public Works	825,553	-	825,553
Public Safety	3,903,056	-	3,903,056
Employee Benefits	1,045,232	-	1,045,232
Parks and Recreation	692,911	-	692,911
Unrestricted	4,867,073	496,141	5,363,215
Total Net Position	<u>\$ 106,301,346</u>	<u>\$ 32,656,517</u>	<u>\$ 138,957,863</u>

See accompanying notes to financial statements.

**TOWN OF CHRISTIANSBURG**

**Exhibit B**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 2,747,508	\$ -	\$ -	\$ -	\$ (2,747,508)	\$ -	\$ (2,747,508)
Public Safety	8,583,324	158,669	1,003,853	225	(7,420,577)	-	(7,420,577)
Public Works	9,809,882	1,497,715	3,232,784	-	(5,079,383)	-	(5,079,383)
Health and Welfare	3,521	-	-	-	(3,521)	-	(3,521)
Parks, Recreation, and Culture	4,803,568	1,067,981	-	-	(3,735,587)	-	(3,735,587)
Community Development	1,519,574	-	-	-	(1,519,574)	-	(1,519,574)
Interest on Long-Term Debt	289,866	-	-	-	(289,866)	-	(289,866)
Total Governmental Activities	27,757,243	2,724,365	4,236,637	225	(20,796,016)	-	(20,796,016)
Business-Type Activities:							
Water and Sewer	7,319,365	7,629,157	-	-	-	309,792	309,792
Grants in Aid of Construction	-	-	-	124,735	-	124,735	124,735
Total Business-Type Activities	7,319,365	7,629,157	-	124,735	-	434,527	434,527
Total Primary Government	\$ 35,076,608	\$ 10,353,522	\$ 4,236,637	\$ 124,960	\$ (20,796,016)	\$ 434,527	\$ (20,361,488)
General Revenues:							
Taxes:							
Property					3,659,388	-	3,659,388
Sales					1,810,171	-	1,810,171
Prepared Meals					6,357,292	-	6,357,292
Business Licenses					2,236,295	-	2,236,295
Franchise					726,136	-	726,136
Cigarette					554,155	-	554,155
Lodging					1,410,294	-	1,410,294
Other					2,026,356	-	2,026,356
Permits, Fees and Licenses					272,733	-	272,733
Revenues from Use of Property					231,905	-	231,905
Unrealized Gain on Investments					1,498	-	1,498
Investment Earnings					313,934	-	313,934
Intergovernmental - Unrestricted					886,223	-	886,223
Cemetery					29,565	-	29,565
Other					1,020,334	171,143	1,191,477
Total General Revenues and Transfers					21,536,279	171,143	21,707,421
Change in Net Position					740,263	605,670	1,345,933
Net Position, beginning					117,849,962	33,599,856	151,449,818
Prior period adjustments					(12,288,879)	(1,549,009)	(13,837,888)
Net Position, restated					105,561,083	32,050,847	137,611,930
Net Position, ending					\$ 106,301,346	\$ 32,656,517	\$ 138,957,863

See accompanying notes to financial statements.



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**GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2015**

	General	Cemetery	Special Revenue	Capital Projects	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 22,625,963	\$ -	\$ -	\$ -	\$ 22,625,963
Cash and Cash Equivalents, restricted	-	492,799	2,279,509	-	2,772,308
Investments	251,932	-	-	-	251,932
Investments, restricted	-	-	16,294	-	16,294
Receivables, net					
Taxes, including penalties (net of allowance of \$55,075)	4,537,883	-	-	-	4,537,883
Accounts (net of allowance of \$26,228)	1,076,157	-	-	-	1,076,157
Prepaid Items	93,355	-	-	-	93,355
Due from Other Funds	-	31,591	-	-	31,591
Due from Other Governments	304,792	-	40,237	459,065	804,094
Total Assets	<u>28,890,082</u>	<u>524,390</u>	<u>2,336,040</u>	<u>459,065</u>	<u>32,209,577</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	1,567,522	1,311	14,628	-	1,583,461
Accrued Payroll and Related Liabilities	823,837	715	3,661	-	828,213
Due to Other Funds	1,340,725	-	37,028	459,065	1,836,818
Total Liabilities	<u>3,732,084</u>	<u>2,026</u>	<u>55,317</u>	<u>459,065</u>	<u>4,248,492</u>
<b>Deferred Inflows of Resources</b>					
Unavailable tax revenue	4,537,883	-	-	-	4,537,883
Unearned revenue	5,258	-	315,852	-	321,110
Total Deferred Inflows of Resources	<u>4,543,141</u>	<u>-</u>	<u>315,852</u>	<u>-</u>	<u>4,858,993</u>
<b>Fund Balances</b>					
Nonspendable	93,355	522,364	-	-	615,719
Restricted	-	-	1,964,871	-	1,964,871
Committed	-	-	-	-	-
Assigned	3,814,143	-	-	-	3,814,143
Unassigned	16,707,359	-	-	-	16,707,359
Total Fund Balances	<u>20,614,857</u>	<u>522,364</u>	<u>1,964,871</u>	<u>-</u>	<u>23,102,092</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,890,082</u>	<u>\$ 524,390</u>	<u>\$ 2,336,040</u>	<u>\$ 459,065</u>	<u>\$ 32,209,577</u>

**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2015**

Fund Balances-total governmental funds		\$ 23,102,092
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 144,552,634	
Less: accumulated depreciation and amortization	<u>(38,465,400)</u>	106,087,234
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.		192,489
Deferred outflows of resources are not available to pay for current period expenditures and therefore are deferred in the funds. Deferred charge of refunding is shown net of amortization in the amount of \$36,616.		347,862
Compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.		(706,010)
Landfill closure and postclosure care costs are not due and payable in the current year and therefore are not reported in the governmental funds.		(190,354)
Accrued merit and sick pay (OPEB) are not due and payable in the current year and therefore are not reported in the governmental funds.		(513,630)
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.		(108,994)
Governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and reported as a long-term liability on the Statement of Net Position.		(48,587)
Governmental funds report the current year pension contributions as an expense when incurred, whereas the amounts are reported as a deferred outflows of resources on the Statement of Net Assets.		1,222,982
The net difference between projected and actual earnings of the pension plan investments attributable to governmental activities is recorded as a deferred inflow of resources on the Statement of Net Assets.		(1,553,611)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
2014 General Obligation Bond	(1,049,400)	
2013 General Obligation Refunding Bond	(9,284,900)	
2013 General Obligation Improvement Bond	(577,900)	
2007 Revenue Bond	(1,480,000)	
Net pension liability	<u>(9,137,927)</u>	(21,530,127)
Net Position of Governmental Activities		<u>\$ 106,301,346</u>

See accompanying notes to financial statements.

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	General	Cemetery	Special Revenue	Capital Projects	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 3,589,471	\$ -	\$ -	\$ -	\$ 3,589,471
Sales	1,810,171	-	-	-	1,810,171
Prepared Meals	6,357,292	-	-	-	6,357,292
Business Licenses	2,236,295	-	-	-	2,236,295
Franchise	726,136	-	-	-	726,136
Cigarette	554,155	-	-	-	554,155
Lodging	1,410,294	-	-	-	1,410,294
Other	2,026,356	-	-	-	2,026,356
Permits, Privilege Fees, and Regulatory Licenses	272,733	-	-	-	272,733
Fines and Forfeitures	158,669	-	-	-	158,669
Revenues from Use of Property	231,905	-	-	-	231,905
Unrealized Gain on Investments	1,498	-	-	-	1,498
Investment Earnings	278,362	8,353	27,219	-	313,934
Charges for Services	2,565,697	-	-	-	2,565,697
Intergovernmental	4,068,578	-	595,442	459,065	5,123,085
Cemetery	-	29,565	-	-	29,565
Other	164,506	48,530	781,805	-	994,841
Total Revenues	26,452,118	86,448	1,404,466	459,065	28,402,097
Expenditures:					
General Government Administration	2,400,235	-	-	-	2,400,235
Public Safety	7,477,105	-	670,387	-	8,147,492
Public Works	5,330,341	-	-	-	5,330,341
Health and Welfare	3,521	-	-	-	3,521
Parks, Recreation, and Culture	3,811,821	189,506	-	-	4,001,327
Community Development	1,519,444	-	-	-	1,519,444
Capital Outlay	1,645,765	50,161	224,452	918,130	2,838,508
Debt Service:					
Principal Retirement	767,100	-	-	-	767,100
Interest and Fiscal Charges	276,924	-	-	-	276,924
Total Expenditures	23,232,256	239,667	894,839	918,130	25,284,892
Excess (Deficiency) of Revenues over (under) Expenditures	3,219,862	(153,219)	509,627	(459,065)	3,117,205
Other Financing Sources (Uses):					
Insurance Recoveries	195	-	-	-	195
Transfers (to) from:					
Special Revenue Fund	49,984	-	(49,984)	-	-
Cemetery Fund	(189,563)	189,563	-	-	-
Capital Projects Fund	(459,065)	-	-	459,065	-
Total Other Financing Sources (Uses)	(598,449)	189,563	(49,984)	459,065	195
Net Changes in Fund Balances	2,621,413	36,344	459,643	-	3,117,400
Fund Balance, beginning	18,116,016	486,020	1,505,228	-	20,107,264
Prior period adjustment	(122,572)	-	-	-	(122,572)
Fund Balance, beginning - restated	17,993,444	486,020	1,505,228	-	19,984,692
Fund Balance, ending	\$ 20,614,857	\$ 522,364	\$ 1,964,871	\$ -	\$ 23,102,092

See accompanying notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - total governmental fund		\$ 3,117,400
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Unavailable current year property taxes receivable		69,917
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 2,449,750	
Less: current year depreciation	<u>(5,859,496)</u>	(3,409,746)
Governmental funds report capital outlays as expenditures. Therefore, the loss resulting from the disposal of capital assets is only reflected on the Statement of Activities.		(13,498)
Governmental funds report an increase in compensated absences as an expenditure. However, in the Statement of Net Position the additions increase long-term liabilities.		(10,773)
Governmental funds report the increase in postclosure care costs as an expenditure. However, in the Statement of Net Position the addition increases long-term liabilities.		(75,793)
Governmental funds report repayment of bond principal as an expenditure. However, in the Statement of Net Position the repayment reduces long-term liabilities.		767,100
Governmental funds report premiums on bonds as other financing sources and uses. However, in the Statement of Net Position these bonds are reported as a long-term liability and amortized.		4,049
Governmental funds do not report donations of capital assets used in operations as revenue. However, the fair market value of these donations are recognized as revenue on the Statement of Activities.		25,300
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		1,317
Governmental funds report the current year pension contributions as an expense when incurred, whereas the Statement of Activities reports the actuarially determined employer pension expense:		
Current year pension contributions attributable to governmental activities	\$ 1,222,982	
Actuarially determined employer pension expense	<u>(939,484)</u>	283,498
Deferred charges on refunding on the Statement of Net Position is amortized over the life of the bonds and increases interest expense for the year.		(18,308)
Accrued merit and sick pay (OPEB) in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		(200)
Change in Net Position of Governmental Activities		<u>\$ 740,263</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND (non-GAAP budgetary basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues (Inflows):				
General Property Taxes	\$ 3,435,508	\$ 3,435,508	\$ 3,589,471	\$ 153,963
Consumer Utility Taxes	580,000	580,000	585,537	5,537
Peg Fees	1,900	1,900	1,736	(164)
Business License Taxes	2,185,000	2,185,000	2,236,295	51,295
Franchise License Taxes	150,000	150,000	136,115	(13,885)
Motor Vehicle Licenses	512,000	512,000	507,070	(4,930)
Bank Franchise Taxes	550,000	550,000	588,285	38,285
Transient Lodging Taxes	1,332,200	1,332,200	1,411,517	79,317
Prepared Meals Taxes	6,182,000	6,182,000	6,357,292	175,292
Cigarette Taxes	625,000	625,000	554,155	(70,845)
Building and Zoning Fees	203,000	203,000	210,914	7,914
Stormwater Registration	44,800	44,800	61,819	17,019
Court and Parking Fines	153,500	153,500	135,808	(17,692)
Energy Sales	4,600	4,600	12,493	7,893
Alarm Fees	15,440	15,440	10,368	(5,072)
Interest	108,000	108,000	279,860	171,860
Rentals and Sale of Surplus Items	222,706	222,706	231,907	9,201
Solid Waste Service	1,471,500	1,471,500	1,495,789	24,289
Parks, Recreation, Aquatics	971,450	971,450	1,067,981	96,531
Miscellaneous	200,950	200,950	166,431	(34,519)
Non-Categorical				
State Aid (ABC), etc.	1,331,050	1,331,050	1,347,022	15,972
Sales Taxes	1,775,000	1,775,000	1,810,171	35,171
DJCP Grants	-	-	225	225
Street Maintenance Payments	3,138,300	3,138,300	3,224,623	86,323
Litter Control Grant	5,200	5,200	5,447	247
Law Enforcement Funds	416,600	416,600	416,572	(28)
National Guard Armory	3,200	3,200	7,215	4,015
Non-Revenue Receipts	500	500	195	(305)
Total Revenues	25,619,404	25,619,404	26,452,313	832,910
Expenditures (Outflows):				
Current:				
General Government Administration	3,192,761	3,154,308	2,830,206	324,102
Police Department	6,733,365	6,733,365	6,161,201	572,164
Volunteer Fire Department	860,837	860,837	758,136	102,701
Lifesaving and Rescue	880,025	880,025	789,576	90,449
Inspections	378,428	378,428	348,939	29,489
Street Department	3,681,864	3,681,864	3,926,857	(244,993)
Solid Waste Service	1,378,724	1,378,724	1,119,095	259,629
Building and Grounds	219,606	219,606	142,019	77,587
National Guard Armory	25,007	25,007	21,795	3,212
Town Hall	117,136	117,136	116,753	383
Municipal Shop	313,340	313,340	326,334	(12,994)
Welfare and Social Services	3,521	3,521	3,521	-
Parks and Recreation	2,119,627	2,435,567	1,911,831	523,736
Aquatic Center	2,199,599	2,199,599	2,153,924	45,675
Library	15,000	15,000	15,000	-
Planning and Community Development	1,015,080	1,015,080	970,397	44,683
Engineering	635,364	624,908	592,648	32,260
Debt Service	1,083,238	1,083,238	1,044,024	39,214
Total Expenditures	24,852,522	25,119,553	23,232,256	1,887,296
Excess of Revenues over (under) Expenditures	766,882	499,851	3,220,057	2,720,207
Other Financing Sources (Uses):				
Transfers	(6,204,239)	(6,204,239)	(598,644)	5,605,595
Total Other Financing Sources (Uses)	(6,204,239)	(6,204,239)	(598,644)	5,605,595
Net Change in Fund Balance	(5,437,357)	(5,704,388)	2,621,413	8,325,801
Fund Balance, beginning	\$ 15,808,814	\$ 9,306,577	\$ 18,116,016	\$ 8,809,439
Prior period adjustment	-	-	(122,572)	-
Fund Balance, beginning - restated	15,808,814	9,306,577	17,993,444	8,809,439
Fund Balance, ending	\$ 10,371,457	\$ 3,602,189	\$ 20,614,857	\$ 17,135,240

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL FUND (non-GAAP budgetary basis)  
 YEAR ENDED JUNE 30, 2015

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amount of "total revenues" from the budgetary comparison statement.	\$ 26,452,313
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	<u>(195)</u>
Total general fund revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit E).	<u>\$ 26,452,118</u>

Uses/Outflows of Resources:

Actual amount of "other financing sources (uses)" from the budgetary comparison statement.	\$ (598,644)
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	<u>195</u>
Total general fund "other financing sources and uses" as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit E).	<u>\$ (598,449)</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND (modified accrual basis of accounting)  
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Balance:			\$ 1,505,228	
Revenues (Inflows):				
Interest Income	-	-	27,219	27,219
State Grants	102,435	102,435	101,435	(1,000)
Federal Grants	1,299,289	1,299,289	494,007	(805,282)
Other Grants	1,261,984	1,261,984	743,877	(518,107)
Contributions and Miscellaneous	17,600	17,600	37,927	20,327
Amounts Available for Expenditures	2,681,308	2,681,308	2,909,694	(1,276,842)
Expenditures (Outflows):				
Current:				
Police Department	700,004	700,004	293,670	406,334
Volunteer Fire Department	179,715	179,715	117,413	62,302
Lifesaving and Rescue	861,346	861,346	418,781	442,565
Recreation	577,600	577,600	51,033	526,567
Streets	1,115,370	1,115,370	13,942	1,101,428
Total Expenditures	3,434,035	3,434,035	894,839	2,539,196
Excess of Revenues over Expenditures	(752,727)	(752,727)	2,014,855	1,262,354
Other Financing Sources (Uses):				
Transfers	150,000	60,000	(49,984)	(109,984)
Total Other Financing Sources (Uses)	150,000	60,000	(49,984)	(109,984)
Ending Fund Balance			\$ 1,964,871	

See accompanying notes to financial statements.



**PROPRIETARY FUND  
STATEMENT OF FUND NET POSITION  
AS OF JUNE 30, 2015**

	Business-type Activities - Enterprise Fund
	Water and Sewer Fund
<b>Assets</b>	
Current Assets:	
Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$146,343)	\$ 1,252,992
Prepaid Items	2,529
Due from Other Funds	1,805,227
Total Current Assets	3,060,748
Non-Current Assets:	
Water System	14,968,782
Equipment	3,845,574
Waste Water System	18,105,598
Waste Water Treatment Plant	32,827,330
Less: Allowance for Depreciation	(31,427,702)
Construction in Progress	2,049,482
Total Non-Current Assets	40,369,064
Total Assets	43,429,812
<b>Deferred Outflows of Resources</b>	
Pension Contributions Subsequent to Measurement Date	188,093
Total Deferred Outflows of Resources	188,093
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	28,617
Accrued General Obligation Bond Interest	88,438
Consumer Deposits	371,373
Due to Water Authority	395,916
VA Revolving Loan Fund	782,995
Bonds Payable	204,360
Accrued Payroll and Related Liabilities	50,333
Compensated Absences	11,979
Total Current Liabilities	1,934,011
Long-Term Liabilities:	
VA Revolving Loan Fund	3,705,092
Compensated Absences	107,809
Bonds Payable	3,516,240
Net Pension Liability	1,451,462
Total Long-Term Liabilities	8,780,603
Total Liabilities	10,714,613
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	246,774
Total Deferred Inflows of Resources	246,774
<b>Net Position</b>	
Net Investment in Capital Assets	32,160,376
Unrestricted	496,141
Total Net Position	\$ 32,656,517

See accompanying notes to financial statements.

## PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Fund
	Water and Sewer Fund
Operating Revenues:	
Charges for Services:	
Water and Sewer Service Fees	\$ 7,085,257
Water and Wastewater Connection Fees	543,901
Penalties and Other	171,143
Total Operating Revenues	<u>7,800,301</u>
Operating Expenses:	
Salaries and Wages	1,898,115
Employee Benefits	256,803
Water Authority Purchases	1,639,458
Utilities	352,364
Repairs and Maintenance	164,164
Depreciation and Amortization	1,747,846
Materials and Supplies	605,214
General and Administrative	384,284
Total Operating Expenses	<u>7,048,248</u>
Operating Income (Loss)	752,053
Nonoperating Revenues (Expenses):	
Interest and Fiscal Charges	<u>(271,118)</u>
Total Nonoperating Revenues (Expenses)	<u>(271,118)</u>
Income (Loss) before Contributions and Transfers	480,935
Capital Contributions	<u>124,735</u>
Change in Net Position	605,670
Total Net Position, beginning	33,599,856
Prior period adjustment	<u>(1,549,009)</u>
Total Net Position, beginning - restated	32,050,847
Total Net Position, ending	<u><u>\$ 32,656,517</u></u>

See accompanying notes to financial statements.

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Enterprise Fund</u>
	<u>Water &amp; Sewer Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received From:	
Customers	\$ 7,739,539
Cash Paid to/for:	
Employees	(2,216,595)
Supplies and Services	(3,195,028)
Net Cash Flows from Operating Activities	<u>2,327,916</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Interfund borrowings	1,672,695
Net Cash Flows from Non-Capital Financing Activities	<u>1,672,695</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payment of Principal	(755,938)
Interest on Debt	(237,307)
Purchase of Fixed Assets	(3,007,366)
Net Cash Flows from Capital and Related Financing Activities	<u>(4,000,611)</u>
<b>Cash Flows from Investing Activities</b>	
None	-
Net Cash Flows from Investing Activities	<u>-</u>
Net Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents, beginning	-
Cash and Cash Equivalents, ending	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:	
Operating Income (Loss)	\$ 752,052
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	1,747,847
Change in Current Assets and Current Liabilities	
(Increase) Decrease in Current Assets:	
Accounts Receivable	(78,467)
Prepaid Items	(2,354)
Increase (Decrease) in Current Liabilities:	
Accounts Payable and Accrued Liabilities	(95,347)
Due to Water Authority	48,157
Consumer Deposits	17,705
Compensated Absences	14,571
Accrued Payroll and Related Liabilities	(37,381)
Increase (Decrease) in Deferred Inflows of Resources:	
Net difference between projected and actual earnings on pension plan investments	(38,867)
Net Cash Flows from Operating Activities	<u>\$ 2,327,916</u>
Noncash Investing, Capital, and Financing Activities:	
Contributed Capital - Grants in Aid of Construction	\$ 124,735

See accompanying notes to financial statements.

## TOWN OF CHRISTIANSBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### 1. Summary of Significant Accounting Policies

##### A. The Financial Reporting Entity

The Town of Christiansburg, Virginia (the "Town") operates on a Council-Manager form of government and provides municipal services to its residents including fire and police protection, planning, engineering, inspections, public works and public utilities, parks, and general government. The Town also provides water, sewer, refuse collection, and public transit services to its citizens. The Town is the county seat of Montgomery County and has taxing powers subject to state-wide restrictions and limits. The financial statements present the Town as the primary government. A component unit is an entity for which the Town is considered to be financially accountable. The Town does not have any component units.

For financial reporting purposes, in conformance with GASB Statement 14, *Defining the Governmental Reporting Entity*, the Town includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent upon the Town Council. Control by, or dependence upon, the Town Council was determined on the basis of the following:

1. The Town's ability to designate the management or significantly control the operations of the entity.
2. The Town's responsibility for the fiscal matters of the entity, including the authorization of budgetary appropriations, funding of operating deficiencies, control or use of surplus funds, responsibility for debts, and control over the collections and disbursement of funds.
3. The scope of public services rendered by and the geographic location of the entity.

Based on the foregoing criteria, the financial activities of no other organizations are included in the accompanying financial statements.

The following entities are excluded from the accompanying financial statements:

##### Jointly Governed Organizations:

###### *NRV Regional Water Authority*

The NRV Regional Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech, Montgomery County PSA, and the Town of Blacksburg. Each governing body appoints one member of the five-member Board of Directors, one from each member jurisdiction and one at-large member. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority's customers, the Town has no obligation for any of its indebtedness. During fiscal year 2015, the Town paid \$1,609,362 to the water authority and has a fiscal year end liability of \$395,916 for purchases of water.

###### *Montgomery Regional Solid Waste Authority*

The Town is a member of the Montgomery Regional Solid Waste Authority (MRSWA), which was created by a joint resolution on December 14, 1994 by the Town of Blacksburg, Virginia, the Town of Christiansburg, Virginia, Montgomery County, Virginia, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by tipping fees and the individual jurisdictions are not liable for the debt of the Authority. The MRSWA has negotiated with an adjacent Authority (New River Resource Authority) for shared use of a permitted landfill. The Town paid \$419,549 in tipping fees during fiscal year 2015.

###### *Virginia Tech-Montgomery Regional Airport Authority*

The Virginia Tech-Montgomery Regional Airport Authority (the "Airport Authority") was created by concurrent resolutions of the governing bodies of the Town of Blacksburg, Virginia, Town of Christiansburg, Virginia, Montgomery County, Virginia, and Virginia Tech. The Airport Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Airport Authority utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has bonded indebtedness. All indebtedness of the Airport Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2015, the Town paid \$50,000 toward the operations of the airport.

###### *Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization*

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization. The Metropolitan Planning Organization (MPO) is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery areas. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community's vision. The Town has three members within this organization, two of which are voting members. During fiscal year 2015, the Town paid \$13,200 toward operations of the MPO.

## TOWN OF CHRISTIANSBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### I. Summary of Significant Accounting Policies (continued)

##### A. The Financial Reporting Entity (continued)

###### *Montgomery Regional Tourism Board*

The Town is a member of the Montgomery Regional Tourism Board ("MRTB"). The MRTB functions as a joint tourism agency that serves the County of Montgomery and the Towns of Blacksburg and Christiansburg to promote tourism in the region. The Town has one member on the Board of this organization. Funding for tourism expenditures are based on the amount of funding received from hotel occupancy taxes. The Town pays 1% of the 9% transient lodging tax rate collections for the fiscal year to the MRTB, less 15% of this amount for the Town's own tourism efforts. During fiscal year 2015, the Town paid \$107,122 to the MRTB.

###### *New River Valley Emergency Communications Regional Authority*

The Town is a member of the New River Valley Emergency Communications Regional Authority (the "Communications Authority"). The Communications Authority is a regional partnership, serving the County of Montgomery, the Towns of Blacksburg and Christiansburg, and Virginia Tech. The Communications Authority provides quality and reliable 911 dispatch and emergency communication services to the community and agencies in these localities. The Town has one member on the Board of this organization. During fiscal year 2015, the Town paid \$401,112 toward operations of the Communications Authority.

##### B. Financial Statement Presentation

In February 2009, Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In accordance with this pronouncement, in June 2011 the Town Council approved a fund balance policy that defines how the Town will classify fund balances in accordance with GASB Statement No. 54. The policy also adopted the following priority of spending; first to restricted fund balance, second to committed fund balance, next to assigned fund balance and last to unassigned as appropriate for the expenditure and to the fund being expended. Furthermore, the policy specifies that the Town will seek to maintain an unassigned fund balance of between 35-40% of all expenditures, in the preceding fiscal year, of the general fund, permanent fund and enterprise fund (excluding capital).

The policy also states that except in extraordinary circumstances, unassigned fund balance will not be used to fund any portion of the ongoing and routine operating expenditures of the Town. Unassigned funds are to be used primarily to ensure adequate reserves, to respond to unforeseen emergencies, to provide cash flow, and to provide overall financial stability.

Fund balance is displayed in accordance with GASB No. 54 using the following five classifications:

- 1) *Nonspendable fund balance* - Inventories, prepaid items, accounts receivable and other current assets that are consumed in the course of operations that cannot be converted to cash or are not expected to be available to pay current liabilities. This classification includes funds set aside for perpetual care of the cemetery.
- 2) *Restricted fund balance* - The resources of a governmental fund that are subject to constraints imposed by external parties or law. These restrictions include such things as debt covenants or constraints imposed by legislation or federal and state agencies on the use of intergovernmental revenue, such as grants and contracts.
- 3) *Committed fund balance* - Represents amounts constrained to specific purposes by the Town, using its highest level of decision making authority (Town Council); to be reported as committed, amounts cannot be used for any other purposes unless the same highest level (Town Council) of action is taken to remove or change the constraint. As of June 30, 2015 no fund balances have been "Committed".
- 4) *Assigned fund balance* - Represents the net resources of governmental funds that the government intends for a specific purpose. Assigned fund balances are determined as part of the budgetary process each year when funds are deemed "earmarked" for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purpose). New assignments, and use of funds assigned, are made as part of the budget adoption process. The Town Manager, in consultation with the Director of Finance and Town Council, determine funds to be classified as assigned which are approved as a part of the budget appropriation. By motion, Council may designate use of the assigned balances during the year or may choose to redirect them to the next fiscal year budget cycle.
- 5) *Unassigned fund balance* - Represents funds available for any purpose and represents expendable financial resources that can be used to meet contingencies and cash flow requirements.

In June 1999, Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. GASB Statement No. 34 includes:

## TOWN OF CHRISTIANSBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### 1. Summary of Significant Accounting Policies (continued)

##### B. Financial Statement Presentation (continued)

*Management's Discussion and Analysis (MD&A)* - MD&A introduces the basic financial statements and provides an analytical overview of the government's financial activities in a narrative format. An analysis of the government's overall financial position and results of operations is included to assist users in assessing whether financial position has improved or deteriorated as a result of the year's activities.

*Government-Wide Financial Statements* - Present financial statements prepared using the economic resources measurement focus and full accrual accounting for all of the government's activities. These statements will include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses of the primary government.

The Town does not allocate *indirect expenses*. The government-wide statements segregate governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely on user fees and charges for support.

*Statement of Net Position* - Presents both governmental and business-type activities on the full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

*Statement of Activities* - Presents the net cost of each individual function. Program revenues are presented as a reduction of the total cost of providing program services. Program revenues include charges for services, operating grants and contributions and capital grants that are directly associated with a specific function. Taxes and other revenue sources not reported as program revenue are included as general revenue.

*Fund Financial Statements* - These financial statements present information on major governmental and enterprise funds.

The accounts are organized on the basis of fund classification, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements as follows:

*Governmental Funds* - account for expendable financial resources, other than proprietary fund types. Governmental fund types use the flow of current financial resources measurement focus. The Town uses both quantitative and qualitative factors in determining major governmental funds (i.e. those funds that must be presented separately). The major governmental funds consist of the following:

General Fund - The General Fund is the operating fund of the Town. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. The general operating expenses and fixed charges are paid from this fund.

Special Revenue Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted by contract or donor to use for a specified purpose. These revenues include operating grants from the State, Federal and County Government for fire and rescue operations as well as donations to be used for specific purposes.

Permanent Fund - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The Town's Permanent fund is used to account for the operations of the cemetery (perpetual care fund) and related interest income. The earnings can be used to maintain the community cemetery. On April 1, 2008 the Town took over control of the cemetery from the Cemetery Corporation. The Town funds a portion of the operational costs of the cemetery each year. For the year ended June 30, 2015 the operational and capital support totaled \$189,563.

Capital Projects Fund - This 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 assets. Revenues for this fund are obtained from federal and state highway funds and transfers from the General Fund. The Town funds a portion of the capital support of the fund each year. For the year ended June 30, 2015, capital support from the General Fund totaled \$459,065.

*Proprietary Fund* - accounts for operations that are financed and operated in a manner similar to private business enterprises. The proprietary fund measurement focus is on the flow of economic resources. Operating revenues include charges for services and other revenue. Operating expenses include personal services, as well as other services and charges, materials and supplies, and depreciation. The proprietary fund consists of the following:

Enterprise Fund - Finances and accounts for the acquisition, operation, and maintenance of governmental facilities and services that are supported by user charges. The operations of water and sewer facilities are accounted for and reported in the Water and Sewer Fund.

## TOWN OF CHRISTIANBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### I. Summary of Significant Accounting Policies (continued)

##### B. Financial Statement Presentation (continued)

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. Exceptions to the eliminations are charges between the Town's proprietary fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Budget and Actual Comparison Statements* - These statements are presented to demonstrate whether resources were obtained and used in accordance with the government's legally adopted budgets. The Town may revise the original budgets over the course of the year for various reasons. Budgetary information continues to be provided, and includes a comparison of the government's original adopted budget to the current comparison of final budget and actual results. Budgets are prepared on the modified accrual basis for all fund types.

##### C. Prior Period Adjustment

The Town implemented GASB No. 68, *Accounting and Financial Reporting for Pensions*, for fiscal year 2015. GASB No. 68 establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to employee pensions. The Town historically has not recognized a net pension liability or deferred inflows of resources related to the net difference between projected and actual earnings on pension plan investments and has recorded pension expenditures equal to the contributions made during the fiscal year. However, due to the implementation of GASB No. 68, the Town has restated the appropriate prior period fund balance and net position to reflect the effects on beginning balances due to these changes accounting and financial reporting standards related to pensions. See Note (2) for the effects of this implementation on the Town's financial statements.

Additionally, during fiscal year 2015, it was discovered that property tax revenues related to 2014 real property tax levy were inappropriately recognized as revenue. The revenues related to the levy should have been recorded as deferred inflows of resources as they represented an acquisition of net position that applied to a future period. Therefore, recognition as an inflow of resources (revenue) should have been deferred until the future period (fiscal year 2015). See Note (2) for the effects of these corrections on the Town's financial statements.

Finally, During the fiscal year 2015, the Town also determined that delinquent property taxes receivable due before June 30, 2014 were inappropriately recorded as inflows of resources (revenue) instead of deferred inflows of resources under the modified accrual method of accounting (fund financials). For financial statements presented under the full accrual method of accounting (government-wide financials) these balances were correctly reported as inflows of resources (revenue). See Note (2) for the effects of these corrections on the Town's financial statements.

##### D. 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.

Governmental activities in the government-wide statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of 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.

The government fund financial statements are presented using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized when they become 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. To be considered available, and thus susceptible to accrual, the revenues must be collected within the Town's period of availability of 45 days from the end of the current fiscal period. Uncollected taxes at the end of this period are reported as deferred inflows of resources. Interest income and intergovernmental receivables are considered susceptible to accrual. Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. 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 expenditures in governmental funds.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements, a reconciliation between the government-wide and fund financial statements is necessary. Exhibit D presents reconciliation of the net position as reported on the Statement of Net Position (Exhibit A) to total governmental fund balance as reported on the Balance Sheet - Governmental Fund (Exhibit C). Exhibit F presents a reconciliation of change in net position as reported on the Statement of Activities (Exhibit B) and the total changes in fund balance as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund (Exhibit E).

**TOWN OF CHRISTIANSBURG**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

1. Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in checking accounts with depository institutions, money market funds, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments are stated at fair value (generally based on quoted market prices).

G. Allowance for Uncollectible Taxes and Accounts Receivable

The Town calculates its allowance for uncollectible receivables based on historical collection data. At June 30, 2015, the allowances for uncollectible taxes and accounts receivable approximated \$81,303 for the General Fund and \$146,343 for the Enterprise Fund.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

I. Internal Balances

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. Exceptions to the eliminations are charges between the Town's proprietary fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

J. Capital Assets

Capital assets acquired or constructed by the Town with a value in excess of \$5,000 are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets belonging to the proprietary fund are also reported in the applicable fund financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date donated. Depreciation is recorded on a straight-line basis over the estimated useful life of each capital asset. No depreciation expense is recorded for land or construction-in-progress.

Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the current year.

Capital assets of the Town are depreciated using the straight-line method over the estimated following useful lives:

Land Improvements	15 years
Buildings and Improvements	25-50 years
Equipment and Vehicles	5-20 years
Infrastructure	15-40 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflow of resources (expense/expenditures) until then. Included as an outflow are deferred charges on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Deferred outflows also reflect pension contributions made subsequent to the most recent measurement date as discussed in note I(M).

In addition to liabilities, the statement of net 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 will not be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting (fund financials), unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, property taxes levied during the fiscal year but due after June 30th, and amounts prepaid on the property taxes levied during the year but due after June 30th and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis (government-wide financials), property taxes levied during the fiscal year but due after June 30th and amounts prepaid on property taxes levied during the year but due after June 30th are reported as deferred inflows of resources. Deferred inflows also reflect the net difference between projected and actual earnings on pension plan investments as discussed in note I(M) and note 12.



## TOWN OF CHRISTIANSBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### I. Summary of Significant Accounting Policies (continued)

##### L. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered and employees have earned the right to receive compensation for such services.

Town employees hired before December 31, 2013 earn vacation and sick leave as follows:

###### Vacation:

- Twelve days per year for less than five full years of service
- Fifteen days per year for more than five but less than ten full years of service
- Eighteen days per year for ten full years or more of service

###### Sick leave:

- One and one-fourth days per month with unlimited accrual

Accumulated vacation leave is paid upon termination with a maximum accumulation of 32 days. All sick leave is forfeited upon termination unless termination is deemed a retirement in accordance with VRS. After five years of employment and retirement from the Town, the employee may receive full or partial payout of their sick leave, subject to limitations.

Town employees hired after January 1, 2014 earn paid time off (PTO) as follows:

###### Vacation:

- Eighteen days per year for less than five full years of service
- Twenty-One days per year for more than four but less than ten full years of service
- Twenty-Four days per year for more than ten but less than fifteen full years of service
- Twenty-Seven days per year for more than fifteen but less than twenty full years of service
- Thirty days per year for twenty full years or more of service

Employees hired after January 1, 2014 do not earn sick leave as it is incorporated in the PTO policy.

For employees hired after January 1, 2014 accumulated PTO is paid upon termination as follows:

- Maximum of zero days for less than one full year of service
- Maximum of fifteen days for more than one year but less than ten full years of service
- Maximum of thirty days for more than ten years but less than twenty full years of service
- Maximum of forty-five days for more than twenty full years of service

##### M. 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 Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision'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.

##### N. Property Taxes

Property taxes are assessed at their value on January 1. Real estate taxes are payable in one installment on December 5. On January 1, real property taxes become an enforceable lien against the property. Personal property taxes are due on or before December 5, during the year of assessment. The Town bills and collects taxes and recognizes revenue upon levy for government-wide purposes. For the fund financial statements, the Town recognizes revenue to the extent that it results in current receivables.

The annual assessment for real estate is based on 100% of the assessed fair market value. The tax rates are established annually, without limitation. The tax rate for real estate was \$.13 per \$100 of assessed value for the year. The personal property tax rate was \$.45 per \$100 of assessed value for the year. In 1998, the Commonwealth enacted the Personal Property Tax Relief Act. The Commonwealth share of the tax was 39% for fiscal year 2015. Business furniture, fixtures, and machinery and tools taxes are assessed at a rate of \$.45 per \$100 of assessed valuation.

##### O. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

## **TOWN OF CHRISTIANSBURG**

### **NOTES TO FINANCIAL STATEMENTS** **JUNE 30, 2015**

#### **1. Summary of Significant Accounting Policies (continued)**

##### **P. Long-term Obligations**

In the government-wide financial statements, and proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type Statement of Fund Net Position.

In the fund financial statements, governmental fund-types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

##### **Q. Budgets and Budgetary Accounting**

The Town adheres to certain procedures in establishing the budgetary data reflected in the Budget and Actual Comparison Statements (Exhibits G, H, P, Q, R, S, T and U). Exhibits G and H are presented as mandatory budgetary comparisons as they present comparisons for the major general fund and major special revenue fund, respectively. The legal level of budgetary control (as discussed below) for the special revenue fund is the functional/program level as reflected in Exhibit H. Exhibits P, Q, R and S are presented as supplementary budgetary comparisons of the special revenue fund in order to provide additional budgetary data for each function within the special revenue fund.

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

- a. The Town Manager, in coordination with the Finance Director and the Finance Committee, prepares the budget and the Finance Committee presents it to the Town Council.
- b. Legal notice of the public hearing is published in the newspaper at least 10 days prior to the hearing. Notice contains information as to date, place, and time, and solicits citizen attendance or written comments at the hearing with a synopsis of the budget.
- c. The public hearing is held at least seven days (State Code 15.1-162 as amended) prior to approval of the budget.
- d. Budget is approved at least seven days after public hearing, and no later than the beginning of the new fiscal year. Council sets tax rates for real estate and personal property.
- e. The Town Council budget appropriations place legal restrictions on expenditures at the fund level. Only the Town Council can revise the appropriation for each fund. The Director of Finance is authorized to transfer budgeted amounts between line items and departments within the general fund upon request and justification from management; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. The legal level of budgetary control has been established at the individual fund level except within the special revenue fund where the legal level of compliance is at the functional/program level.
- f. Notice of budget adoption and availability for viewing of adopted budget is published in a local newspaper one time, within thirty (30) days of adoption.
- g. The budgetary basis for all funds is in accordance with the modified accrual basis of accounting. This basis of accounting differs from generally accepted accounting principles as discussed in note ID above.

##### **R. Original Issue Discount/Premium**

Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of the respective bond issues using the interest method.

#### **2. Restatement of Beginning Net Position and Fund Balance**

For the fiscal year 2015, the Town made a prior period adjustment due to the adoption of GASB Statement No. 68, as described in note IC above, which requires the restatement of the June 30, 2014, net position in both Governmental and Business-Type Activities. The result is a decrease in net position at July 1, 2014 of \$11,301,065. This change is in accordance with generally accepted accounting principles.

During the fiscal year 2015, the Town also determined that \$2,536,823 of property taxes receivable related to the real property taxes levied in fiscal year 2014 but due after June 30, 2014 were inappropriately recorded as inflows of resources (revenue) instead of deferred inflows of resources. This change is in accordance with generally accepted accounting principles.

## TOWN OF CHRISTIANBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### 2. Restatement of Beginning Net Position and Fund Balance (continued)

A summary of the prior period adjustments at the government-wide financial statement level is shown below:

	Governmental Activities	Business-Type Activities	Total
Net Position, June 30, 2014, as previously reported	\$ 117,849,962	\$ 33,599,856	\$ 151,449,818
Recording of Net Pension Liability and Deferred Inflows of Resources	(9,752,056)	(1,549,009)	(11,301,065)
Removal of prior year real property tax revenues inappropriately recorded inflows of resources (revenues) from beginning net position	(2,536,823)	-	(2,536,823)
Net Position, July 1, 2014, as restated	<u>\$ 105,561,083</u>	<u>\$ 32,050,847</u>	<u>\$ 137,611,930</u>

During the fiscal year 2015, the Town also determined that \$122,572 of delinquent property taxes receivable due before June 30, 2014 were inappropriately recorded as inflows of resources (revenue) instead of deferred inflows of resources under the modified accrual method of accounting (governmental fund financials). For financial statements presented under the accrual method of accounting (government-wide financials) these balances were correctly reported as inflows of resources (revenue). This change is in accordance with generally accepted accounting principles.

A summary of the prior period adjustments at the fund financial statement level is shown below:

	General Fund
Fund Balance, June 30, 2014, as previously reported	\$ 18,116,016
Restating the beginning balance of Deferred Inflows of Resources related to unavailable property tax revenue	(122,572)
Fund Balance, July 1, 2014, as restated	<u>\$ 17,993,444</u>

#### 3. Deposits and Investments

##### Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

##### Investments

###### Investment Policy:

In accordance with the Code of Virginia and other applicable laws, including regulations, the Town's Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program (SNAP) or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7-like pool). Pursuant to Sec. 2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP and SNAP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). To the extent possible, the Policy will match investment with anticipated cash flow requirements.

###### Credit Risk:

As required by state statute or by the Town, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard and Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody's and Standard and Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard and Poor's and "P-1" by Moody's Investor Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard and Poor's. Repurchase agreements require that the counterparty be rated A or better by Moody's and Standard and Poor's. During the fiscal year ended June 30, 2014 the Virginia Investment Pool was created by the joining of several local governments to create an investment pool for local governments that conforms to all of the requirements of the LGIP, but is more actively managed to generate higher returns than that provided by the LGIP.

**TOWN OF CHRISTIANSBURG****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015****3. Deposits and Investments (continued)****Interest Rate Risk:**

As a means of limiting exposure to fair value losses resulting from increasing or decreasing interest rates, maturities and other accounts are monitored and rebid for possible improvement in rates. Additionally, unless matched to a specific cash flow, the Policy will not allow the Town to directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances in order to limit exposure to fair value arising from rising interest rates. At June 30, 2015, all investments in the Town's portfolio had a maturity of five years or less.

**Concentration of Credit Risk:**

The Town's Policy does not set a limit on the amount that may be invested in any single institution, but investment and deposits are monitored for such risk. Under the Virginia Security for Public Deposit Act all certificates of deposits and deposits with financial institutions are insured.

The Town currently invests its funds with banks located within the Town of Christiansburg and the Virginia Investment Pool.

<u>Investment Type</u>	<u>Fair Value</u>
Virginia Investment Pool	\$ 251,932
Certificates of Deposit	16,294
Total Investments	<u>\$ 268,226</u>

The above items are shown in the statements as follows:

	<u>Fair Value</u>
Investments	\$ 268,226
Deposits	25,398,271
Total Deposits and Investments	<u>\$ 25,666,497</u>

**Reconciliation of deposits and investments to Exhibit A:**

Cash and Cash Equivalents	\$ 22,625,963
Cash and Cash Equivalents, restricted	2,772,308
Investments	251,932
Investments, restricted	16,294
Total Deposits and Investments	<u>\$ 25,666,497</u>

**4. Receivables**

Receivables as of June 30, 2015 consisted of the following:

**Governmental Activities:**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>
Receivables				
Taxes	\$ 4,592,958	\$ -	\$ -	\$ 4,592,958
Due from Government	304,792	40,237	459,065	804,094
Accounts	1,102,384	-	-	1,102,384
Gross Receivables	6,000,134	40,237	459,065	6,499,436
Less: Allowance for Doubtful Accounts	(81,303)	-	-	(81,303)
Receivables, net	<u>\$ 5,918,831</u>	<u>\$ 40,237</u>	<u>\$ 459,065</u>	<u>\$ 6,418,133</u>

**Business-type Activities:**

	<u>Water &amp; Sewer</u>
Receivables	
Accounts	\$ 1,399,335
Less: Allowance for Doubtful Accounts	(146,343)
Receivables, net	<u>\$ 1,252,992</u>

The taxes receivable account is largely comprised of the current and prior five years of uncollected tax levies for personal property, and the current and past nineteen years of uncollected real estate tax levies. The collectability of these accounts has been considered in the allowance for uncollectible accounts.

**TOWN OF CHRISTIANBURG**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

4. Receivables (continued)

Governmental funds report *deferred inflows-uneared revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2015, the components of *deferred inflows unavailable/uneared revenue* reported in the governmental funds were as follows:

	Unavailable	Uneared	Total
Included in Receivables:			
Unavailable property tax revenues	\$ 4,345,394	\$ -	\$ 4,345,394
Delinquent property taxes	192,489	-	192,489
	<u>4,537,883</u>	<u>-</u>	<u>4,537,883</u>
Included in Cash:			
Uneared grant funds	-	315,852	315,852
Subsequent years' tax collections	-	5,258	5,258
	<u>-</u>	<u>321,110</u>	<u>321,110</u>
Total deferred/uneared revenue for governmental funds	<u>\$ 4,537,883</u>	<u>\$ 321,110</u>	<u>\$ 4,858,993</u>

5. Interfund Receivables, Payables and Transfers

Interfund transfers consist of the following at June 30, 2015:

	Transfers in:			
	Water & Sewer Fund	General Fund	Permanent (Cemetery) Fund	Capital Projects Fund
<u>Transfer out:</u>				
General Fund	\$ -	\$ -	\$ 189,563	\$ 459,065
Special Revenue	\$ -	\$ 49,984	\$ -	\$ -

Amounts due from/to other funds consist of the following at June 30, 2015:

	Due from:			
	General Fund	Permanent (Cemetery) Fund	Special Revenue Fund	Capital Projects Fund
<u>Due to:</u>				
Permanent (Cemetery) Fund	\$ 31,591	\$ -	\$ -	\$ -
Enterprise Fund	1,340,725	-	37,028	459,065
	<u>\$ 1,372,316</u>	<u>\$ -</u>	<u>\$ 37,028</u>	<u>\$ 459,065</u>

The primary purpose of the due from/to amounts is as follows:

Amounts due to the Enterprise Fund represent short-term interfund advances for operating or capital needs. This allows the Town to utilize one primary bank account for the payment of all invoices and costs before the respective revenues are received in the given fund or program.

6. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2015 are as follows:

	Governmental Activities
Federal grants - direct	\$ 25,298
Montgomery County	7,186
Commonwealth of Virginia grants (includes federal pass-through awards)	466,818
Sales tax	304,792
	<u>\$ 804,094</u>

**TOWN OF CHRISTIANSBURG**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

7. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<u>Capital Assets, not depreciated:</u>				
Land	\$ 6,610,569	\$ 48,163	\$ -	\$ 6,658,732
Construction in Progress	1,830,946	263,065	(1,780,335)	313,676
Total Capital Assets, not depreciated	8,441,515	311,228	(1,780,335)	6,972,408
<u>Capital Assets, depreciated:</u>				
Buildings and Structures	29,532,604	415,689	-	29,948,293
Accumulated Depreciation	(4,271,692)	(638,556)	-	(4,910,248)
Net Buildings and Structures	25,260,912	(222,867)	-	25,038,045
Infrastructure	3,893,094	1,915,185	-	5,808,279
Accumulated Depreciation	(2,224,305)	(116,262)	-	(2,340,567)
Net Infrastructure	1,668,789	1,798,923	-	3,467,712
Machinery and Equipment	14,312,200	350,306	-	14,662,506
Accumulated Depreciation	(10,882,629)	(601,927)	-	(11,484,556)
Net Machinery and Equipment	3,429,571	(251,621)	-	3,177,950
Land Improvements	2,268,917	-	-	2,268,917
Accumulated Depreciation	(846,507)	(151,261)	-	(997,768)
Net Land Improvements	1,422,410	(151,261)	-	1,271,149
Vehicles	4,622,023	572,148	(83,915)	5,110,256
Accumulated Depreciation	(2,810,730)	(362,391)	70,417	(3,102,704)
Net Vehicles	1,811,293	209,757	(13,498)	2,007,552
Streets and Highways	79,091,149	690,826	-	79,781,975
Accumulated Depreciation	(11,640,458)	(3,989,099)	-	(15,629,557)
Net Streets and Highways	67,450,691	(3,298,273)	-	64,152,418
Total Capital Assets, depreciated	133,719,987	3,944,154	(83,915)	137,580,225
Less: Accumulated Depreciation	(32,676,321)	(5,859,496)	70,417	(38,465,400)
Net Total Capital Assets, depreciated	101,043,666	(1,915,342)	(13,498)	99,114,825
Governmental Activities, Capital Assets, Net	\$ 109,485,181	\$ (1,604,114)	\$ (1,807,331)	\$106,087,234
<u>Business-type Activities</u>				
<u>Capital Assets, not depreciated:</u>				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Construction in Progress	58,772	2,049,482	(58,772)	2,049,482
Total Capital Assets, not depreciated	71,272	2,049,482	(58,772)	2,061,982
<u>Capital Assets, depreciated:</u>				
Water System	14,605,876	362,906	-	14,968,782
Accumulated Depreciation	(5,080,559)	(366,727)	-	(5,447,286)
Net Water System	9,525,317	(3,821)	-	9,521,496
Water and Waste Water Equipment	3,608,994	236,580	-	3,845,574
Accumulated Depreciation	(2,972,287)	(140,449)	-	(3,112,736)
Net Water and Waste Water Equipment	636,707	96,131	-	732,838
Waste Water System	18,009,619	95,979	-	18,105,598
Accumulated Depreciation	(7,084,015)	(445,722)	-	(7,529,737)
Net Waste Water System	10,925,604	(349,743)	-	10,575,861
Waste Water Treatment Plant	32,368,904	445,926	-	32,814,830
Accumulated Depreciation	(14,542,995)	(794,948)	-	(15,337,943)
Net Waste Water Treatment Plant	17,825,909	(349,022)	-	17,476,887
Total Capital Assets, depreciated	68,593,393	1,141,391	-	69,734,784
Less: Accumulated Depreciation	(29,679,856)	(1,747,846)	-	(31,427,702)
Net Total Capital Assets, depreciated	38,913,537	(606,455)	-	38,307,082
Business-type Activities, Capital Assets, Net	\$ 38,984,809	\$ 1,443,027	\$ (58,772)	\$ 40,369,064

**TOWN OF CHRISTIANBURG****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015****7. Capital Assets (continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government Administration	\$ 133,727
Public Safety	501,897
Public Works	4,438,131
Parks, Recreation, and Culture	771,625
Community Development	14,116
	<u>\$ 5,859,496</u>

Business-type activities:

Water and Sewer	<u>\$ 1,747,846</u>
-----------------	---------------------

The Town disposed of obsolete equipment during the year ending June 30, 2015. The obsolete equipment had a book value of \$13,498 at disposal date. The reduction in book value is reflected on the Statement of Net Position and as a direct expense of the function that used the asset on the Statement of Activities.

During the fiscal year, a parcel of land was donated by Wanda W. Phillips for a future neighborhood park.

Construction Commitments:

The Town has active construction projects as of June 30, 2015. At year end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Water Meter Project Mueller Systems	1,909,589	1,080,627
Norwood Development	707,191	71,496
	<u>\$ 2,616,780</u>	<u>\$ 1,152,123</u>

**8. Long-Term Liabilities**

General obligation notes are direct obligations and pledge the full faith and credit of the Town. The charter of the Town of Christiansburg limits the legal debt to 10% of the assessed valuation of real estate within the Town limits. The Town's legal debt margin at June 30, 2015 is \$185,659,312 (see Schedule 13 of Statistical Section).

The following is a summary of existing long-term liabilities and the changes in those liabilities during the year:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Debt:					
2007 Revenue Bond	\$ 1,560,000	\$ -	\$ 80,000	\$ 1,480,000	\$ 85,000
2004B Revenue Bond	275,000	-	275,000	-	-
1995 General Obligation Note	275,000	-	275,000	-	-
2013 General Obligation Refunding Bond	9,999,900	-	137,100	9,862,800	417,800
2014 General Obligation Bond (22%)	1,049,400	-	-	1,049,400	57,640
Total General Obligation Debt	<u>13,159,300</u>	<u>-</u>	<u>767,100</u>	<u>12,392,200</u>	<u>560,440</u>
Compensated Absences Payable from the Governmental Funds	695,237	541,013	530,240	706,010	70,601
Landfill Closure & Postclosure Care Cost	114,561	75,793	-	190,354	21,236
Bond Premiums	52,636	-	4,049	48,587	-
Merit/sick pay (OPEB) payable	513,630	-	-	513,630	-
Total Governmental Activities, long-term debt:	<u>\$ 14,535,364</u>	<u>\$ 616,806</u>	<u>\$ 1,301,389</u>	<u>\$ 13,850,781</u>	<u>\$ 652,278</u>
<u>Business-type Activities</u>					
2001 VA Revolving Loan Fund	\$ 4,480,383	\$ -	\$ 575,394	\$ 3,904,989	\$ 595,709
1998 VA Revolving Loan Fund	763,642	-	180,544	583,098	187,286
2014 General Obligation Bond (78%)	3,720,600	-	-	3,720,600	204,360
Total	<u>8,964,625</u>	<u>-</u>	<u>755,938</u>	<u>8,208,687</u>	<u>987,355</u>
Compensated Absences Payable from the Water and Sewer Fund	105,217	89,133	74,562	119,788	11,979
Total Business-Type Activities, long-term debt:	<u>\$ 9,069,842</u>	<u>\$ 89,133</u>	<u>\$ 830,500</u>	<u>\$ 8,328,475</u>	<u>\$ 999,334</u>

**TOWN OF CHRISTIANSBURG**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

8. Long-Term Liabilities (continued)

Long-term Liabilities of the Town at June 30, 2015 are comprised of the following issues:

\$1,970,000 revenue bond issued July 30, 2007, maturing annually with principal and interest payable semi-annually through August 1, 2027; interest rate varies, currently at 5.00% .	1,480,000
\$9,999,900 general obligation refunding bond issued July 23, 2013, maturing annually with principal and interest payable semi-annually through August 1, 2034; interest rate is fixed at 1.62%	9,862,800
\$4,770,000 general obligation bond issued June 26, 2014, maturing annually with principal and interest payable semi-annually through August 1, 2029; interest rate is fixed at 2.65%	4,770,000
\$2,800,000 (1998) VA Revolving Loan Fund. The Loan was refinanced on June 1, 2006 at 3.70% , with semi-annual payments of principal and interest in the amount of \$103,572 on June 1 and December 1. Final payment is due June 1, 2018.	583,098
\$10,311,000 (2001) VA Revolving Loan Fund. The Loan will be financed over 20 years at 3.50% with semi-annual payments of principal and interest in the amount of \$367,010 on September 1 and March 1. Final payment is due March 1, 2021.	3,904,989
Total General Obligations and VA Revolving Loans	<u>20,600,887</u>
Compensated Absences Payable	825,798
Landfill Closure and Postclosure Care Cost Payable	190,354
Bond Premiums	48,587
Service Merit (OPEB) payable	513,630
Total Primary Government, long-term liabilities	<u>\$ 22,179,256</u>

The annual requirements to amortize governmental activities debt outstanding as of June 30, 2015 are as follows:

Fiscal Year	2007 Revenue Bond		2013 General Obligation Improvement/ Obligation Refunding	
	Principal	Interest	Principal	Interest
2016	85,000	71,875	417,800	156,394
2017	90,000	67,500	423,400	149,579
2018	90,000	63,000	433,900	142,635
2019	95,000	57,375	439,500	135,561
2020	100,000	53,500	445,100	128,396
2021	105,000	48,375	450,700	121,140
2022	110,000	43,000	456,300	113,793
2023	120,000	37,250	467,000	106,314
2024-28	685,000	88,875	2,470,000	555,075
2029-33	-	-	2,708,200	208,608
2034-35	-	-	1,150,900	18,730
Total	\$ 1,480,000	\$ 530,750	\$ 9,862,800	\$ 1,836,225

Fiscal Year	2014 General Obligation (22%)		Total	
	Principal	Interest	Principal	Interest
2016	57,640	27,045	560,440	244,124
2017	59,180	25,498	572,580	242,577
2018	60,940	23,906	584,840	229,541
2019	62,480	22,271	596,980	215,207
2020	64,240	20,592	609,340	202,488
2021	66,000	18,866	621,700	188,381
2022	67,760	17,094	634,060	173,887
2023	69,520	15,275	656,520	158,839
2024-28	376,420	47,366	3,531,420	691,316
2029-33	165,220	4,408	2,873,420	213,016
2034-35	-	-	1,150,900	18,730
Total	\$ 1,049,400	\$ 222,321	\$ 12,392,200	\$ 2,578,106



**TOWN OF CHRISTIANSBURG**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**8. Long-Term Liabilities (continued)**

The following general obligation debt and VA revolving loans are issued to support business-type activities. The annual requirements to amortize business-type activities debt outstanding as of June 30, 2015 are as follows:

Fiscal Year	2001 VA Revolving Loan		1998 VA Revolving Loan		2014 General Obligation (78%)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	595,709	131,507	187,286	19,858	204,360	95,888	987,355	247,253
2017	616,742	110,475	194,279	12,865	209,820	90,400	1,020,841	213,740
2018	638,516	88,700	201,533	5,610	216,060	84,757	1,056,109	179,067
2019	661,060	66,156	-	-	221,520	78,959	882,580	145,115
2020	684,399	42,817	-	-	227,760	73,006	912,159	115,823
2021	708,563	18,654	-	-	234,000	66,888	942,563	85,542
2022	-	-	-	-	240,240	60,604	240,240	60,604
2023	-	-	-	-	246,480	54,155	246,480	54,155
2024-28	-	-	-	-	1,334,580	167,934	1,334,580	167,934
2029-30	-	-	-	-	585,780	15,638	585,780	15,638
Total	\$ 3,904,989	\$ 458,309	\$ 583,098	\$ 38,333	\$ 3,720,600	\$ 788,229	\$ 8,208,687	\$ 1,284,871

The allocation of long-term debt to the General Fund or the Water and Sewer Fund is determined based on the Town's intention for repayment of the debt. A summary of the allocation of debt issued is as follows:

	Water & Sewer Fund	General Fund	Total
Bonds:			
2007 Revenue	\$ -	\$ 1,480,000	\$ 1,480,000
2014 General Obligation Bonds	3,720,600	1,049,400	4,770,000
2013 General Obligation Refunding Bond	-	9,862,800	9,862,800
Loans:			
2001 VA Revolving Loan	3,904,989	-	3,904,989
1998 VA Revolving Loan	583,098	-	583,098
Landfill Closure and Postclosure Care Costs	-	190,354	190,354
Compensated Absences	119,788	706,010	825,798
Bond Premiums	-	48,587	48,587
Service Merit (OPEB) payable	-	513,630	513,630
Total	\$ 8,328,475	\$ 13,850,781	\$ 22,179,256

In July 2013, the Town issued \$9,999,900 in General Obligation Public Improvement and Refunding Bond, Series 2013. The purpose of the 2013 Bond issue was to 1) advance refund the Town's callable 2004 Bonds (\$8,800,000) in order to achieve debt service savings; and, 2) finance various capital improvement projects. The bonds have a fixed interest rate of 1.62%. Maturity dates range from August 1, 2014 to August 1, 2034. Total debt service savings will potentially equal \$2,927,383, assuming the bank does not exercise its put option during the term of the loan. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$384,478 that will be charged over 21 years using the straight-line method.

**9. Compensated Absences**

The Town's liability at June 30, 2015 for compensated absences related to governmental activities was:

	Current Portion	Long-Term Portion	Total
General Fund	\$ 70,601	\$ 635,409	\$ 706,010

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. The Town has estimated that 10% of the compensated absences balance can be liquidated with expendable available resources, and are considered a current liability. Both current and non-current portions of compensated absences, totaling \$706,010, are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and fund presentations.

Compensated absences earned by employees and charged to the proprietary fund are expensed and accrued as a liability when incurred. At June 30, 2015, the liabilities for compensated absences of the enterprise fund were \$119,788, with \$11,979 considered a current liability.

**TOWN OF CHRISTIANSBURG**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**10. Sick Leave Divestiture Plan (Defined Benefit Pension Plan)**

**A. Plan Description**

Name of Plan:	Sick Leave Divestiture Plan
Identification of Plan:	Single Employer
Administering Agent:	Town of Christiansburg

In addition to the VRS pension benefits described in Note (11) below the Town provides an additional pension benefit related to the amount of sick leave the employees accrue, but does not use, during their employment. The liability is based on an actuarial valuation performed by a third-party every two years.

Sick-Leave Divestiture at retirement: Employees retiring in accordance with VRS guidelines and who have at least five (5) years of service with the Town of Christiansburg are eligible to take payment of accrued sick leave payable directly to them with the following options (dependent upon time of service):

1. Employees retiring that have a minimum of five (5) years of service may withdraw 25% of their accrued sick leave up to a maximum of \$10,000 (taxable).
2. Employees hired on or before June 30, 2011, who retire immediately upon separation from the Town with a minimum of twenty (20) years of service and who are retiring in accordance with VRS guidelines, may take their total accrued sick leave in 120 monthly payments (i.e. 10 years), subject to applicable Federal and State taxes. The value of the accrued sick leave for payout will be calculated at an hourly rate using the VRS Average Final Compensation computation. If the retiree becomes deceased during the payout period, the payouts cease and are non-transferable.

**B. Funding Policy**

The plan is a pay-as-you-go system, with the Town annually funding and paying the benefits to the members. There is currently no plan to fund this obligation other than on a pay-as-you-go basis.

**C. Annual Pension Cost**

The following table shows the components of the Town's Sick Leave Divestiture Plan cost for the year most recent valuation date (June 30, 2014), the amounts contributed to the plan, and changes in the Town's net related OPEB obligation for the 2014 fiscal year.

Annual required contributions	\$ 179,095
Interest on net OPEB obligation	10,662
Adjustment to annual required contribution	(10,881)
Annual OPEB cost	178,876
Contributions made	(126,876)
Increase in net OPEB obligation	52,000
Net OPEB obligation-beginning of year	266,527
Net OPEB obligation-end of year	<u>\$ 318,527</u>

**Three-Year Trend Information (most recent available)**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 138,219	75.90%	\$ 184,641
June 30, 2013	\$ 183,294	55.24%	\$ 266,527
June 30, 2014	\$ 178,876	70.93%	\$ 318,527

**D. Funded Status and Funding Progress**

As of June 30, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,868,728 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,868,728. The 2014 covered payroll (annual payroll of active employees covered by the plan) was \$10,447,884 and the ratio of the UAAL to the covered payroll was 17.89%.

The Analysis of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements on page (58), 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.

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a % of Covered Payroll</u>
June 30, 2014	\$ -	\$ 1,868,728	\$ 1,868,728	0%	\$ 10,447,884	17.89%

**TOWN OF CHRISTIANBURG**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

10. Sick Leave Divestiture Plan (Defined Benefit Pension Plan) - continued

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations. The Town has elected to perform actuarial valuations biennially.

The fiscal year 2014 required contribution was determined as part of the June 30, 2014 actuarial valuation using the projected unit credit cost method with level percentage of pay over 30 years on an open group. The actuarial assumptions at June 30, 2014 included (a) an investment rate of return (net of administrative expenses) of 4.00% , (b) projected salary increases ranging from 2.50% per year for general government employees and 2.50% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50% . The amortization period is closed and the remaining amortization period at June 30, 2014 for the Unfunded Actuarial Accrued Liability (UAAL) was 24.5 years. As of June 30, 2014, the plan remains unfunded.

11. Postemployment Benefits other than Pension Benefits

In the fiscal year 2009, the Town adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement was issued to provide more complete, reliable, and decision-useful financial reporting regarding the costs and financial obligations that governments incur when they provide postemployment benefits other than pensions as part of the compensation for services rendered by their employees. The statement will provide better information to users about the government's unfunded actuarial accrued liabilities (the difference between the Town's total obligation for OPEB and any assets set aside for financing the benefits) and changes in the funded status of the benefits over time. The liability is based on an actuarial valuation performed by a third-party every two years.

A. Plan Description

The description of the retirement service merit plan is as follows:

Town Sponsored Service Merit: An employee retiring under VRS and who has at least 20 years of service to the Town is eligible for payment of ten dollars (\$10) per month for each year of service (as determined by Council with each budget year), until age 65 or upon Medicare eligibility, whichever occurs first. At this time, the employee's Town Sponsored Service Merit payment turns to a flat \$100/month. These payments are placed into the Retirement Health Savings for the employee's use toward medical expenses after retirement.

B. Annual Other Post-employment Benefit Cost and Net OPEB Obligation

The following table shows the components of the Town's Retirement Merit Service Plan cost as of the most recent valuation date (June 30, 2014), the amounts contributed to the plan, and changes in the Town's net related OPEB obligation for the 2014 fiscal year.

Annual required contributions	\$ 159,524
Interest on net OPEB obligation	16,043
Adjustment to annual required contribution	(16,374)
Annual OPEB cost	159,193
Contributions made	(46,830)
Increase in net OPEB obligation	112,363
Net OPEB obligation-beginning of year	401,267
Net OPEB obligation-end of year	\$ 513,630

Three-Year Trend Information (most recent available)

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 138,732	31.51%	\$ 255,107
June 30, 2013	\$ 196,300	25.53%	\$ 401,067
June 30, 2014	\$ 159,193	29.41%	\$ 513,430

C. Funded Status and Funding Progress

As of June 30, 2014, the plan remains unfunded. The total unfunded accrued liability at June 30, 2014 is \$1,471,417 based on the June 30, 2014 valuation. The Town's plan is a pay-as-you go system. The annual required contribution per the most recent actuarial valuation is \$159,193. The Net OPEB obligation at June 30, 2014 was \$513,630. The Town currently intends to continue to fund these benefits annually as they become due on a pay-as-you-go system. The 2014 covered payroll (annual payroll of active employees covered by the plan) was \$10,447,884 and the ratio of the UAAL to the covered payroll was 14.08% .

**TOWN OF CHRISTIANBURG**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

11. Postemployment Benefits other than Pension Benefits (continued)

C. Funded Status and Funding Progress (continued)

The Analysis of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements on page (59), presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a % of Covered Payroll
June 30, 2014	\$ -	\$ 1,471,417	\$ 1,471,417	0%	\$ 10,447,884	14.08%

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The Town has elected to perform actuarial valuations biennially.

An off year valuation was performed as of June 30, 2014. The fiscal year 2014 required contribution was determined as part of the June 30, 2014 actuarial valuation using the projected unit credit cost method. The actuarial assumptions at June 30, 2014 included (a) an investment rate of return (net of administrative expenses) of 4.00%, (b) projected salary increases ranging from 3.50% per year for general government employees and 3.50% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The remaining amortization period at June 30, 2014 for the Unfunded Actuarial Accrued Liability (UAAL) was 24.5 years. The amortization period is closed.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

## 12. PENSION PLAN

## A. Plan Description

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. 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 a 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		
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About VRS Plan 1</b></p> <p>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, 2012.</p>	<p><b>About VRS Plan 2</b></p> <p>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, 2012.</p>	<p><b>About the Hybrid Retirement Plan</b></p> <p>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> <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>
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b></p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2012.</p> <p><b>Hybrid Opt-In Election</b></p> <p>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>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>Eligible Members</b></p> <p>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, 2012.</p> <p><b>Hybrid Opt-In Election</b></p> <p>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>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>Eligible Members</b></p> <p>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></p> <p>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> <p>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>

TOWN OF CHRISTIANSBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

12. PENSION PLAN (continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<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 will be paying the full 5% by 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.	<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 will be paying the full 5% by July 1, 2016.	<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.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<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.	<b>Creditable Service</b> Same as Plan 1.	<b>Creditable Service</b> <u>Defined Benefit Component:</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.  <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

TOWN OF CHRISTIANSBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

12. PENSION PLAN (continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<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.  Members are always 100% vested in the contributions that they make.	<b>Vesting</b>  Same as Plan 1.	<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.  <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.  Members are always 100% vested in the contributions that they make.  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. <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> Distribution is not required by law until age 70½.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<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.  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.	<b>Calculating the Benefit</b>  See definition under Plan 1.	<b>Calculating the Benefit</b>  <u>Defined Benefit Component:</u> See definition under Plan 1  <u>Defined Contribution Component:</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.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<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.	<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.	<b>Average Final Compensation</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

## TOWN OF CHRISTIANSBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

## 12. PENSION PLAN (continued)

## A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Service Retirement Multiplier</b>  <i>VRS:</i> 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% .  <i>Political subdivision hazardous duty employees:</i> 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.	<b>Service Retirement Multiplier</b>  <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2012. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2012.  <i>Political subdivision hazardous duty employees:</i> Same as Plan 1.	<b>Service Retirement Multiplier</b>  <u>Defined Benefit Component:</u> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.00% . 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.  <i>Political subdivision hazardous duty employees:</i> Not applicable.  <u>Defined Benefit Component:</u> Not applicable.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Normal Retirement Age</b>  <i>VRS:</i> Age 65.  <i>Political subdivisions hazardous duty employees:</i> Age 60.	<b>Normal Retirement Age</b>  <i>VRS:</i> Normal Social Security retirement age.  <i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.	<b>Normal Retirement Age</b>  <u>Defined Benefit Component:</u> <i>VRS:</i> Same as Plan 2.  <i>Political subdivisions hazardous duty employees:</i> Not applicable.  <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Earliest Unreduced Retirement Eligibility</b>  <i>VRS:</i> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.  <i>Political subdivisions hazardous duty employees:</i> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b>  <i>VRS:</i> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.  <i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.	<b>Earliest Unreduced Retirement Eligibility</b>  <u>Defined Benefit Component:</u> <i>VRS:</i> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.  <i>Political subdivisions hazardous duty employees:</i> Not applicable.  <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Earliest Reduced Retirement Eligibility</b>  <i>VRS:</i> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.  <i>Political subdivisions hazardous duty employees:</i> 50 with at least five years of creditable service.	<b>Earliest Reduced Retirement Eligibility</b>  <i>VRS:</i> Age 60 with at least five years (60 months) of creditable service.  <i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.	<b>Earliest Reduced Retirement Eligibility</b>  <u>Defined Benefit Component:</u> <i>VRS:</i> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.  <i>Political subdivisions hazardous duty employees:</i> Not applicable.  <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.



## TOWN OF CHRISTIANBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

## 12. PENSION PLAN (continued)

## A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Cost-of-living Adjustment (COLA) in Retirement</b>  <p>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><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, 2012.</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>	<b>Cost-of-living Adjustment (COLA) in Retirement</b>  <p>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><u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1</p>	<b>Cost-of-living Adjustment (COLA) in Retirement</b>  <p><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> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Disability Coverage</b>  <p>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>	<b>Disability Coverage</b>  <p>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>	<b>Disability Coverage</b>  <p>Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and 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>

TOWN OF CHRISTIANBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

12. PENSION PLAN (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>	<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.	Same as Plan 1.	<u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <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> <u>Defined Contribution Component:</u> Not applicable.

B. Employees Covered by the Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	109
Inactive members:	
Vested inactive members	30
Non-vested inactive members	86
Inactive members active elsewhere in VRS	50
Total inactive members	166
Active members	236
Total covered employees	511

C. 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 political subdivision's contractually required contribution rate for the year ended June 30, 2015 was 13.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 political subdivision were \$1,411,075 and \$1,350,284 for the years ended June 30, 2015 and June 30, 2014, respectively.

D. Net Pension Liability

The political subdivisions net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

TOWN OF CHRISTIANSBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

12. PENSION PLAN (continued)

E. Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.50%
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.

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 were set back 2 years.

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 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

TOWN OF CHRISTIANSBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

12. PENSION PLAN (continued)

F. Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.50%
Salary increases, including inflation	3.5% - 4.75%
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.

Mortality rates: 60 % 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 back 2 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 back 2 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, 2013 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 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

## TOWN OF CHRISTIANBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

## 12. PENSION PLAN (continued)

G. 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% .

H. 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 Political Subdivision 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.

## TOWN OF CHRISTIANBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

## 12. PENSION PLAN (continued)

I. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 38,242,789	\$ 25,591,440	\$ 12,651,349
Changes for the year:			
Service Cost	1,218,068	-	1,218,068
Interest	2,617,701	-	2,617,701
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,350,284	(1,350,284)
Contributions - employee	-	521,352	(521,352)
Net investment income	-	4,047,352	(4,047,352)
Benefit payments, including refunds of employee contributions	(1,694,123)	(1,694,123)	-
Administrative expenses	-	(21,472)	21,472
Other changes	-	213	(213)
Net Changes	2,141,646	4,203,606	(2,061,960)
Balances at June 30, 2014	\$ 40,384,435	\$ 29,795,046	\$ 10,589,389

J. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 7.00% , as well as what the political subdivision'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:

	1% Decrease (6.00% )	Current Discount Rate (7.00% )	1% Increase (8.00% )
Political subdivision's Net Pension Liability	\$ 16,462,046	\$ 10,589,389	\$ 5,781,347

K. Pension Expense and Deferred Outflows of Resources and Deferred  
Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the political subdivision recognized pension expense of \$1,088,710. At June 30, 2015, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,800,386
Employer contributions subsequent to the measurement date	\$ 1,411,075	\$ -
Total	\$ 1,411,075	\$ 1,800,386

TOWN OF CHRISTIANSBURG

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

12. PENSION PLAN (continued)

K. Pension Expense and Deferred Outflows of Resources and Deferred  
Inflows of Resources Related to Pensions (continued)

\$1,411,075 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (450,096)
2017	\$ (450,096)
2018	\$ (450,096)
2019	\$ (450,096)
Thereafter	\$ -

L. Payables to the Pension Plan

At June 30, 2015, the Town reported a payable for contributions in the amount of \$118,205 for the outstanding amount of contractually required contributions to the pension plan required for the year ended June 30, 2015.

M. Fund Allocation of Liability and Pension Expense

The prior period adjustment, net pension liability, deferred inflows of resources and current year employer pension expense resulting from the implementation of GASB Statement No. 68, were allocated amongst governmental and business-type activities based the average percentage of pension contributions in the last three years.

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## TOWN OF CHRISTIANBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### 13. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on the general fund balance and other governmental funds balances are presented below:

	General Fund	Special Revenue Fund	Cemetery Fund	Capital Projects Fund	Totals
Nonspendable:					
Perpetual Care	\$ -	\$ -	\$ 522,364	\$ -	\$ 522,364
General Administration	93,355	-	-	-	93,355
Restricted for:					
Law Enforcement	-	77,008	-	-	77,008
Fire Department	-	603,164	-	-	603,164
Lifesaving-Rescue Squad	-	949,927	-	-	949,927
Parks and Recreation - Knowles Estate	-	334,772	-	-	334,772
Committed	-	-	-	-	-
Assigned:					
Fire and Lifesaving	2,272,957	-	-	-	2,272,957
Public Works	825,553	-	-	-	825,553
General Administration	357,494	-	-	-	357,494
Parks and Recreation	358,139	-	-	-	358,139
Unassigned	16,707,359	-	-	-	16,707,359
Total fund balances at June 30, 2015	\$ 20,614,857	\$ 1,964,871	\$ 522,364	\$ -	\$23,102,092

#### 14. Risk Management

The Town is exposed to various risks of loss related to the following: torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town employs a variety of risk management techniques, including the purchase of commercial insurance, participation in insurance pools, and self - insurance. The Town risk management programs are as follows:

*Workers' Compensation* - Workers' compensation insurance is provided through the Virginia Municipal Self Insurance Association. During 2014-2015, total premiums paid were \$589,677. Benefits are those afforded through the State of Virginia as outlined in the Code of Virginia Section 65.2-100; premiums are based on covered payroll, job rates, and claims history.

*General Liability and Other* - The Town has general, automobile, property, and public officials liability insurance through Selective Insurance Company and BB&T. Boiler and machinery coverage and property insurance are covered as per statement of values. Total premiums for 2014-2015 were \$427,494.

*Self-Insurance* - In fiscal year 2015 the Town became self-insured for health insurance plans offered to employees. At June 30, 2015 the current portion of employees' health insurance was \$151,089 which represents an estimate of health insurance claims that have been incurred but not reported and are reported in accrued liabilities. Liabilities are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the Town records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims. The Town has also assigned a portion of fund balance in the general fund of \$140,000 to mitigate the risk of these claims.

*Healthcare* - The Town provides health insurance coverage for employees through commercial insurance policies. Employees' spouses and dependents may also be covered provided they pay for part of the premium cost. During the year, the Town paid \$1,722,787 in healthcare premiums.

*Other* - There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

All Town employees are covered by a blanket bond in the amount of \$10,000. Additionally, the Treasurer and Town Manager are covered by surety bonds in the amount of \$100,000 each. The surety is United States Fidelity and Guaranty.

*Intergovernmental dependency* - The Town depends on financial resources flowing from, or associated with, both the federal government and the state of Virginia. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury securities because of actions by foreign governments and other holders of publicly held U.S. Treasury securities.



## **TOWN OF CHRISTIANSBURG**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015**

#### **14. Risk Management (continued)**

During the fiscal year ended June 30, 2015 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	\$ 416,572
Street Maintenance funds	3,224,623
Sales Taxes	1,810,171
Non-Categorical State Aid	1,347,022
Federal and State grants	713,393
	<u>\$ 7,511,781</u>

#### **15. Contributed Capital**

The contributed capital account of the Enterprise Fund increased from \$19,429,517 to \$19,554,252 in 2014-2015 due to contributed capital grants in aid of construction of \$124,735.

The contributed capital account of the General Fund on the Statement of Activities for GASB Statement No. 34 purposes includes the roads given to the Town by developers for the Town to maintain. There were no streets given to the town by developers during the year ended June 30, 2015.

#### **16. Landfill Closure and Postclosure Care Costs**

In fiscal year 1998, the Town adopted GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. State and federal laws and regulations require the Town to place a final cover on its landfill site, as well as other sites opened in the future when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB No. 18 requires the Town record a portion of these closure and postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$190,354 liability for landfill closure and postclosure care costs at June 30, 2015 represents the estimated liability based on the usage of 100% of the estimated capacity of the landfill. The Town will recognize the remaining estimated costs of closure and postclosure care as costs are incurred.

The liability accrued at June 30, 2015 is based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may differ from this estimate due to inflation, changes in technology or changes in regulation.

#### **17. Contingency**

In October 2002, the Town of Christiansburg received a loan/grant for \$675,000 from the Virginia Department of Housing and Community Development for the construction of low income housing for low income at-risk youths. The facility, Tekoa Boys Home, was to be built, run and maintained by Community Housing Partners, Inc. (CHP). The loan is secured by this facility and will be forgiven at the end of a 20-year term provided that the original purpose continues to be met. In the event that CHP defaults on the terms of the grant/loan, the funds must be repaid to the Virginia Department of Housing and Community Development and the Town is contingently liable for that repayment. During 2010 the home was converted to other uses and the Virginia Department of Housing and Community Development has approved that change stating that "it is a reasonable replacement for the originally intended use".

#### **18. New Accounting Standards**

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued to address accounting and financial reporting issues 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement will be effective for the year ending June 30, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued to establish requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. This Statement also clarifies the application of certain provisions of Statements 67 and 68. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for the year ending June 30, 2017, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the year ending June 30, 2016. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for the year ending June 30, 2016.

## TOWN OF CHRISTIANBURG

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

#### 18. New Accounting Standards (continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued to replace Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued to address reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016, and will be applied retroactively.

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued to require new government disclosures about tax incentive agreements with entities and individuals to help financial statement users understand the extent and nature of these agreements. The Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement will be effective for the year ending June 30, 2016.

Management has not yet evaluated the effects, if any, of adopting these standards.

#### 19. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2015, the date the financial statements were available to be issued. The following significant events occurred during this period.

The Town borrowed \$2,014,000 in a General Obligation Bond to acquire two parcels of land for the future development of a connector road between Peppers Ferry and North Franklin and to complete the renovations of the third floor of the police department building. The Town entered into a contract with Price Buildings Inc. to complete the police department building renovations at a cost of \$822,500.

## Required Supplementary Information

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TOWN OF CHRISTIANBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION  
ANALYSIS OF FUNDING PROGRESS FOR SICK PAY PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	\$ -	\$ 1,868,728	\$ 1,868,728	0.00%	\$ 10,447,884	17.89%
June 30, 2013	\$ -	\$ 1,823,542	\$ 1,823,542	0.00%	\$ 10,340,536	17.63%
June 30, 2012	\$ -	\$ 1,653,010	\$ 1,653,010	0.00%	\$ 9,851,855	16.78%
June 30, 2011	\$ -	\$ 1,498,425	\$ 1,498,425	0.00%	\$ 9,430,855	15.89%

**\*\* Biennial valuations began in 2014**

TOWN OF CHRISTIANBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

ANALYSIS OF FUNDING PROGRESS FOR RETIREMENT SERVICE MERIT PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	\$ -	\$ 1,471,417	\$ 1,471,417	0.00%	\$ 10,447,884	14.08%
June 30, 2013	\$ -	\$ 1,623,059	\$ 1,623,059	0.00%	\$ 10,340,536	15.70%
June 30, 2012	\$ -	\$ 1,429,422	\$ 1,429,422	0.00%	\$ 9,851,855	14.51%
June 30, 2011	\$ -	\$ 1,258,886	\$ 1,258,886	0.00%	\$ 9,430,855	13.35%

\*\* Biennial valuations began 2014

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

	2014
Total pension liability:	
Service cost	\$ 1,218,068
Interest	2,617,701
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(1,694,123)
Net change in total pension liability	2,141,646
Total pension liability - beginning	38,242,789
Total pension liability - ending (a)	\$ 40,384,435
Plan fiduciary net position:	
Contributions - employer	\$ 1,350,284
Contributions - employee	521,352
Net investment income	4,047,352
Benefit payments, including refunds of employee contributions	(1,694,123)
Administrative expense	(21,472)
Other	213
Net change in plan fiduciary net position	4,203,606
Plan fiduciary net position - beginning	25,591,440
Plan fiduciary net position - ending (b)	\$ 29,795,046
Political subdivision's net pension liability - ending (a) - (b)	10,589,389
Plan fiduciary net position as a percentage of the total Pension liability	73.78%
Covered-employee payroll	\$ 11,237,982
Political subdivision's net pension liability as a percentage of the covered-employee payroll	94.23%

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

**Notes to the Schedule**

**1. Changes to 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.

**2. 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:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015	\$ 1,411,075	\$ 1,411,075	\$ -	\$ 11,302,714	\$ 12.48%

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

**Notes to the Schedule**

Valuation date:

Actuarially 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
Amortization method	Level percent of pay, closed
Remaining amortization period	20 - 29 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.5 - 5.35% , including inflation
Investment rate of return	7.00%

## Other Supplementary Information

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND - VOLUNTEER FIRE DEPARTMENT  
 (non-GAAP budgetary basis)  
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Balance:			\$ 562,727	
Revenues (Inflows):				
Interest Income	-	-	6,053	6,053
State Revenue	50,000	51,000	67,661	16,661
Federal Revenue and Other Grants	125,000	132,500	134,759	2,259
Amounts Available for Expenditures	175,000	183,500	771,199	24,972
Expenditures (Outflows):				
Current:				
Virginia Fire Programs	50,000	50,000	-	50,000
Fire County Operating	101,215	101,215	91,280	9,935
Fire County Virginia Programs	20,000	20,000	17,633	2,367
Other Grants	-	8,500	8,500	-
Total Expenditures	171,215	179,715	117,413	62,302
Excess of Revenues over Expenditures	3,785	3,785	653,787	87,275
Other Financing Sources (Uses):				
Transfers	-	-	(50,622)	(50,622)
Total Other Financing Sources (Uses)	-	-	(50,622)	(50,622)
Ending Fund Balance			\$ 603,165	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND - LIFESAVING AND RESCUE  
 (non-GAAP budgetary basis)  
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Balance:			\$ 512,750	
Revenues (Inflows):				
Interest Income	-	-	3,793	3,793
Contributions	54,140	54,140	25,653	(28,487)
State Revenue	11,000	11,000	12,008	1,008
Charges for Services	696,067	696,067	715,503	19,436
Federal Revenue and Other Grants	99,000	99,000	99,000	-
Amounts Available for Expenditures	860,207	860,207	1,368,707	(4,250)
Expenditures (Outflows):				
Current:				
Rescue Donations	53,640	54,140	57,182	(3,042)
Rescue County Funds	99,000	99,000	103,261	(4,261)
Four For Life	11,000	12,139	12,228	(89)
Revenue Recovery EMS	696,067	696,067	246,111	449,956
Total Expenditures	859,707	861,346	418,781	442,565
Excess of Revenues over Expenditures	500	(1,139)	949,926	438,315
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Ending Fund Balance			\$ 949,926	

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND - POLICE DEPARTMENT  
 (non-GAAP budgetary basis)  
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Balance:	\$		64,887	
Revenues (Inflows):				
Interest Income			63	63
State Revenue	25,000	25,000	16,563	(8,437)
Federal Revenue	250,000	250,000	247,997	(2,003)
Other Grants	30,000	30,000	28,374	(1,626)
Donations and Contributions	32,000	32,000	12,274	(19,726)
Amounts Available for Expenditures	337,000	337,000	370,158	(31,729)
Expenditures (Outflows):				
Current:				
Asset Forfeiture Funds	495,004	495,004	173,723	321,281
DMV Select Grant	20,000	20,000	14,484	5,516
Police Officer Donated Funds	25,000	25,000	12,164	12,836
Drug Enforcement	50,000	50,000	18,338	31,662
Training and Equipment Funds	35,000	35,000	22,537	12,463
Internet Crimes	75,000	75,000	52,424	22,576
Total Expenditures	700,004	700,004	293,670	406,334
Excess of Revenues over Expenditures	(363,004)	(363,004)	76,488	374,605
Other Financing Sources (Uses):				
Transfers	150,000	60,000	520	(59,480)
Total Other Financing Sources (Uses)	150,000	60,000	520	(59,480)
Ending Fund Balance			\$ 77,008	

## TOWN OF CHRISTIANBURG

Exhibit S

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND - RECREATION AND STREETS  
 (non-GAAP budgetary basis)  
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Balance:			\$ 364,864	
Revenues (Inflows):				
Interest Income	2,000	2,000	17,310	15,310
State Revenue	232,666	232,666	5,203	(227,463)
Federal Revenue and Other Grants	1,065,935	1,065,935	12,252	(1,053,683)
Amounts Available for Expenditures	1,300,601	1,300,601	399,629	(1,265,836)
Expenditures (Outflows):				
Current:				
Knowles Donation	197,500	197,500	40,553	156,947
Huckleberry Trail	375,000	375,000	7,326	367,674
Seniors Programs	5,100	5,100	3,155	1,945
Prevention Grant	49,435	49,435	3,043	
Streets and Sidewalks	1,065,935	1,065,935	10,898	1,055,037
Total Expenditures	1,692,970	1,692,970	64,975	1,581,603
Excess of Revenues over Expenditures	(392,369)	(392,369)	334,654	315,767
Other Financing Sources (Uses):				
Transfers	1,000	1,000	118	1,118
Total Other Financing Sources (Uses)	1,000	1,000	118	1,118
Ending Fund Balance			\$ 334,772	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - PERMANENT FUND (non-GAAP budgetary basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Unassigned Balance:			\$ 1,574	
Revenues (Inflows):				
Interest Income	300	300	8,353	8,053
Burials	70,000	70,000	48,390	(21,610)
Sale of Lots	29,000	29,000	29,565	565
Miscellaneous	600	600	140	(460)
Amounts Available for Expenditures	99,900	99,900	88,022	(13,452)
Expenditures (Outflows):				
Current:				
Salaries and Fringe	112,719	112,719	101,414	(11,305)
Insurance and Operational Costs	89,250	89,250	90,787	1,537
Equipment Purchases and Capital Outlay	127,000	127,000	47,466	(79,534)
Total Expenditures	328,969	328,969	239,667	(89,302)
Excess of expenditures over revenues	(229,069)	(229,069)	(151,645)	(102,754)
Other financing sources (uses):				
Transfers	242,029	242,029	189,563	(52,466)
Total other financing sources (uses)	242,029	242,029	189,563	(52,466)
Assigned to Perpetual Care	29,000	29,000	37,918	8,918
Ending Fund Unassigned Balance			\$ -	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND (non-GAAP budgetary basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Fund Balance:			\$ -	
Revenues (Inflows):				
State Revenue	1,607,250	1,607,250	459,065	(1,148,185)
Amounts Available for Expenditures	1,607,250	1,607,250	459,065	(1,148,185)
Expenditures (Outflows):				
Current:				
VDOT Revenue Sharing	800,000	800,000	669,042	(130,958)
Revenue Sharing PH 3 HBT	238,000	238,000	9,278	(228,723)
Revenue Sharing Brown Lucas	940,000	940,000	23,066	(916,934)
Revenue Sharing Ellett	25,000	25,000	-	(25,000)
Revenue Sharing Park	294,000	294,000	14,765	(279,235)
DEQ SLAF Diamond Hills PH 1	317,500	317,500	140,430	(177,070)
DEQ SLAF Diamond Hills PH 2	165,000	165,000	19,300	(145,700)
DEQ SLAF Depot Park	392,000	392,000	42,250	(349,750)
Total Expenditures	3,171,500	3,171,500	918,130	(2,253,370)
Excess of expenditures over revenues	(1,564,250)	(1,564,250)	(459,065)	(3,401,555)
Other financing sources (uses):				
Transfers	1,599,500	1,599,500	459,065	(1,140,435)
Total other financing sources (uses)	1,599,500	1,599,500	459,065	(1,140,435)
Ending Fund Balance			\$ -	

## Statistical Section

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*This part of the Town of Christiansburg Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.*

<u>Contents</u>		<u>Page</u>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. Schedules 1-6	70-75
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Schedules 7-10	76-79
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. Schedules 11-13	80-82
<b>Demographic and Economic Information</b>	These Schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. Schedules 14-15	83-84
<b>Operating Information</b>	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. Schedules 16-21	85-91

**TOWN OF CHRISTIANBURG**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year									
	2015	2014 (1)	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 93,994,308	\$ 96,639,415	\$ 96,771,494	\$ 95,524,065	\$ 99,222,094	\$ 97,268,970	\$ 89,442,245	\$ 81,535,576	\$ 76,303,783	\$ 74,730,937
Restricted	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-	-
Unrestricted	<u>4,867,073</u>	<u>14,693,551</u>	<u>11,426,955</u>	<u>13,772,327</u>	<u>12,615,333</u>	<u>14,542,381</u>	<u>20,785,430</u>	<u>23,611,653</u>	<u>25,899,737</u>	<u>23,656,476</u>
Total governmental activities net position	<u>\$ 106,301,346</u>	<u>\$ 117,849,962</u>	<u>\$ 114,925,803</u>	<u>\$ 115,720,070</u>	<u>\$ 118,022,918</u>	<u>\$ 112,101,135</u>	<u>\$ 110,455,578</u>	<u>\$ 105,378,587</u>	<u>\$ 102,203,520</u>	<u>\$ 98,387,413</u>
<b>Business Type Activities:</b>										
Net investment in capital assets	\$ 32,160,376	\$ 30,020,184	\$ 32,585,256	\$ 32,752,921	\$ 31,469,741	\$ 31,179,842	\$ 30,681,352	\$ 29,028,603	\$ 27,553,356	\$ 26,546,759
Unrestricted	<u>496,141</u>	<u>3,579,672</u>	<u>773,790</u>	<u>97,016</u>	<u>53,593</u>	<u>343,492</u>	<u>186,303</u>	<u>94,382</u>	<u>118,829</u>	<u>302,530</u>
Total business type activities net position	<u>\$ 32,656,517</u>	<u>\$ 33,599,856</u>	<u>\$ 33,359,046</u>	<u>\$ 32,849,937</u>	<u>\$ 31,523,334</u>	<u>\$ 31,523,334</u>	<u>\$ 30,867,655</u>	<u>\$ 29,122,985</u>	<u>\$ 27,672,185</u>	<u>\$ 26,849,289</u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 126,154,684	\$ 126,659,599	\$ 129,356,750	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597	\$ 110,564,179	\$ 103,857,139	\$ 101,277,696
Restricted	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-	-
Unrestricted	<u>5,363,214</u>	<u>18,273,223</u>	<u>12,200,745</u>	<u>13,869,343</u>	<u>12,668,926</u>	<u>14,885,873</u>	<u>20,971,733</u>	<u>23,706,035</u>	<u>26,018,566</u>	<u>23,959,006</u>
Total primary government net position	<u>\$ 138,957,863</u>	<u>\$ 151,449,818</u>	<u>\$ 148,284,849</u>	<u>\$ 148,570,007</u>	<u>\$ 149,546,252</u>	<u>\$ 143,624,469</u>	<u>\$ 141,323,233</u>	<u>\$ 134,501,572</u>	<u>\$ 129,875,705</u>	<u>\$ 125,236,702</u>

(1) Fiscal year ending 2014 net position was restated as of July 1, 2015. The restated balances are reflected in the ending balances for fiscal year ending 2015 as shown above.



**TOWN OF CHRISTIANBURG**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 2,747,508	\$ 2,805,119	\$ 4,944,169	\$ 2,220,167	\$ 2,376,491	\$ 2,205,112	\$ 1,870,600	\$ 1,863,443	\$ 1,840,798	\$ 1,564,910
Public Safety	8,583,324	8,418,250	8,198,793	8,658,968	7,298,345	8,022,207	6,969,518	6,453,570	5,905,546	5,479,549
Public Works	9,809,882	8,496,043	9,144,564	9,379,197	5,154,376	6,313,092	4,976,341	5,759,437	5,389,079	4,871,386
Health and Welfare	3,521	3,353	3,193	3,193	3,100	3,100	3,040	2,700	2,760	2,500
Parks, Recreation, and Culture	4,803,568	5,712,596	2,154,902	4,564,487	4,214,349	2,620,104	2,326,077	1,682,832	1,874,683	1,396,927
Community Development	1,519,574	1,224,353	1,363,587	1,409,722	1,145,498	1,392,967	1,270,096	2,021,276	1,553,587	890,638
Interest on Long Term Debt	289,866	301,654	525,402	550,881	574,940	60,257	364,675	193,186	128,754	39,590
Total governmental activities	\$ 27,757,243	\$ 26,961,368	\$ 26,334,610	\$ 26,786,615	\$ 20,767,099	\$ 20,616,839	\$ 17,780,347	\$ 17,976,444	\$ 16,695,207	\$ 14,245,500
<b>Business-Type Activities:</b>										
Water and Sewer	\$ 7,319,365	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183	\$ 5,223,595	\$ 4,675,982
Total business-type activities expenses	\$ 7,319,365	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183	\$ 5,223,595	\$ 4,675,982
Total primary government expenses	\$ 35,076,608	\$ 33,805,340	\$ 32,986,055	\$ 33,241,791	\$ 27,136,794	\$ 26,805,225	\$ 23,564,684	\$ 23,458,627	\$ 21,918,802	\$ 18,921,482
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services										
Solid waste collection services	\$ 1,497,715	\$ 1,439,764	\$ 1,393,075	\$ 1,431,840	\$ 1,184,296	\$ 1,197,592	\$ 1,198,339	\$ 1,013,822	\$ 979,970	\$ 941,548
Public Safety	158,669	147,646	-	-	-	-	-	-	-	-
Parks, Recreation, and Cultural	1,067,981	992,090	1,021,767	1,001,541	1,022,857	199,813	201,556	200,351	212,362	217,684
Operating grants and contributions	4,236,637	4,599,502	575,182	1,137,981	306,981	428,117	-	-	-	-
Capital grants and contributions	225	887,040	41,008	8,316	1,325,647	802,659	-	-	-	-
Total governmental activities program revenues	\$ 6,961,227	\$ 8,066,042	\$ 3,031,032	\$ 3,579,678	\$ 3,839,781	\$ 2,628,181	\$ 1,399,895	\$ 1,214,173	\$ 1,192,332	\$ 1,159,232
<b>Business-Type Activities:</b>										
Charges for Services										
Water and Sewer	\$ 7,629,157	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405	\$ 5,395,895	\$ 5,188,377	\$ 5,145,870
Total business-type activities program revenues	\$ 7,629,157	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405	\$ 5,395,895	\$ 5,188,377	\$ 5,145,870
Total primary government program revenues	\$ 14,590,385	\$ 14,939,874	\$ 9,989,569	\$ 10,193,185	\$ 9,695,746	\$ 8,560,968	\$ 7,002,300	\$ 6,610,068	\$ 6,380,709	\$ 6,305,102
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (20,796,016)	\$ (18,895,325)	\$ (23,303,578)	\$ (23,206,937)	\$ (16,927,318)	\$ (17,988,658)	\$ (16,380,452)	\$ (16,762,271)	\$ (15,502,875)	\$ (13,086,268)
Business-type activities	309,792	29,861	307,092	158,331	(513,730)	(255,599)	(181,932)	(86,288)	(35,218)	469,888
Total primary government net (expense) revenue	\$ (20,486,223)	\$ (18,865,464)	\$ (22,996,486)	\$ (23,048,606)	\$ (17,441,048)	\$ (18,244,257)	\$ (16,562,384)	\$ (16,848,559)	\$ (15,538,093)	\$ (12,616,380)
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes										
Property	\$ 3,659,388	\$ 3,920,803	\$ 3,129,019	\$ 3,076,838	\$ 3,016,086	\$ 2,990,073	\$ 2,996,632	\$ 2,855,885	\$ 2,755,006	\$ 2,656,078
Sales	1,810,171	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398
Prepared Meals	6,357,292	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008
Transient Lodging	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	714,000
Business Licenses	2,236,295	(1) 2,146,259	(1) -	-	-	-	-	-	-	-
Franchise	726,136	(1) 811,550	(1) -	-	-	-	-	-	-	-
Cigarette	554,155	(1) 606,416	(1) -	-	-	-	-	-	-	-
Other	2,026,356	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999
Permits, fees and licenses	272,733	157,471	170,580	190,405	131,369	203,998	137,796	191,857	211,538	252,318
Revenues from Use of Property	231,905	224,381	217,128	218,058	255,366	94,201	115,805	124,071	110,723	74,093
Investment earnings and unrealized gains	315,432	237,626	228,040	222,813	254,350	263,518	486,131	1,081,113	1,192,367	600,059
Intergovernmental	886,223	392,830	3,799,427	3,660,452	3,662,382	3,414,598	3,749,731	3,520,364	3,419,113	3,294,761
Fines and Forfeitures	-	(2) -	(2) 172,565	126,702	95,038	118,559	86,924	95,024	148,523	138,831
Cemetery	29,565	44,515	28,930	90,860	103,464	96,735	102,077	28,420	-	-
Miscellaneous	1,020,334	2,212,798	389,461	345,487	375,261	320,188	1,080,845	1,165,147	729,079	565,965
Grants in Aid of Construction	-	-	-	-	1,257,323	788,355	1,633,662	240,030	-	-
Transfers	-	-	-	(410,640)	(323,096)	(707,721)	(1,315,045)	(1,030,816)	(254,119)	39,262
Special items	-	-	(136,728)	-	909,580	-	-	-	-	-
Total Governmental activities	\$ 21,536,279	\$ 21,945,709	\$ 22,509,312	\$ 20,904,089	\$ 22,849,102	\$ 19,634,215	\$ 21,457,442	\$ 19,937,337	\$ 19,318,982	\$ 17,689,772
<b>Business-Type activities:</b>										
Grants in Aid of Construction	\$ 124,735	\$ 53,489	\$ 45,971	\$ 610,263	\$ 52,700	\$ 74,655	\$ 490,222	\$ 392,711	\$ 508,320	\$ 584,754
Miscellaneous	171,143	157,460	156,046	147,369	137,934	128,903	121,335	113,561	95,675	90,212
Transfers	-	-	-	410,640	323,096	707,721	1,315,045	1,030,816	254,119	(39,262)
Total business-type activities	\$ 295,878	\$ 210,949	\$ 202,017	\$ 1,168,272	\$ 513,730	\$ 911,279	\$ 1,926,602	\$ 1,537,088	\$ 858,114	\$ 635,704
Total primary government	\$ 21,832,156	\$ 22,156,658	\$ 22,711,329	\$ 22,072,361	\$ 23,362,832	\$ 20,545,494	\$ 23,384,044	\$ 21,474,425	\$ 20,177,096	\$ 18,325,476
<b>Changes in Net Position:</b>										
Governmental activities	\$ 740,263	\$ 3,050,383	\$ (794,266)	\$ (2,302,848)	\$ 5,921,784	\$ 1,645,557	\$ 5,076,990	\$ 3,175,066	\$ 3,816,107	\$ 4,603,504
Business type activities	605,670	240,810	509,109	1,326,603	-	655,680	1,744,670	1,450,800	822,896	1,105,592
Total primary government	\$ 1,345,933	\$ 3,291,193	\$ (285,157)	\$ (976,245)	\$ 5,921,784	\$ 2,301,237	\$ 6,821,660	\$ 4,625,866	\$ 4,639,003	\$ 5,709,096

1 Previously included in Other Taxes

2 Recorded as "Charges for Services - Program" beginning in fiscal year 2014

**TOWN OF CHRISTIANBURG**

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Fund</b>										
Nonspendable	\$ 93,355	\$ 26,974	\$ 85,792	\$ 131,851	\$ -	\$ 59,725	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	448,130	429,088	373,646	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,814,143	3,482,088	3,114,299	2,527,638	2,199,995	2,069,518	-	-	-	-
Unassigned	<u>16,707,359</u>	<u>14,606,954</u>	<u>12,060,646</u>	<u>14,120,583</u>	<u>12,816,580</u>	<u>10,910,484</u>	<u>19,503,465</u>	<u>22,366,890</u>	<u>24,653,281</u>	<u>22,450,237</u>
Total General Fund	\$ <u>20,614,857</u>	\$ <u>18,116,016</u>	\$ <u>15,260,737</u>	\$ <u>17,228,202</u>	\$ <u>15,445,663</u>	\$ <u>13,413,373</u>	\$ <u>19,503,465</u>	\$ <u>22,366,890</u>	\$ <u>24,653,281</u>	\$ <u>22,450,237</u>
<b>All Other Governmental Funds</b>										
Nonspendable in Permanent Fund	522,364	484,446	433,263	366,676	359,214	289,783	227,903	201,769 (2)	-	-
Unassigned in Permanent Fund	-	1,574	(2,315)	(2,880)	-	-	-	-	-	-
Restricted in Special Revenue Fund	<u>1,964,871</u>	<u>1,505,228</u>	<u>1,737,118</u>	<u>1,766,802</u>	<u>2,026,335</u>	<u>26,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Funds	\$ <u>2,487,235</u>	\$ <u>1,991,248</u>	\$ <u>2,168,066</u>	\$ <u>2,130,598</u>	\$ <u>2,385,549</u>	\$ <u>315,832</u>	\$ <u>227,903</u>	\$ <u>201,769</u>	\$ <u>-</u>	\$ <u>-</u>
Total All Governmental Fund Balances	\$ <u>23,102,092</u>	\$ <u>20,107,264</u>	\$ <u>17,428,803</u>	\$ <u>19,358,800</u>	\$ <u>17,831,212</u>	\$ <u>13,729,205</u>	\$ <u>19,731,368</u>	\$ <u>22,568,659</u>	\$ <u>24,653,281</u>	\$ <u>22,450,237</u>

**Notes:**

(1) For the fiscal year ending 6-30-2011, the Town implemented the new GASB 54 standard which changed the way fund balances are classified. Instead of Reserved and Unreserved, fund balances were broken into five categories which are more descriptive of the manner for which the fund balances are held. See footnote 1B for a more detailed explanation. Fund balances for 2003 through 2010 have been restated to reflect the new standard.

(2) The cemetery was acquired by the Town in 2008 from a non-profit corporation which included a reserve for perpetual care of the cemetery.

## TOWN OF CHRISTIANBURG

CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

		Fiscal Year									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>											
Taxes											
Property	\$	3,589,471	3,554,811	\$ 3,110,613	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,898,687	\$ 2,775,831	\$ 2,664,913	\$ 2,626,603
Sales		1,810,171	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398
Prepared Meals		6,357,292	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008
Transient Lodging		1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	714,000
Business License		2,236,295	(I) 2,146,259	(I) -	-	-	-	-	-	-	-
Franchise		726,136	(I) 811,550	(I) -	-	-	-	-	-	-	-
Cigarette		554,155	(I) 606,416	(I) -	-	-	-	-	-	-	-
Other		2,026,356	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999
Permits, fees and licenses		272,733	157,471	170,580	190,405	131,369	203,998	137,796	191,857	211,538	252,318
Revenues from Use of Property		231,905	224,381	217,128	218,058	255,366	94,201	115,805	124,071	110,723	74,093
Investment earnings		315,432	237,628	228,040	222,813	254,350	263,518	486,131	1,081,113	1,192,367	600,059
Charges for Services		2,565,697	2,431,854	2,414,843	2,496,336	2,273,848	1,469,275	1,399,895	1,214,173	1,192,332	1,159,231
Intergovernmental		5,123,085	4,992,332	4,415,617	4,806,749	4,118,010	4,645,374	3,749,731	3,520,364	3,419,113	3,294,761
Fines and forfeitures		158,669	147,646	172,565	126,702	95,038	118,559	86,924	95,025	148,523	138,831
Cemetery		29,565	44,515	28,930	27,905	36,769	24,865	102,077	28,420	-	-
Miscellaneous		994,841	942,622	389,461	343,167	1,503,408	236,187	1,088,110	714,274	611,289	304,786
Total Revenues Governmental Funds	\$	28,402,097	\$ 27,488,545	\$ 25,658,667	\$ 24,880,918	\$ 24,786,409	\$ 22,161,346	\$ 22,448,040	\$ 21,411,370	\$ 20,557,550	\$ 18,519,087
<b>Expenditures</b>											
General Government	\$	2,400,235	\$ 2,297,456	\$ 2,021,703	\$ 1,855,373	\$ 2,077,241	\$ 1,937,708	\$ 1,701,156	\$ 1,618,229	\$ 1,400,715	\$ 1,262,538
Public Safety		8,147,492	7,857,842	7,720,095	7,577,856	6,806,897	6,858,588	6,488,748	5,909,555	5,219,119	4,988,285
Public Works		5,330,341	5,358,991	5,133,789	4,859,519	4,848,285	5,079,978	4,444,111	4,630,843	4,237,338	4,204,419
Health and Welfare		3,521	3,353	3,193	3,193	3,100	3,100	3,040	2,700	2,760	2,500
Parks, Recreation, and Culture		4,001,327	3,848,610	3,786,915	3,707,420	3,439,568	2,442,144	1,971,657	1,711,966	1,750,906	1,374,703
Community Development		1,519,444	1,251,397	1,349,522	1,276,907	1,132,826	1,374,850	1,258,527	1,971,207	1,516,400	851,633
Capital Outlay		2,838,508	5,059,998	6,325,556	2,738,124	1,897,842	8,723,878	7,188,705	8,541,739	3,124,325	3,114,504
Debt Service											
Principal retirement		767,100	600,000	575,000	550,000	530,000	515,000	490,000	415,000	400,000	385,000
Interest and fiscal charges		276,924	207,461	536,163	561,175	583,981	604,544	623,324	590,851	558,129	615,010
Bond issuance cost		-	31,780	-	-	-	-	-	-	-	-
Total Expenditures Governmental Funds	\$	25,284,892	\$ 26,516,888	\$ 27,451,936	\$ 23,129,567	\$ 21,319,740	\$ 27,539,790	\$ 24,169,268	\$ 25,392,090	\$ 18,209,692	\$ 16,798,592
Excess of Revenues over (under) Expenditures	\$	3,117,205	\$ 971,656	\$ (1,793,269)	\$ 1,751,351	\$ 3,466,669	\$ (5,378,444)	\$ (1,721,228)	\$ (3,980,720)	\$ 2,347,858	\$ 1,720,495
<b>Other Financing Sources and (Uses)</b>											
Insurance Recoveries	\$	195	\$ 27,075	\$ -	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945	\$ 75,800	\$ 76,745	\$ 75,129
Issuance of Debt		-	1,654,400	-	-	-	-	-	2,050,979	-	-
Issuance of Refunding Debt		-	9,394,900	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent		-	(9,369,569)	-	-	-	-	-	-	-	-
Sale of Land		-	-	-	-	-	-	83,500	589,694	32,560	186,050
Capital Contributions Cemetery		-	-	-	-	-	-	56,948	240,030	-	-
Transfers (to) from:											
General Fund		-	-	-	-	-	-	-	-	-	-
Cemetery Fund		-	-	-	-	-	-	-	-	-	-
Water and Sewer Fund		-	-	-	(226,084)	(323,096)	(707,721)	(1,315,045)	(1,030,816)	(254,119)	39,262
Special Revenue Fund		-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources and (Uses)	\$	195	\$ 1,706,806	\$ -	\$ (223,763)	\$ (274,244)	\$ (623,719)	\$ (1,145,652)	\$ 1,925,687	\$ (144,814)	\$ 300,441
<b>Special Items</b>											
Transfer of funds from(to) other organizations	\$	-	-	\$ (136,728)	\$ -	\$ 909,580	\$ -	\$ -	\$ -	\$ -	\$ -
Net Changes in Fund Balance Increases (Decreases)	\$	3,117,400	\$ 2,678,462	\$ (1,929,997)	\$ 1,527,588	\$ 4,102,005	\$ (6,002,163)	\$ (2,866,880)	\$ (2,055,033)	\$ 2,203,044	\$ 2,020,936
Debt Service as a percentage of noncapital expenditures		4.57%	3.73%	5.22%	5.08%	5.64%	5.43%	6.34%	5.64%	5.78%	7.31%

(I) Previously included in Other Taxes

GENERAL GOVERNMENT REVENUES BY SOURCE  
LAST TEN FISCAL YEARS

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Fines and Forfeitures	Revenues From Use of Money and Property
2014-2015	\$ 3,589,471	\$ 15,120,700	\$ 272,733	\$ 158,669	\$ 511,764
2013-2014	\$ 3,554,811	\$ 14,755,286	\$ 157,471	\$ 147,646	\$ 431,073
2012-2013	\$ 3,110,613	\$ 14,510,890	\$ 170,580	\$ 172,565	\$ 413,751
2011-2012	\$ 3,065,669	\$ 13,383,114	\$ 190,405	\$ 126,702	\$ 413,404
2010-2011	\$ 3,006,273	\$ 13,111,979	\$ 131,369	\$ 95,038	\$ 489,477
2009-2010	\$ 3,053,658	\$ 12,051,711	\$ 203,998	\$ 118,559	\$ 349,955
2008-2009	\$ 2,898,687	\$ 12,382,884	\$ 137,796	\$ 86,924	\$ 592,416
2007-2008	\$ 2,775,831	\$ 11,666,242	\$ 191,857	\$ 95,025	\$ 1,203,765
2006-2007	\$ 2,664,913	\$ 11,006,752	\$ 211,538	\$ 148,523	\$ 1,303,090
2005-2006	\$ 2,626,603	\$ 10,068,405	\$ 252,318	\$ 138,831	\$ 674,152

Fiscal Year	Charges For Services	Miscellaneous	Inter- governmental	Total	Business-Type Activities Water and Sewer
2014-2015	\$ 2,565,697	\$ 164,506	\$ 4,068,578	\$ 26,452,118	\$ 7,800,301
2013-2014	\$ 2,431,854	\$ 203,229	\$ 3,947,753	\$ 25,629,122	\$ 7,031,292
2012-2013	\$ 2,414,843	\$ 270,265	\$ 3,821,443	\$ 24,884,950	\$ 7,114,583
2011-2012	\$ 2,433,381	\$ 223,909	\$ 3,802,224	\$ 23,638,808	\$ 6,613,507
2010-2011	\$ 2,207,153	\$ 257,939	\$ 3,797,190	\$ 23,096,418	\$ 5,855,965
2009-2010	\$ 1,397,405	\$ 227,265	\$ 3,685,031	\$ 21,087,582	\$ 5,932,787
2008-2009	\$ 1,399,895	\$ 1,088,110	\$ 3,749,731	\$ 22,336,443	\$ 5,602,405
2007-2008	\$ 1,214,173	\$ 714,274	\$ 3,520,364	\$ 21,381,531	\$ 5,395,895
2006-2007	\$ 1,192,332	\$ 611,289	\$ 3,419,113	\$ 20,557,550	\$ 5,188,377
2005-2006	\$ 1,159,231	\$ 304,786	\$ 3,294,761	\$ 18,519,087	\$ 5,145,870

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare		
2014-2015	\$ 2,400,235	\$ 7,477,105	\$ 5,330,341	\$ 3,521		
2013-2014	\$ 2,297,456	\$ 7,292,489	\$ 5,358,991	\$ 3,353		
2012-2013	\$ 2,021,703	\$ 7,283,535	\$ 5,137,107	\$ 3,193		
2011-2012	\$ 1,855,373	\$ 7,052,940	\$ 4,859,519	\$ 3,193		
2010-2011	\$ 2,077,241	\$ 6,661,587	\$ 4,848,285	\$ 3,100		
2009-2010	\$ 1,937,708	\$ 6,629,215	\$ 5,079,978	\$ 3,100		
2008-2009	\$ 1,701,156	\$ 6,488,748	\$ 4,444,111	\$ 3,040		
2007-2008	\$ 1,618,229	\$ 5,909,555	\$ 4,630,843	\$ 2,700		
2006-2007	\$ 1,400,715	\$ 5,219,119	\$ 4,237,338	\$ 2,760		
2005-2006	\$ 1,262,538	\$ 4,988,285	\$ 4,204,419	\$ 2,500		

Fiscal Year	Parks, Recreation, and Culture	Community Development	Debt Service	Capital Outlay	Total
2014-2015	\$ 3,811,821	\$ 1,519,444	\$ 1,044,024	\$ 1,645,765	\$ 23,232,256
2013-2014	\$ 3,699,923	\$ 1,251,397	\$ 839,241	\$ 3,582,482	\$ 24,325,332
2012-2013	\$ 3,636,842	\$ 1,349,522	\$ 1,111,163	\$ 5,589,922	\$ 26,132,987
2011-2012	\$ 3,569,779	\$ 1,276,907	\$ 1,111,175	\$ 1,792,966	\$ 21,521,852
2010-2011	\$ 3,286,646	\$ 1,132,826	\$ 1,113,981	\$ 1,369,232	\$ 20,492,898
2009-2010	\$ 2,305,876	\$ 1,374,850	\$ 1,119,544	\$ 7,962,920	\$ 26,413,191
2008-2009	\$ 1,845,749	\$ 1,258,527	\$ 1,113,324	\$ 7,188,705	\$ 24,043,360
2007-2008	\$ 1,673,455	\$ 1,906,079	\$ 1,005,851	\$ 8,288,726	\$ 25,035,438
2006-2007	\$ 1,750,906	\$ 1,516,400	\$ 958,129	\$ 3,124,325	\$ 18,209,692
2005-2006	\$ 1,374,703	\$ 851,633	\$ 1,000,010	\$ 3,114,504	\$ 16,798,592

**TOWN OF CHRISTIANBURG**

**ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility		Total Assessed Value	Total Direct Rate(1)	Montgomery County Overlapping Rate (1)
						Unequalized	Equalized			
2014-2015	2014	\$ 2,013,143,620	\$ 199,319,596	\$ 61,964,189	\$ 3,817,340	\$ 49,944,236	\$ 212,391	\$ 2,328,401,372	0.16	0.27
2013-2014	2013	\$ 1,991,227,235	\$ 182,742,592	\$ 58,797,381	\$ 3,754,580	\$ 47,981,238	\$ 251,828	\$ 2,284,754,854	0.16	0.27
2012-2013	2012	\$ 1,964,857,942	\$ 169,222,259	\$ 58,217,830	\$ 3,711,380	\$ 46,414,195	\$ 131,577	\$ 2,242,555,183	0.15	0.25
2011-2012	2011	\$ 1,949,865,483	\$ 160,842,432	\$ 59,378,139	\$ 3,627,208	\$ 47,101,275	\$ 164,323	\$ 2,220,978,860	0.15	0.24
2010-2011	2010	\$ 1,939,744,614	\$ 157,249,218	\$ 60,573,302	\$ 4,792,800	\$ 44,162,714	\$ 123,171	\$ 2,206,645,819	0.15	0.24
2009-2010	2009	\$ 1,915,422,886	\$ 143,984,570	\$ 62,321,082	\$ 4,792,700	\$ 43,501,590	\$ 44,276	\$ 2,170,067,104	0.14	0.23
2008-2009	2008	\$ 1,863,401,200	\$ 149,368,176	\$ 63,056,712	\$ 4,579,840	\$ 40,896,193	\$ 46,137	\$ 2,121,348,258	0.15	0.24
2007-2008	2007	\$ 1,801,033,201	\$ 141,571,898	\$ 65,343,649	\$ 4,607,360	\$ 40,715,462	\$ 42,329	\$ 2,053,313,899	0.15	0.23
2006-2007	2006	\$ 1,357,921,197	\$ 129,825,097	\$ 64,568,849	\$ 4,740,740	\$ 30,703,941	\$ 50,090	\$ 1,587,809,914	0.18	0.28
2005-2006	2005	\$ 1,298,699,328	\$ 129,691,123	\$ 69,209,974	\$ 4,601,520	\$ 32,261,723	\$ 39,470	\$ 1,534,503,138	0.18	0.28

**Property Tax Rates - Last Ten Years**

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
						Unequalized	Equalized
2014-2015	2014	\$ .1300	\$ .45	\$ .45	\$ .1300	\$ .1300	\$ .45
2013-2014	2013	\$ .1300	\$ .45	\$ .45	\$ .1300	\$ .1300	\$ .45
2012-2013	2012	\$ .1126	\$ .45	\$ .45	\$ .1126	\$ .1126	\$ .45
2011-2012	2011	\$ .1126	\$ .45	\$ .45	\$ .1126	\$ .1126	\$ .45
2010-2011	2010	\$ .1126	\$ .45	\$ .45	\$ .1126	\$ .1126	\$ .45
2009-2010	2009	\$ .1126	\$ .45	\$ .45	\$ .1126	\$ .1126	\$ .45
2008-2009	2008	\$ .1126	\$ .45	\$ .45	\$ .1126	\$ .1126	\$ .45
2007-2008	2007	\$ .1126	\$ .45	\$ .45	\$ .1126	\$ .1126	\$ .45
2006-2007	2006	\$ .144	\$ .45	\$ .45	\$ .144	\$ .144	\$ .45
2005-2006	2005	\$ .144	\$ .45	\$ .45	\$ .144	\$ .144	\$ .45

(1) Per \$100 of assessed value

NOTE: Real property is assessed at full market value. Real property assessments are made by the Commissioner of Revenue of Montgomery County for concurrent use of the County and the Town. Property is reassessed every four years. Public Service Corporations are assessed by the State Corporation Commission. Both Real Estate and Public Service rates are \$.13.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections To Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2014-2015	\$ 3,863,710	\$ 3,749,726	97.05%	\$ -	\$ 3,749,726	97.05%
2013-2014	\$ 3,743,915	\$ 3,661,201	97.79%	\$ 16,567	\$ 3,677,768	98.23%
2012-2013	\$ 3,292,944	\$ 3,246,188	98.58%	\$ 42,331	\$ 3,288,519	99.87%
2011-2012	\$ 3,244,401	\$ 3,042,243	93.77%	\$ 191,476	\$ 3,233,719	99.67%
2010-2011	\$ 3,220,032	\$ 3,156,754	98.03%	\$ 53,948	\$ 3,210,702	99.71%
2009-2010	\$ 3,139,720	\$ 3,083,654	98.21%	\$ 47,947	\$ 3,131,601	99.74%
2008-2009	\$ 3,105,515	\$ 3,050,888	98.24%	\$ 47,347	\$ 3,098,235	99.77%
2007-2008	\$ 3,010,307	\$ 2,928,389	97.28%	\$ 74,956	\$ 3,003,345	99.77%
2006-2007	\$ 2,871,804	\$ 2,836,463	98.77%	\$ 31,459	\$ 2,867,922	99.86%
2005-2006	\$ 2,819,971	\$ 2,812,849	99.75%	\$ (1,772)	\$ 2,811,077	99.68%

(1) Includes payments received from the Commonwealth of Virginia for Personal Property Tax Relief Act.

(2) Includes refunds issued for overpayments and corrections.

**TOWN OF CHRISTIANBURG**

**PRINCIPAL PROPERTY TAX PAYERS**  
**LAST THREE FISCAL YEARS**

Taxpayer	Fiscal Year 2015			Fiscal Year 2014			Fiscal Year 2013		
	Assessed Value	Rank	Percentage of Total Town Assessed Value	Assessed Value	Rank	Percentage of Total Town Assessed Value	Assessed Value	Rank	Percentage of Total Town Assessed Value
Roger Woody	\$ 62,649,100	1	3.11%	\$ 59,885,700	1	3.01%	\$ 59,885,700	1	3.05%
Shelor Properties	62,356,000	2	3.10%	58,410,700	2	2.93%	58,410,700	2	2.97%
PR Financing	58,400,000	3	2.90%	57,205,100	3	2.87%	57,205,100	3	2.91%
Appalachian Power	26,749,900	4	1.33%	26,540,707	5	1.33%	24,460,658	4	1.24%
Verizon VA, Inc.	25,582,800	5	1.27%	40,309,814	4	2.02%	9,054,141	12	0.46%
CENTRO Heritage Spradling Farm	24,815,800	6	1.23%	23,791,300	6	1.19%	23,791,300	5	1.21%
PR New River Owner LP	24,472,800	7	1.22%	23,032,300	7	1.16%	23,032,300	6	1.17%
Wal-Mart	15,831,400	8	0.79%	15,461,400	8	0.78%	15,461,400	7	0.79%
Backcountry.com	14,432,300	9	0.72%	14,432,300	9	0.72%	14,432,300	8	0.73%
Christiansburg Market Place	12,667,200	10	0.63%	12,475,200	10	0.63%	12,475,000	9	0.63%
	<u>\$ 327,957,300</u>		<u>16.29%</u>	<u>\$ 331,544,521</u>		<u>16.65%</u>	<u>\$ 298,208,599</u>		<u>15.18%</u>

**Source:** Montgomery County Commissioner of Revenue



**WATER AND SEWER RATES**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>WATER</u>										
INSIDE TOWN LIMITS (IN GALLONS)										
4,000 OR LESS	\$ 19.00	\$ 18.00	\$ 17.00	\$ 16.00	\$ 13.80	\$ 13.30	\$ 13.00	\$ 12.00	\$ 11.00	\$ 11.00
PER THOUSAND FOR NEXT 96,000	5.50	4.90	4.60	4.40	4.00	3.70	3.55	3.45	3.35	3.25
PER THOUSAND FOR NEXT 5,900,000	3.20	2.60	2.60	2.40	2.20	2.20	2.20	2.10	2.10	2.10
OUTSIDE TOWN LIMITS (IN GALLONS)										
4,000 OR LESS	\$ 28.50	\$ 27.00	\$ 25.50	\$ 24.00	\$ 20.70	\$ 19.95	\$ 19.50	\$ 18.00	\$ 16.50	\$ 16.50
PER THOUSAND FOR NEXT 96,000	8.25	7.35	6.90	6.60	6.00	5.55	5.32	5.175	5.025	4.875
PER THOUSAND FOR NEXT 5,900,000	4.80	3.90	3.90	3.60	3.30	3.30	3.30	3.15	3.15	3.15
<u>SEWER</u>										
INSIDE TOWN LIMITS (IN GALLONS)										
0-4,000	\$ 28.00	\$ 28.00	\$ 27.00	\$ 26.00	\$ 23.00	\$ 23.00	\$ 22.00	\$ 20.00	\$ -	\$ -
OVER 4,000 PER THOUSAND	8.50	7.50	7.20	7.00	6.00	5.70	5.65	4.40	-	-
0-8,000	-	-	-	-	-	-	-	-	32.00	32.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	-	-	-	4.20	4.00
OUTSIDE TOWN LIMITS (IN GALLONS)										
0-4,000	\$ 42.00	\$ 42.00	\$ 40.50	\$ 39.00	\$ 34.50	\$ 34.50	\$ 33.00	\$ 30.00	\$ -	\$ -
OVER 4,000 PER THOUSAND	12.75	11.25	10.80	10.50	9.00	8.55	8.47	6.60	-	-
0-8,000	-	-	-	-	-	-	-	-	48.00	48.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	-	-	-	6.30	6.00
<u>GARBAGE</u>										
INSIDE TOWN LIMITS	\$ 34.00	\$ 34.00	\$ 33.00	\$ 33.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 26.00	\$ 26.00	\$ 26.00
OUTSIDE TOWN LIMITS	51.00	51.00	49.50	48.00	45.00	45.00	45.00	39.00	39.00	39.00

**TOWN OF CHRISTIANBURG**

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

Fiscal Year	Population (1)	Assessed Value of All Taxable Property (In Thousands)	Gross Bonded Debt (2)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Services Monies Available	Debt Payable from Enterprise Revenues			
2014-2015	21,805	\$ 2,328,401	\$ 20,649,474	\$ -	\$ -	\$ 20,649,474	.0088:1	947.01
2013-2014	21,533	2,284,755	22,176,561			22,176,561	.0097:1	962.32
2012-2013	21,458	2,242,555	17,483,842	-	-	17,483,842	.0078:1	811.96
2011-2012	21,030	2,250,906	18,763,440	-	-	18,763,440	.0083:1	892.22
2010-2011	21,041	2,206,646	19,993,692	-	-	19,993,692	.0091:1	950.23
2009-2010	21,041	2,170,067	21,180,439	-	-	21,180,439	.0098:1	1006.63
2008-2009	19,632	2,121,348	22,329,494	-	-	22,329,494	.0105:1	1137.40
2007-2008	19,507	2,053,314	23,431,641	-	-	23,431,641	.0114:1	1201.19
2006-2007	19,129	1,587,810	22,467,638	-	-	22,467,638	.0142:1	1174.53
2005-2006	18,542	1,534,503	23,438,216	-	-	23,438,216	.0153:1	1264.06

(1) Population data is derived from the Weldon Cooper Center UVA, which approximates populations for Towns between censuses. 2010 data is from the U.S. Census Bureau.

(2) Includes Net Bond Premium in the amount of \$48,587.

**TOWN OF CHRISTIANSBURG**

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

Fiscal Year	Governmental Funds General Obligation Debt							Business-Type Activities			Total Primary Government	Percentage Personal Income	Per Capita
	1995 General Obligation Note	2014 Revenue Bond Refunding	2014 General Obligation Bond	2014 General Obligation Improvement Bond	2007 Revenue Bond	(1)	2004B Revenue Bond	2014 General Obligation Bond	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund			
2014-2015	\$ -	\$ 9,284,900	\$ 1,049,400	\$ 577,900	\$ 1,480,000	\$ -	\$ -	\$ 3,720,600	\$ 3,904,989	\$ 583,098	\$ 20,600,887	**	**
2013-2014	275,000	9,394,900	1,049,400	605,000	1,560,000	-	275,000	3,720,600	4,480,383	763,642	22,123,925	**	1,015
2012-2013	535,000	-	-	-	1,635,000	-	9,340,000	-	5,036,155	937,687	17,483,842	2.63%	812
2011-2012	780,000	-	-	-	1,710,000	-	9,595,000	-	5,572,974	1,105,466	18,763,440	2.87%	874
2010-2011	1,015,000	-	-	-	1,780,000	-	9,840,000	-	6,091,486	1,267,206	19,993,692	3.32%	951
2009-2010	1,240,000	-	-	-	1,845,000	-	10,080,000	-	6,592,316	1,423,123	21,180,439	3.62%	1,007
2008-2009	1,455,000	-	-	-	1,910,000	-	10,315,000	-	7,076,066	1,573,428	22,329,494	4.16%	1,137
2007-2008	1,660,000	-	-	-	1,970,000	-	10,540,000	-	7,543,319	1,718,322	23,431,641	4.39%	1,201
2006-2007	1,855,000	-	-	-	-	-	10,760,000	-	7,994,638	1,858,000	22,467,638	4.47%	1,175
2005-2006	2,040,000	-	-	-	-	-	10,975,000	-	8,430,566	1,992,650	23,438,216	5.09%	1,264

**Notes:**

Population data (See Schedule 14)

Personal Income data (See Schedule 14)

\*\* Data not yet available

(1) Balance of 2007 Revenue Bond does not include Net Bond Premium in the amount of \$48,587.

TOWN OF CHRISTIANSBURG

LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

Legal Debt Limit: Calculation for the Fiscal Year Ended June 30, 2015

10% of assessed value of taxable real estate (1)	<u>\$ 2,063,087,856</u>	\$ 206,308,786
Less: Debt applicable to limit		
Bonds payable	<u>20,649,474</u>	
Legal margin for creation of additional debt	<u><u>\$ 185,659,312</u></u>	

(1) Includes assessed value of Public Service Corporation Real Estate.

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 206,308,786	\$ 203,920,847	\$ 201,127,214	\$ 202,262,130	\$ 198,390,733	\$ 190,429,739	\$ 195,892,448	\$ 190,429,739	\$ 158,790,991	\$ 153,450,314
Total net debt applicable to limit	20,649,474	22,176,561	11,510,000	12,085,000	12,635,000	13,680,000	13,165,000	13,680,000	12,615,000	13,015,000
Legal debt margin	<u>\$ 185,659,312</u>	<u>\$ 181,744,286</u>	<u>\$ 189,617,214</u>	<u>\$ 190,177,130</u>	<u>\$ 185,755,733</u>	<u>\$ 176,749,739</u>	<u>\$ 182,727,448</u>	<u>\$ 176,749,739</u>	<u>\$ 146,175,991</u>	<u>\$ 140,435,314</u>
Total net debt applicable to the limit as a percentage of debt limit	10.01%	10.88%	5.72%	5.97%	6.37%	7.18%	6.72%	7.18%	7.94%	8.48%

**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Population (1)	Total Personal Income in Thousands of Dollars (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2015	21,805	\$ **	\$ **	4.20%
2014	21,533	**	**	5.90%
2013	21,458	3,464,590	30,912	6.50%
2012	21,030	3,404,000	30,428	6.80%
2011	21,041	3,175,190	28,668	7.40%
2010	21,041	3,087,781	27,844	7.30%
2009	19,632	3,012,683	27,366	5.83%
2008	19,507	2,980,919	27,354	3.60%
2007	19,129	2,835,781	26,299	2.80%
2006	18,542	2,635,476	24,831	3.10%

**Notes:**

(1) Data derived from Weldon Cooper statistical analysis for Towns in Virginia.

(2) Data is for Montgomery County and Radford City as this data is not available for Towns. Data derived from the Bureau of Labor Statistics. Christiansburg is the County seat for Montgomery County.

(3) Data is for Montgomery County and Radford City as this data is not available for Towns. Data derived from the Bureau of Labor Statistics.

(4) Unemployment data is as of June 30.

\*\* Data not yet available

**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2015		Fiscal Year 2006	
	Number of Employees	Rank	Number of Employees	Rank
Montgomery County School Board	1,000 and over employees	1	1,000 and over employees	1
Echosphere Corporation (Dish Network)	500 to 999 employees	2	1,000 and over employees	2
Town of Christiansburg	250 to 499 employees	3	250 to 499 employees	8
Shelor Motor Mile, Inc.	250 to 499 employees	4	250 to 499 employees	6
County of Montgomery	250 to 499 employees	5	250 to 499 employees	4
Wal-Mart	250 to 499 employees	6	250 to 499 employees	3
Coming Glass Works	250 to 499 employees	7	250 to 499 employees	7
Community Housing Partners	250 to 499 employees	8	100 to 249 employees	9
Hubbell Lighting	100 to 249 employees	9	250 to 499 employees	5
Red Lobster and The Olive Garden	100 to 249 employees	10	50 to 99 employees	21
Backcountry.com	100 to 249 employees	11	N/A	N/A
Lowes Home Centers, Inc.	100 to 249 employees	12	100 to 249 employees	11
Target Corp.	100 to 249 employees	13	100 to 249 employees	16
Cracker Barrel Old Country Store	100 to 249 employees	14	100 to 249 employees	14
Macado's, Inc.	100 to 249 employees	15	100 to 249 employees	17
Texas Roadhouse	100 to 249 employees	16	less than 50	23
The Home Depot	100 to 249 employees	17	100 to 249 employees	19
Kroger	100 to 249 employees	18	N/A	N/A
Food Lion	100 to 249 employees	19	100 to 249 employees	18
Panera Bread	less than 50	20	N/A	N/A
National Bank of Blacksburg	less than 50	21	100 to 249 employees	22
First National Bank (StellarOne)	less than 50	22	50 to 99 employees	20
Belk	less than 50	23	N/A	N/A
Jimmy John's	less than 50	24	N/A	N/A
Manpower International	less than 50	25	100 to 249 employees	12
Wades Supermarket	less than 50	N/A	100 to 249 employees	17
Virginia Department of Transportation	N/A	N/A	100 to 249 employees	15
Sears Roebuck and Company, Inc.	N/A	N/A	less than 50	24
C&S Door	N/A	N/A	100 to 249 employees	13

**Source:** Virginia Employment Commission

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Administration										
Town Manager's office	5	5.0	5.0	8.5	10.5	12.0	6.5	9.0	8.0	7.0
Planning	3	3.0	3.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0
Treasurer/Finance	11	11.0	11.0	10.0	10.0	10.0	11.0	12.5	12.0	12.5
Human Resources	2.5	1.5	1.5	1.0	1.0	1.0	1.0	1.5	1.0	1.0
Public Relations	1.5	1.5	1.5	1.5	1.5	1.0	-	-	-	-
Information Technology	3	3.0	2.0	1.5	2.0	2.0	-	-	-	-
Public Safety										
Police	73.5	73.5	73.5	72.5	73.0	73.0	70.0	71.5	65.5	61.5
Fire	2.5	1.5	1.5	1.5	2.0	2.0	1.5	1.0	1.5	1.0
Rescue	5	3.5	3.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Maintenance	4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sanitation	9	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Streets	38	36.0	35.0	33.0	35.0	35.0	33.5	34.0	34.0	32.0
Water and Sewer	39	36.0	36.0	32.0	36.0	36.0	36.0	36.0	37.0	35.0
Plant Operations	11	10.5	10.5	11.5	11.5	11.5	11.0	11.0	11.0	11.0
Engineering	9.5	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Building Inspections	4.5	5.0	5.0	4.5	5.0	5.0	4.0	4.0	4.0	4.0
Parks and Recreation	78	78.0	79.0	79.0	86.0	86.0	79.5	90.0	77.5	75.5
Aquatics	40.5	40.5	40.5	40.5	34.0	34.0	3.0	-	-	-
Cemetery	2	1.0	1.0	1.5	2.0	2.0	2.0	1.0	-	-
Totals	342.5	333.5	333.5	325.5	337.5	337.5	286.0	298.5	278.5	267.5
Fire Department Volunteers	39	37.0	36.0	35.0	35.0	35.0	34.0	35.0	36.0	16.0
Rescue Department Volunteers	66	75.0	75.0	75.0	67.0	67.0	67.0	67.0	85.0	62.0

**Note:** A full-time employee is scheduled to work 2,080 hours per year (including holiday, vacation, and sick leave). Full-time employment is calculated by dividing total labor hours by 2,080.

**TOWN OF CHRISTIANSBURG**

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

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Building/zoning permits issued	198	1,738	1,546	1,071	954	896	695	854	918	927
Conditional use permits approved	1	3	3	8	11	11	**	13	9	21
Rezoning requests approved	2	1	3	-	7	8	**	6	2	9
Streets approved for vacation	0	-	4	1	-	-	**	5	9	5
Amendments to Town Code/Ordinances	3	6	13	11	8	6	**	6	6	4
Public Safety										
Police										
Criminal offenses	2,133	2,346	2,494	2,810	2,790	2,736	2,946	2,984	2,870	2,919
Traffic warrants	5,211	5,817	7,306	7,258	5,671	5,985	5,884	6,331	5,996	5,996
Parking violations	88	445	88	424	385	537	330	193	238	541
Patrol miles driven	622,187	635,316	632,669	581,393	566,732	527,435	534,832	511,295	488,695	451,596
Fire										
Christiansburg calls answered	416	484	549	564	527	569	477	487	364	498
County calls answered	317	320	336	280	316	343	312	341	321	372
Total calls answered	733	804	885	844	843	912	789	828	685	870
Rescue										
Christiansburg calls answered	2792	2,596	2,575	2,610	2,287	2,684	2,466	2,206	1,879	1,944
County calls answered	1192	1,174	1,139	997	1,247	2,142	1,677	1,434	1,301	1,175
Total calls answered	3,984	3,770	3,714	3,607	3,534	4,826	4,143	3,640	3,180	3,119
Public Works										
Sanitation										
Trash removal in tons	7089	8,671	9,545	8,387	8,727	9,370	9,917	12,831	11,625	10,549
Spring and fall cleanup in tons										
Junk	631.12	592.46	393.66	514.70	383.73	660.17	706.09	825.55	1,064.59	903.51
Leaves	865.75	530.25	821.00	613.50	436.48	576.56	395.77	482.81	572.50	516.55
Brush	446	367.64	182.46	249.60	138.96	271.14	188.00	202.60	331.87	237.78
Recycling in pounds										
Papers	685,560	614,980	624,660	568,780	480,106	488,600	573,280	479,020	441,860	447,846
Containers	471,960	415,940	385,860	350,240	308,960	283,940	246,200	191,000	158,280	156,160
Total pounds recycled	1,157,520	1,030,920	1,010,520	919,020	789,066	772,540	819,480	670,020	600,140	604,006
Streets										
Principal/minor arterial lane miles	46.93	46.93	45.75	45.75	45.75	45.75	45.75	45.69	45.69	45.69
Principal/minor arterial center lane miles	15.9	15.90	15.31	15.31	15.31	15.31	15.31	15.31	15.31	15.31
Collector/local streets lane miles	206.03	206.03	202.98	202.98	202.98	202.98	195.22	194.10	191.66	185.64
Collector/local streets center lane miles	102.83	102.83	101.15	101.15	101.15	101.15	97.27	96.71	95.49	92.48
Sidewalks installed new and replaced in linear feet	0	570	912	1,247	-	-	-	112	1,240	1,240
Curb and gutter installed in linear feet	0	-	-	343	-	-	-	-	-	-
Storm drains installed in linear feet	874	1,620	128	1,628	615	1,159	1,040	952	802	961
Street lights installed	12	16	33	21	28	22	25	59	15	20
Street signs new	37	49	66	76	39	39	279	131	53	284
Street signs repaired or replaced	507	168	120	310	310	310	140	190	32	1,867
Total street signs	6,147	6,110	6,061	5,995	5,919	5,919	5,879	5,596	5,447	5,407
Water										
New water services installed, net of removed	74	70	89	47	57	57	96	105	127	207
Total water customers in Town	9,724	9,650	9,580	9,491	9,444	9,387	9,330	9,234	9,129	9,002
New water services installed Out of Town	4	6	9	2	10	16	14	15	8	8
Accumulative water services Out of Town	505	501	495	486	484	474	458	444	429	421
Total water services In and Out of Town	10,229	10,151	10,075	9,977	9,928	9,861	9,788	9,678	9,558	9,423

(continued)



**TOWN OF CHRISTIANBURG**

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

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Water										
Water consumption in gallons Town System	559,161,576	624,718,319	521,310,359	536,192,792	512,486,032	560,896,508	629,847,030	447,839,220	452,457,295	366,864,130
Water consumption in gallons Water Authority Main								131,536,990	135,815,290	130,160,120
Montgomery County PSA	34,907,969	54,700,580	97,164,800	129,101,324	106,402,000	102,156,000	101,256,000	106,804,700	54,669,400	-
Total water consumption	594,069,545	679,418,899	618,475,159	665,294,116	618,888,032	663,052,508	731,103,030	686,180,910	642,941,985	497,024,250
New water mains installed in linear feet	2,314	12,542	1,727	6,400	2,545	2,897	10,211	11,376	18,239	15,817
Cumulative water mains, feet	818,026	815,712	803,170	801,442	795,042	792,497	789,225	779,014	**	**
Cumulative water mains, miles	155	154.49	152.13	151.79	150.58	150.10	149.47	147.55	**	**
Sewer										
New service installed in Town, net of service removed	74	78	87	43	67	64	84	131	155	205
Accumulative services in Town	8,932	8,858	8,780	8,693	8,650	8,583	8,519	8,435	8,304	8,149
New sewer service installed Out of Town	2	6	9	2	11	15	12	15	10	7
Accumulative services Out of Town	124	122	116	107	105	94	79	67	52	42
Total sewer services in and out of Town	9,056	8,980	8,896	8,800	8,755	8,677	8,598	8,502	8,356	8,191
New Sanitary Sewer Gravity Mains installed in linear feet	2,152	1,858	3,015	3,919	12,333	15,555	12,446	9,627	12,310	21,564
New Sanitary Sewer Force Mains installed in linear feet		-	390	-	-	-	-	786	**	-
Total sewer system lines in linear feet	810,599	808,447	806,589	803,184	799,265	786,932	771,377	771,377	**	759,459
Total sewer system lines in miles	154	153.11	146.72	147.97	151.38	149.04	146.09	146.09	**	143.90
Waste Water Treatment Plant										
Gallons collected and treated	846,000,000	845,000,000	901,000,000	848,700,000	875,000,000	976,932,000	883,148,000	725,500,000	795,300,000	728,594,000
Average number of gallons treated per day	2,317,808	2,300,000	2,468,493	2,318,852	101,932,000	2,676,526	2,419,584	1,987,671	2,178,904	1,996,148
Parks and Recreation										
Number of programs offered										
Youth and community	91	105	94	100	90	90	109	100	101	80
Adult and community	196	210	202	214	194	199	188	182	166	160
Youth athletic	47	47	46	46	46	48	47	33	30	27
Adult athletic	27	22	23	18	18	18	10	9	10	8
Senior citizen	136	160	169	162	138	167	162	180	163	170
Special population	10	6	8	5	7	7	8	13	8	9
Youth special events	7	8	7	8	9	10	14	22	19	29
Adult special events	7	7	8	8	11	12	14	12	13	13
Senior citizen special events	14	15	19	21	23	18	27	32	28	23
Clubs	1	1	3	2	4	4	5	6	6	7
Aquatics ***										
Membership packages sold										
Resident	457	275	458	664	1,217					
Non resident	515	314	390	570	809					
Day passes sold	36,397	28,836	31,274	35,779	42,888					
Birthday parties	199	271	315	394	407					
Competitive meets	23	28	25	20	25					
Number of classes	272	237	207	187	238					
Cemetery ****										
Burials	82	93	101	70						
Cremations	19	15	8	11						
Lots sold	70	62	39	35						

**Notes:**

\*\* Data not available for this year. It is the Town's intention to gather this information on an annual basis moving forward.

\*\*\* The Aquatic Center opened in July of 2010.

\*\*\*\* The Sunset Cemetery was acquired by the Town on April 1, 2008. It is the Town's intention to gather this information on annual basis moving forward.

**TOWN OF CHRISTIANBURG**

**CAPITAL ASSET AND  
INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Public Safety</b>										
Law Enforcement Vehicles - Patrol	26	26	26	26	26	26	**	**	**	**
Law Enforcement Vehicles - Detective and Vice	12	12	12	12	12	12	**	**	**	**
Law Enforcement Vehicles - ERT and Special Operations	13	13	13	13	13	13	**	**	**	**
Law Enforcement Vehicles - Administrative	4	4	4	3	3	3	**	**	**	**
Fire Fighting Apparatus	7	7	7	6	6	6	6	6	6	6
Fire Response Vehicles	6	6	6	5	5	5	4	4	4	4
Medical Rescue Ambulances	5	5	5	5	5	5	**	**	**	**
Medical Rescue Extraction Vehicles	3	3	3	3	3	3	**	**	**	**
Medical Rescue Response Vehicles - Other	8	8	8	6	6	6	**	**	**	**
<b>Public Works</b>										
<b>Sanitation</b>										
Trash Collection Vehicles	4	5	5	5	5	5	5	5	**	**
<b>Streets</b>										
Principal/minor arterial lane miles	46.93	46.93	45.75	45.75	45.75	45.75	45.75	45.69	45.69	45.69
Collector/local streets lane miles	206.03	206.03	202.98	202.98	202.98	202.98	195.22	194.10	191.66	185.64
Traffic lights	18	18	18	18	18	18	18	**	**	**
Street lights	1,756	1,744	1,750	1,725	1,701	1,665	**	**	**	**
<b>Parks and Recreation</b>										
Indoor Aquatic Center	1	1	1	1	1	***	***	***	***	***
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks mini parks, large and community	13	13	13	13	13	13	13	13	13	13
Trails (miles)	4	4	4	**	**	**	**	**	**	**
<b>Business Type Activities Water and Sewer</b>										
Water Mains (miles)	154.93	154.49	152.13	151.79	150.58	150.10	149.47	147.55	**	**
Sewer Mains (miles)	153.52	153.11	146.72	147.97	151.38	149.04	146.09	146.09	**	143.90

**Notes:**

\*\* Data not available for this year. It is the Town's intention to gather this information on an annual basis moving forward.

\*\*\* The Aquatic Center opened in July of 2010.

**TOWN OF CHRISTIANBURG**

**PROPRIETARY FUND BUSINESS-TYPE ACTIVITIES WATER AND SEWER FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
TEN YEAR HISTORICAL**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 7,085,257	\$ 6,513,234	\$ 6,531,903	\$ 6,265,568	\$ 5,484,183	\$ 5,519,143	\$ 5,292,970	\$ 4,827,387	\$ 4,695,848	\$ 4,415,735
Water and Wastewater Connection Fees	543,901	360,598	426,634	347,939	371,782	413,644	309,435	568,508	492,529	730,135
Penalties and Other	171,143	157,460	156,046	147,368	137,934	128,903	121,335	113,561	95,675	90,212
Total Operating Revenues	<u>\$ 7,800,301</u>	<u>\$ 7,031,292</u>	<u>\$ 7,114,583</u>	<u>\$ 6,760,875</u>	<u>\$ 5,993,899</u>	<u>\$ 6,061,690</u>	<u>\$ 5,723,740</u>	<u>\$ 5,509,456</u>	<u>\$ 5,284,052</u>	<u>\$ 5,236,082</u>
Operating Expenses										
Salaries and Wages	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,967	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164
Employee Benefits	256,803	183,657	218,388	240,684	198,480	220,894	231,046	228,264	201,817	178,693
Water Authority Purchases	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,776	1,093,827	970,469	973,921	458,827
Utilities	352,364	384,717	315,547	272,363	286,277	325,957	272,090	178,236	241,113	188,510
Repairs and Maintenance	164,164	173,824	158,658	228,393	282,621	257,696	270,086	291,846	268,173	261,224
Depreciation and Amortization	1,747,846	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,408,040
Materials and Supplies	605,214	604,381	514,909	562,506	610,572	537,265	507,036	493,383	441,504	552,214
General and Administrative	384,284	331,204	419,074	247,278	256,950	248,513	129,684	139,773	104,151	142,862
Total Operating Expenses	<u>\$ 7,048,248</u>	<u>\$ 6,619,928</u>	<u>\$ 6,428,903</u>	<u>\$ 6,207,615</u>	<u>\$ 6,098,405</u>	<u>\$ 5,894,188</u>	<u>\$ 5,468,022</u>	<u>\$ 5,144,516</u>	<u>\$ 4,865,314</u>	<u>\$ 4,370,534</u>
Operating Income (Loss)	\$ 752,053	\$ 411,364	\$ 685,680	\$ 553,260	\$ (104,506)	\$ 167,502	\$ 255,718	\$ 364,940	\$ 418,738	\$ 865,548
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	\$ (271,118)	\$ (197,523)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)	\$ (337,667)	\$ (358,281)	\$ (305,448)
Bond Issuance Costs	-	(26,520)	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ (271,118)</u>	<u>\$ (224,043)</u>	<u>\$ (222,543)</u>	<u>\$ (247,560)</u>	<u>\$ (271,290)</u>	<u>\$ (294,198)</u>	<u>\$ (316,315)</u>	<u>\$ (337,667)</u>	<u>\$ (358,281)</u>	<u>\$ (305,448)</u>
Income (Loss) Before Contributions and Transfers	\$ 480,935	\$ 187,321	\$ 463,137	\$ 305,700	\$ (375,796)	\$ (126,696)	\$ (60,597)	\$ 27,273	\$ 60,457	\$ 560,100
Capital Contributions	124,735	53,489	45,971	794,819	52,700	74,655	490,222	392,711	508,320	584,754
Transfers In (Out)	-	-	-	226,084	323,096	707,721	1,315,045	1,030,816	254,119	(39,262)
Change in Net Position	<u>\$ 605,670</u>	<u>\$ 240,810</u>	<u>\$ 509,108</u>	<u>\$ 1,326,603</u>	<u>\$ -</u>	<u>\$ 655,680</u>	<u>\$ 1,744,670</u>	<u>\$ 1,450,800</u>	<u>\$ 822,896</u>	<u>\$ 1,105,592</u>
Net Position, Beginning	\$ 33,599,856	\$ 33,359,046	\$ 32,849,937	\$ 30,674,988	\$ 30,674,988	\$ 30,019,308	\$ 28,274,639	\$ 26,823,839	\$ 26,000,943	\$ 24,895,351
Prior Period Adjustment	(1,549,009)	-	-	-	-	-	-	-	-	-
Net Position, Ending	<u>\$ 32,656,517</u>	<u>\$ 33,599,856</u>	<u>\$ 33,359,045</u>	<u>\$ 32,001,591</u>	<u>\$ 30,674,988</u>	<u>\$ 30,674,988</u>	<u>\$ 30,019,309</u>	<u>\$ 28,274,639</u>	<u>\$ 26,823,839</u>	<u>\$ 26,000,943</u>

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**TOWN OF CHRISTIANSBURG**

**ENTERPRISE FUND EXPENSES AND BOND PAYMENTS**  
**TEN YEAR HISTORICAL**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b><u>Water</u></b>										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement	\$ 808,435	\$ 702,525	\$ 489,016	\$ 479,746	\$ 454,598	\$ 468,555	\$ 458,717	\$ 490,744	\$ 333,066	\$ 323,384
Fringe benefits - insurance	115,705	58,221	57,528	57,603	69,801	73,414	77,921	103,932	81,464	74,241
Water Authority purchases	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827
Utilities	19,289	25,644	22,641	25,056	27,006	28,408	26,996	18,755	21,892	17,749
Repairs & maintenance	44,722	46,236	52,778	93,710	96,786	115,720	84,498	119,841	98,918	99,940
Depreciation & amortization	366,727	357,654	317,201	362,399	340,940	332,147	313,855	318,787	308,169	305,061
Materials & supplies	119,413	155,440	132,023	143,576	153,964	105,504	103,345	117,005	146,153	219,606
General & administrative	135,702	125,930	152,860	62,839	67,990	57,039	32,227	39,403	31,368	26,155
Bond payments- principal	-	-	-	-	-	-	-	-	-	-
Bond payments- interest	-	-	-	-	-	-	-	-	-	-
Water Totals	<u>\$ 3,249,451</u>	<u>\$ 2,882,112</u>	<u>\$ 2,765,601</u>	<u>\$ 2,694,181</u>	<u>\$ 2,608,309</u>	<u>\$ 2,450,562</u>	<u>\$ 2,191,386</u>	<u>\$ 2,178,936</u>	<u>\$ 1,994,951</u>	<u>\$ 1,524,963</u>
<b><u>Waste Water Operations</u></b>										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement	\$ 501,699	\$ 590,433	\$ 462,424	\$ 432,286	\$ 420,184	\$ 388,298	\$ 396,544	\$ 305,338	\$ 328,434	\$ 321,109
Fringe benefits - insurance	78,565	77,686	88,511	111,848	54,942	67,718	77,650	50,431	67,509	56,968
Water Authority purchases	-	-	-	-	-	-	-	-	-	-
Utilities	102,372	108,391	99,401	79,636	80,762	95,479	74,083	43,066	65,367	46,157
Repairs & maintenance	53,303	62,904	60,517	85,171	114,995	72,097	91,444	70,934	88,010	71,824
Depreciation & amortization	586,172	569,912	563,514	485,288	466,372	458,528	438,349	441,555	424,854	406,394
Materials & supplies	127,421	104,226	73,088	92,024	156,480	133,397	91,223	66,262	51,432	77,256
General & administrative	126,609	110,181	135,743	66,487	91,179	68,941	35,928	29,227	18,813	16,778
Bond payments- principal	-	-	-	-	-	-	-	-	-	-
Bond payments- interest	-	-	-	-	-	-	-	-	-	-
Waste Water Totals	<u>\$ 1,576,141</u>	<u>\$ 1,623,733</u>	<u>\$ 1,483,198</u>	<u>\$ 1,352,740</u>	<u>\$ 1,384,914</u>	<u>\$ 1,284,458</u>	<u>\$ 1,205,221</u>	<u>\$ 1,006,813</u>	<u>\$ 1,044,419</u>	<u>\$ 996,486</u>
<b><u>Waste Water Treatment Plant</u></b>										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement	\$ 587,981	\$ 538,507	\$ 665,379	\$ 663,936	\$ 633,748	\$ 621,538	\$ 619,702	\$ 585,765	\$ 548,510	\$ 535,671
Fringe benefits - insurance	62,534	47,750	72,349	71,233	73,738	79,762	75,475	73,901	52,844	47,484
Water Authority purchases	-	-	-	-	-	-	-	-	-	-
Utilities	230,703	250,682	193,505	167,671	178,508	202,071	171,011	116,415	153,854	124,604
Repairs & maintenance	66,138	64,684	45,362	49,512	70,840	69,879	94,144	101,071	81,245	89,460
Depreciation & amortization	794,948	772,652	763,239	763,485	750,439	765,021	737,086	700,356	691,602	696,585
Materials & supplies	358,380	344,715	309,799	326,905	300,128	298,364	312,468	310,116	243,919	255,352
General & administrative	121,973	95,091	130,471	117,953	97,781	122,533	61,530	71,143	53,970	99,929
Bond payments- principal	755,938	729,816	704,598	680,252	656,747	634,055	612,147	590,997	570,578	628,750
Bond payments- interest	271,118	197,523	222,543	247,560	271,290	294,198	316,315	337,667	358,281	305,448
Bond issuance cost	-	26,520	-	-	-	-	-	-	-	-
Waste Water Treatment Plant Totals	<u>\$ 3,249,713</u>	<u>\$ 3,067,940</u>	<u>\$ 3,107,244</u>	<u>\$ 3,088,507</u>	<u>\$ 3,033,219</u>	<u>\$ 3,087,421</u>	<u>\$ 2,999,878</u>	<u>\$ 2,887,431</u>	<u>\$ 2,754,803</u>	<u>\$ 2,783,283</u>
<b><u>Totals</u></b>										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,968	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164
Fringe benefits - insurance	256,803	183,657	218,388	240,684	198,481	220,894	231,046	228,264	201,817	178,693
Water Authority purchases	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827
Utilities	352,364	384,717	315,547	272,363	286,276	325,958	272,090	178,236	241,113	188,510
Repairs & maintenance	164,164	173,824	158,658	228,393	282,621	257,696	270,086	291,846	268,173	261,224
Depreciation & amortization	1,747,846	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,408,040
Materials & supplies	605,214	604,381	514,909	562,505	610,572	537,265	507,036	493,383	441,504	552,214
General & administrative	384,284	331,204	419,074	247,279	256,950	248,513	129,685	139,773	104,151	142,862
Bond payments- principal	755,939	729,814	704,598	680,252	656,747	634,055	612,147	590,997	570,578	628,750
Bond payments- interest	271,118	197,523	222,543	247,560	271,290	294,198	316,315	337,667	358,281	305,448
Bond Issuance cost	-	26,520	-	-	-	-	-	-	-	-
Totals	<u>\$ 8,075,305</u>	<u>\$ 7,573,785</u>	<u>\$ 7,356,044</u>	<u>\$ 7,135,428</u>	<u>\$ 7,026,442</u>	<u>\$ 6,822,441</u>	<u>\$ 6,396,485</u>	<u>\$ 6,073,180</u>	<u>\$ 5,794,173</u>	<u>\$ 5,304,732</u>

TOWN OF CHRISTIANBURG

ENTERPRISE FUND EXPENSES AND BOND PAYMENTS BREAKDOWN  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Total</u>	<u>Water</u>	<u>Waste Water Operations</u>	<u>Waste Water Treatment Plant</u>
Personal service - Salaries, wages, payroll taxes, and retirement	\$ 1,898,115	\$ 808,435	\$ 501,699	\$ 587,981
Fringe benefits - insurance	256,803	115,704	78,565	62,534
Water Authority purchases	1,639,458	1,639,458	-	-
Utilities	352,364	19,289	102,372	230,703
Repairs & maintenance	164,164	44,722	53,304	66,138
Depreciation & amortization	1,747,846	366,727	586,172	794,948
Materials & supplies	605,214	119,413	127,421	358,380
General & administrative	384,284	135,702	126,609	121,973
Bond payments- principal	755,938	-	-	755,938
Bond payments- interest	271,118	-	-	271,118
Totals	<u>\$ 8,075,304</u>	<u>\$ 3,249,450</u>	<u>\$ 1,576,142</u>	<u>\$ 3,249,713</u>

## Compliance Section

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# Michael B. Cooke, C.P.A., P.C.

Certified Public Accountants

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Blacksburg, Virginia 24060  
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## INDEPENDENT AUDITOR'S 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*

The Honorable Mayor and Members of Town Council  
Town of Christiansburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 16, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 the Town'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.

*Michael B. Cooke, CPA, PC*

CERTIFIED PUBLIC ACCOUNTANTS

Blacksburg, Virginia  
November 16, 2015



## Summary of Compliance Matters

As more fully described in the Independent Auditor's 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*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

### State Compliance Matters

#### Code of Virginia:

Budget and Appropriation Laws  
Cash and Investment Laws  
Conflicts of Interest Acts  
Local Retirement Systems  
Debt Provisions  
Procurement Laws  
Uniform Disposition of Unclaimed Property Act

#### State Agency Requirements:

Highway Maintenance Funds

### Local Compliance Matters

Town Charter  
Town Code

## Summary of Findings and Responses

The results of our tests relating to the above mentioned state compliance matters disclosed the following instances of noncompliance:

### Pension Plan Contributions

The Virginia Retirement System requires pension plan contributions to be scheduled immediately following the contribution confirmation process which must occur by the 10<sup>th</sup> of the month following the month being certified. The payment must also be received by the 10<sup>th</sup> of the month following the month being certified. We noted several instances of contributions being paid (and received by the Virginia Retirement System) after the 10th of the following month.

Management is aware of this compliance issue and will take the steps necessary to improve internal controls over pension plan contributions.

### Public Deposits

All Town cash deposits must be identified as public deposits as defined by the *Virginia Security for Public Deposits Act* (Section 2.2-4407 of the Code of Virginia). Several accounts held by a qualified public depository were not identified as public deposits as required.

Management is aware of this compliance issue and has taken the steps necessary to identify all deposits as public deposits.